

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

FOR THE YEAR ENDED 31 MARCH 2012

GOVERNMENT OF NAGALAND

Report No. 1 of 2013

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Preface

1. This Report has been prepared for submission to the Governor of Nagaland under Article 151 of the Constitution.
2. The Report deals with the findings of performance reviews and audit of transactions in various departments.
3. The Report also contains the observations arising out of audit of Statutory Corporations and Government Companies and revenue receipts.
4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2011-12, as well as those which had come to notice in earlier years, but could not be dealt with in previous Audit Reports. Matters relating to the period subsequent to 2011-12 have also been included, wherever necessary.
5. Audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2012 are included in a separate report on State Finances.
6. The Audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

This Report contains 11 audit paragraphs, two Performance Audits – Implementation of ‘Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Nagaland and ‘Implementation of Watershed Development Programmes in Nagaland’ and Integrated Audit of Veterinary and Animal Husbandry Department. According to the existing arrangements, copies of the draft audit paragraphs and draft performance audits were sent to the Secretary of the Department concerned by the Accountant General (Audit) with a request to furnish replies within six weeks. Replies were not received from the Departments concerned in respect of three audit paragraphs.

Chapter-I Social Sector

Performance Audit

Performance Audit on Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Nagaland

Mahatma Gandhi National Rural Employment Guarantee Scheme aimed to enhance livelihood security of rural households by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. However, performance of the MGNREGA in the State for the last five years could not achieve guaranteed wage employment due to improper planning made in the perspective plan. The Department also randomly issued job cards and as a result job cards were misused. Several instances of un-executed projects, execution of non-permissible projects and diversion of projects outside the Perspective plan had defeated the purpose for which the scheme was designed. Implementation of convergence programmes in the State was not encouraging as the public was not aware of the schemes and were not executed according to the approved action plan. Absence of monitoring mechanism in the State also adversely affected the implementation of scheme. Mandatory inspections by State level, district level and block level were not carried out. Auxiliary objectives were not achieved due to the execution of low prioritised works.

(Paragraph 1.3)

Transaction Audit Paragraphs

Failure of the Drawing & Disbursing Officer and Treasury Officer to exercise statutory checks envisaged in Receipts and Payments Rules resulted in fraudulent drawal of ₹ 30.65 lakh.

(Paragraph 1.4)

The Executive Engineer, Medical Engineering Division, Kohima incurred an excess expenditure of ₹ 1.32 crore due to non-acceptance of the lowest bid. The delay in handing over the site to the contractor is fraught with the risk of further cost escalation.

(Paragraph 1.5)

Principal Director of Health & Family Welfare fraudulently drew ₹ 86.24 lakh for procurement of Computer Hardware items, Hospital linen, etc on the basis of fictitious bills.

(Paragraph 1.6)

Principal Director, Health & Family Welfare Department incurred an avoidable expenditure of ₹ 101.56 lakh on procurement of Machinery & Equipments, Hospital linen, etc by allowing inconsistent rates to different suppliers.

(Paragraph 1.7)

Failure to exercise statutory checks envisaged in Receipts and Payments Rules on the part of the Treasury Officer and Drawing and Disbursing Officer resulted in fraudulent drawal of ₹ 25.99 lakh.

(Paragraph 1.8)

Chapter-II Economic Sector

Performance Audits

Integrated Audit of Veterinary and Animal Husbandry Department

Planning was unrealistic and formulated without proper study or analysis as was evident from the major variations in the activities envisaged in the 11th Plan with the Annual Plans and the activities actually taken up. Targets set for production of meat, milk and eggs in the 11th Plan with projected expenditure of ₹ 64 crore could not be achieved despite plan expenditure of ₹ 149.99 crore during the period. Monthly balances in the bank account operated by the Directorate and Executive Engineer, V&AH Division were lower than the monthly closing balance recorded in their Cash Books pointing to misappropriation/misuse of Government money. Targets set for the Schemes/Projects could not be achieved due to deficiencies in actual implementation and payments were made against fictitious works. The process of awarding works was not transparent and works were awarded to a few select contractors. Further, works were not executed as per estimates/entries in the MBs resulting in excess payments and undue favour to contractors. The investment of ₹ 22.25 crore for setting up the Veterinary College at Jalukie and the Nagaland Composite Pig Project proved to be idle as these projects had not taken off even after four years after it was initiated. The institutions under the Department were in very poor condition and several of them were non-functional.

(Paragraph 2.3)

Implementation of Watershed Development Programmes in Nagaland

Watershed management programmes implemented by all the four agencies were implemented in an isolated manner. Selection of project villages was not done in consultation with other departments executing watershed management programmes. Funds were not released in time and were not sufficient. Even though there was no land left out in the State for undertaking Watershed Development, the Departments continued approving projects on land which had already been taken up earlier instead

of concentrating on continued operation and maintenance of assets created. This not only resulted in created assets becoming defunct over the years due to lack of maintenance but also resulted in release of payments for works which were not executed. Monitoring mechanism under the programmes was also inadequate. There was no system to carry out any impact analysis of the Programmes.

(Paragraph 2.4)

Transaction Audit Paragraph

Improper inventory control and non-observance of the provisions of NPWD code resulted in stores valuing ₹ 198.07 lakh remaining out of Government Account. The possibility of misappropriation of the materials cannot be ruled out. This matter therefore, needs further investigation.

(Paragraph 2.5)

Chapter-III Economic Sector (Public Sector Undertakings)

Investment in State PSUs

As on 31 March 2012, the investment of State and Central Government (Capital and long term loans) in six PSUs was ₹ 82.67 crore. The investment has grown by 17.84 per cent from ₹ 70.15 crore in 2007-08 to ₹ 82.67 crore in 2011-12. The Government contributed ₹ 26.61 crore towards Equity, Loans and Grants/Subsidies during 2011-12.

(Paragraph 3.3.& 3.4)

Performance of State PSUs

The working PSUs incurred an overall loss of ₹ 2.50 crore in 2011-12 and had an accumulated losses amounting to ₹ 33.83 crore. Besides, the only one non-working PSU had the accumulated loss of ₹ 14.70 crore as per its latest finalised accounts which pertains to the year 1977-78.

(Paragraph 3.6.2)

Arrears in finalisation of Accounts

All the working PSUs had arrears of 46 accounts as of September 2012. The Government needs to monitor and ensure timely finalisation of Accounts with special focus on liquidation of arrears. Accounts of one non-working company were in arrears for 34 years. As no purpose was served by keeping this non-working Company in existence, Government needs to expeditiously review its functioning and viability.

(Paragraph 3.7)

Transaction Audit Paragraph

Failure on the part of Nagaland Industrial Raw Materials & Supply Corporation Limited, Dimapur to pursue the decree of court verdict resulted in non-recovery of ₹ 30.72 lakh.

(Paragraph 3.9)

Chapter-IV Revenue Sector

Assessing Authority did not take into account records of utilisation of Form 'C' while passing Assessment Order which resulted in probable evasion of tax to the tune of ₹ 10.90 lakh and non-levy of interest on tax amounting to ₹ 9.32 lakh

(Paragraph 4.2)

Chapter-V General Sector

Transaction Audit Paragraphs

Executive Engineer, Civil Administration Works Division made excess payment of ₹ 128.24 lakh by allowing enhanced rate on the items of work already executed and paid for earlier in respect of two works.

(Paragraph 5.3)

An amount of ₹1 crore sanctioned by GOI for construction of Fire Station at State Capital Complex under Special Plan Assistance was diverted by the Directorate of Fire and Emergency Services for execution of seven other works not covered by the sanction.

(Paragraph 5.4)

The Deputy Commandant Village Guard, Kiphire fraudulently drew ₹ 39.96 lakh being ration allowance twice for the same period in respect of 2049 Village Guards.

(Paragraph 5.5)

CHAPTER - I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2012 deals with the findings on audit of the State Government units under Social Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under Social Sector during 2011-12 are given below:

Table No. 1.1.1

(₹ in crore)

Name of the departments	Total Budget allocation	Expenditure
School Education	630.53	589.36
Technical Education	13.40	13.46
Higher Education	108.01	84.54
SCERT	30.43	18.30
Youth Resources and Sports	90.35	87.42
Art and Culture	19.79	16.28
Health and Family Welfare	284.74	281.33
Water Supply & Sanitation	89.39	77.64
Urban Development	128.43	75.58
Rural Development	120.81	122.19
Municipal Affairs	19.25	4.67
Information and Public Relations	22.18	22.05
Labour	9.23	9.23
Employment and Training	18.11	17.61
Social Security and Welfare	167.09	116.76
Women Welfare	12.38	12.38
Rajya Sainik Board	1.68	1.68
Total Number of Departments = 17	1765.80	1550.48

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the Implementing agencies under Social sector to different departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table No. 1.1.2

(₹ in crore)

Name of the Department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Rural Development	Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGA)	District Rural Development Agencies (DRDAs)	673.47
	Indira Awas Yojana (IAY)	District Rural Development Agencies (DRDAs)	34.48
School Education	Sarva Shiksha Abhiyan (SSA)	State Mission Authority	97.98
	Rashtriya Madyamik Shiksha Abhiyan (RMSA)	Nagaland Education Mission Society	28.26
Health & Family Welfare	National Rural Health Mission (NRHM)	State Health Society	94.75
		State Blindness Control Society	1.22
		State TB Control Society	2.07
	National Aids Control	Nagaland Aids Control Society	17.04
Water Supply and Sanitation	National Rural Drinking Water Programme	Public Health Engineering Department	80.91
Forest	National Aforestation and Eco Development	State Forest Development Agency	13.10

(Source: Central Plan Scheme Monitoring System)

1.2 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stake holders.

After completion of audit of each unit on a test check basis, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the auditee for compliance. Some of the important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit reports, which are submitted to the Governor of State under Article 151 of the constitution of India for laying on the table of the Legislature.

During the year, test check of audits involving expenditure of ₹ 1922.05 crore (including funds pertaining to previous years audited during the year) of the State Government under Social sector were conducted. The Chapter contains one Performance Audit and five transaction audit paragraphs as discussed in succeeding paragraphs:

RURAL DEVELOPMENT DEPARTMENT

1.3 Performance Audit on Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Nagaland

The National Rural Employment Guarantee Act (NREGA) guarantees employment for more than three lakh rural poor of Nagaland for 100 days in a year. Under the Act, Gram Sabha is the body to assist in identification of beneficiaries, recommend development plans and social audit of all the projects within the Gram Panchayat jurisdiction.

The Performance audit on “Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)” in Nagaland was attempted to review the systems adopted by the Departments and the efforts of the State Government to ascertain whether objectives of the scheme were met in economical, efficient and effective manner.

Highlights

There was short fall in release in matching share of ₹ 113.17 crore by Government of Nagaland (GoN) during 2007-08 to 2011-12 which affected implementation of the scheme to that extent.

(Paragraph-1.3.10.2)

During the transmission of scheme funds from nine test-checked POs to 71 test-checked VDBs in four districts suspected financial leakage of ₹ 84.35 crore was observed.

(Paragraph-1.3.10.8)

Tampering of muster rolls by way of cutting, over writing, erasing and pasting of papers were noticed in five VDBs out of the test-checked 71 VDBs having wage payment of ₹ 10.31 lakh.

(Paragraph-1.3.12.3)

100 projects amounting to ₹ 10.84 crore stated to have been completed did not exist physically indicating possible misappropriation of ₹ 10.84 crore in 71 test-checked VDBs alone. Short execution by diverting the amount to non-permissible works in respect of 57 works valued at ₹ 10.32 crore and execution of 49 non-permissible works valued at ₹ 11.12 crore were also noticed during joint physical verification.

(Paragraph-1.3.13.6)

State level official functionaries could verify only 50 works (30 per cent) against the target of 168 works during the last five years. The district level officials carried out inspection of 273 works (33 per cent) against the target of 839 works whereas, the block functionaries carried out inspection of 3657 works (44 percent) against the targeted 8384 works.

(Paragraph-1.3.17.4)

297 social audits (57 per cent) at VDB level were conducted against the requirement of 522 social audit meetings in the 71 test-checked VDBs.

(Paragraph-1.3.17.5)

1.3.1 Introduction

The National Rural Employment Guarantee Act (NREGA), 2005 enacted in September 2005 and brought into force with effect from February 2006 aimed to cover one of the most backward district (Mon) of Nagaland during 2006-07 to 2010-11 in order to enhance livelihood security of rural households by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work.

The NREGA, 2005 was extended to additional four districts (Kohima, Mokokchung, Wokha and Tuensang) in the financial year 2007-2008. The remaining six districts (Dimapur, Peren, Zunheboto, Phek, Kiphire, and Longleng) have also been notified under the NREGA, 2005 with effect from 1st April 2008.

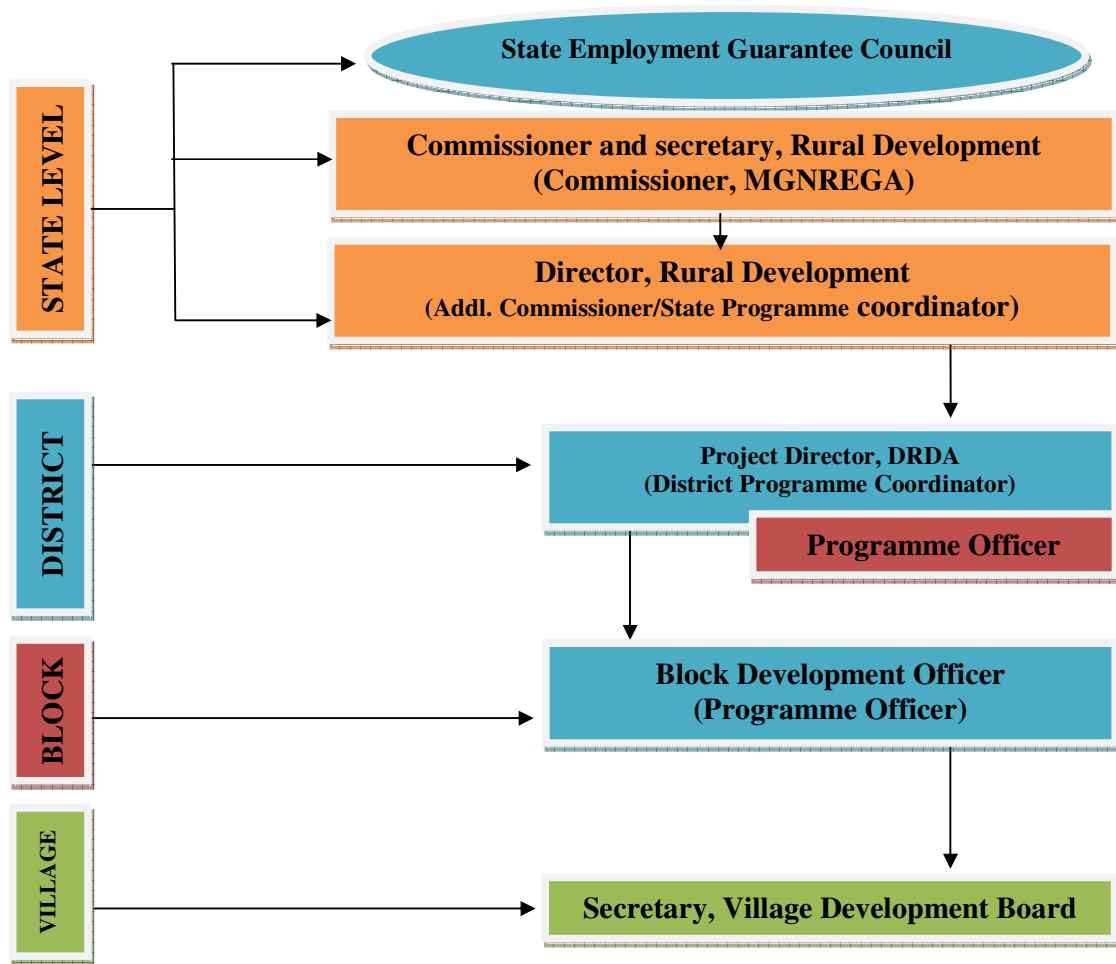
The rationale of the NREGA, 2005 is based on combining the productive capacity of villagers to build and nurture assets and thereby alleviating the problems of chronic unemployment and poverty. The NREGA, 2005 provides opportunities to develop rural infrastructure through watershed development, restoration of water bodies, activities aimed at forestry, land development, soil erosion and flood control and construction of roads and institutional facilities.

The name of the Act was changed to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in October 2009.

1.3.2 Organisational Setup

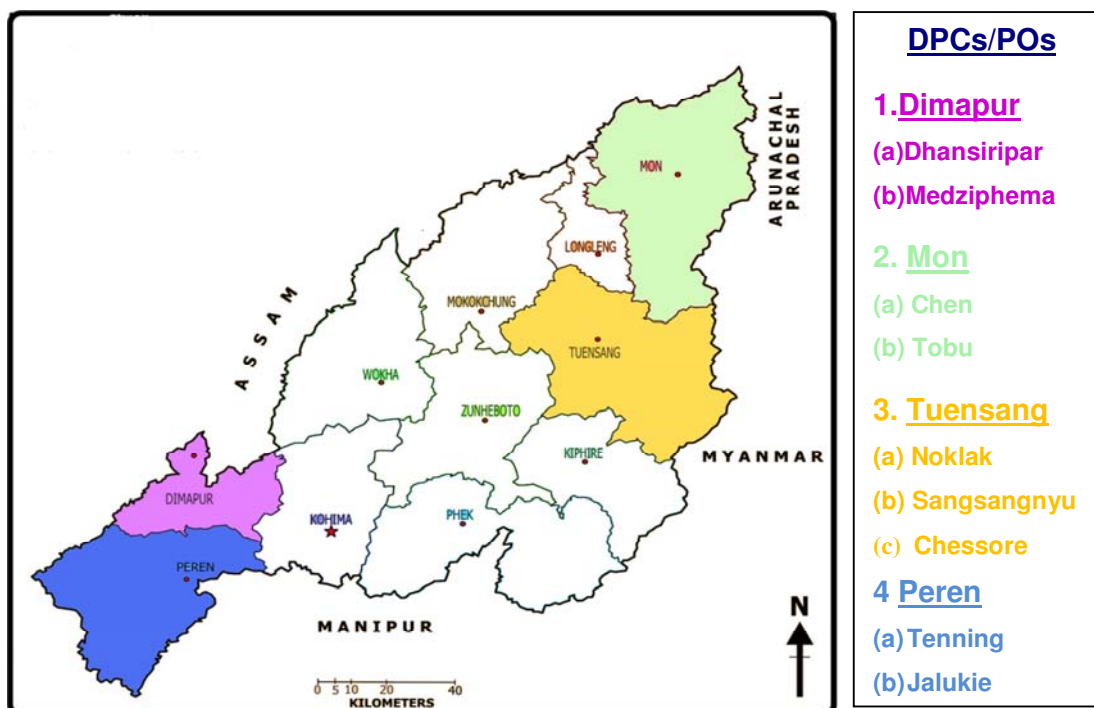
1.3.2.1 Institutional Arrangements for Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

At the State level, the Department of Rural Development is the nodal agency for the implementation of the scheme. A State Employment Guarantee Council (SEGC) to advise the State Government on the implementation of the scheme was set up in the year 2007. At the district level the Project Director (PD), District Rural Development Agency (DRDA) is designated as District Programme Coordinator (DPC) for the scheme implementation. The Programme Officer (PO) is also designated at Districts to assist DPC and is responsible for administering the scheme. At the block level, the Block Development Officer (BDO) is designated Programme Officer (PO) for overseeing the scheme. The scheme was further extended with a Block Assistant Programme Officer (BAPO) at the block level to assist PO who is exclusively responsible for the implementation of the scheme within the block. Finally the Village Development Board, the designated authority to implement the scheme at villages headed by Secretary is the pivotal body of the scheme. The MGNREGS implementation structure in the State is as shown in the following chart:



1.3.3 Scope of Audit

The instant Performance Audit covered the period from 2007-2012 through test check of records of the Commissioner, SEGC, Additional Commissioner attached to Rural Development Department, 4 DPCs out of 11, nine POs out of 54 and 71VDBs out of 1129 in the four selected/sampled districts during April 2012 to August 2012. Additionally audit also checked the remedial action taken by the State Government on the audit observations made by the Comptroller and Auditor General of India in the Union Report 2007-08. The details of coverage are indicated in the map below:



Source: National sample survey of India.

1.3.4 Audit Objectives

The broad objectives of the Performance Audit of MGNREGS were to assess:-

- ▶ Whether structural mechanisms were in place and adequate capacity building measures taken by State Government for implementation of the Act?
- ▶ Whether procedures for preparing perspective plan and annual plan at different levels for estimating the likely demand for work, and preparing shelf of projects were adequate and effective?
- ▶ Whether funds were released, accounted for and utilised by the state Government in compliance with the provisions of Act?
- ▶ Whether there was an effective process of registration of households, allotment of job cards and allocation of employment in compliance with the Act?
- ▶ Whether primary objective of ensuring the livelihood security by providing 100 days of annual employment to the targeted rural community at the specified wage rates was effectively achieved and whether the unemployment allowance for inability to provide job-on-demand paid in accordance with the Act?
- ▶ Whether MGNREGS works properly planned and economically, efficiently and effectively executed in timely manner and in compliance with the Act and whether durable assets were created, maintained and properly accounted for?

- ▶ Whether the auxiliary objectives of protecting the environment, empowering rural women, reducing rural-urban migration, fostering social equity etc were effectively achieved in accordance with the Act?
- ▶ Whether the convergence of the scheme with other rural Development programmes as envisaged was effectively achieved in ensuing sustainable livelihood to the targeted rural community and improving the overall rural economy?
- ▶ Whether all requisite records and data maintained at various levels and whether the MGNREGS data automated completely and provides reliable and timely MIS?
- ▶ Whether complete transparency was maintained in implementation of the Act by involving all stakeholders in various stages of its implementation from planning to monitoring and evaluation?
- ▶ Whether there was effective mechanism at central and state level to assess the impact of MGNREGS on individual households, local labour market, migration cycle and efficacy of the assets created?

1.3.5 Audit Criteria

The audit criteria for the purpose of this Performance Audit were derived from the following sources:

- ▶ NREG Act-2005 and amendments thereto.
- ▶ Guidelines-Operational Guidelines 2006 and 2008 issued by the Ministry of Rural Development (MoRD), GoI, regarding MGNREGA and the circulars issued by MoRD.
- ▶ Fund Rules 2006, Financial Rules 2009 and Audit of Scheme Rules 2011.
- ▶ Reports of the State/District by National Level Monitors, available with MoRD and respective States' NREGS Commissioners.
- ▶ Muster Roll Watch Guidelines.
- ▶ Guidelines/Checklist for internal monitoring by states.

1.3.6 Audit Methodology

Audit methodology was based on:

(i) Audit sampling

Statistical sampling method was adopted for selection of districts, Blocks and VDBs. By applying Simple Random Sampling Without Replacement (SRSWOR), four out of 11 districts were selected. Under each district, a minimum of two blocks and 25 *per cent* of the total blocks were selected for detailed check. A total of nine blocks under these four districts were audited. Under each Block, a minimum of 25 *per cent* of VDBs were selected. A total of 71 VDBs under the nine blocks were selected for audit.

(ii) Examination/verification of records

Scrutiny of records in audit took place at State Government (State Employment Guarantee Council and Directorate of Rural Development), District Programme Coordinators (DPCs), Programme Officers, Village Development Boards including individual works and Social Audit Meetings.

(iii) Physical verification of projects

All 1007 works executed in selected 71 VDBs were physically verified in audit.

(iv) Beneficiary survey

Audit conducted a beneficiary survey in the 71 VDBs and 16 beneficiaries on an average were surveyed in each VDB. A total of 1140 beneficiaries were interviewed.

(v) Entry/exit conference

An entry conference was held to discuss the objectives of the Performance Audit on 26 March 2012 with the officers of State Government. Audit findings were communicated to the management and a presentation made on the findings which were also discussed in an exit conference held on 19 September 2012. The replies of the Department furnished in October 2012 have duly been incorporated in the Report at appropriate places.

1.3.7 Acknowledgment

The office of the Accountant General (Audit), Nagaland places on record our sincere appreciation for the co-operation of the Commissioner, NREGA, Nagaland, Rural Development Department and designated Officers under Rural Development Department at district and Block levels.

AUDIT FINDINGS

Audit Objective - 1

1.3.8 Structural Mechanism and Capacity Building

1.3.8.1 State Employment Guarantee Council (SEGC)

Under Section 4 of the Act, State Government has to formulate Rules for implementation of the Scheme. The Rules *inter alia* have to determine the grievance redressal mechanism at the block and the district level and procedure to be followed in such matters to lay down terms and conditions to determine the eligibility for unemployment allowance and to provide for the manner of maintaining books of account of employment of labourers.

GoI fixed a time frame upto August 2006 for framing of Rules for implementation of the scheme in the State. The Rules were framed by GoN only in August 2008, after a delay of two years. However, it was observed that the Rules were framed without incorporating procedure on financial management system and redressal mechanism to

be followed at blocks and districts for smooth functioning of the scheme. The lapses in this regard are discussed in *Paragraph 1.3.17.1*.

The Act, further, stipulates that every State Government should set up a State Employment Guarantee Council (SEGC) under Section 12 of MGNREGA, which is responsible for advising the State Government on the implementation, evaluation and monitoring of the scheme, deciding on the “*preferred works*” to be implemented under MGNREGA, recommending proposals of work to GoI by the State Government and preparing Annual Report on MGNREGA to be presented to the State Legislature. The State Government had set up SEGC headed by State Rural Employment Guarantee Commissioner only in August 2008. As per the Rules framed by the SEGC, the general body shall meet once in six months. Though the Committee met thrice after the setting up of the Council, the SEGC did not prepare any annual report on MGNREGA for presentation to State Legislature.

SEGC constituted (March 2009) an Executive Committee consisting of eight members to assist in discharge of its duties. As per the norms fixed in the rules framed by the SEGC, the Executive Committee should meet at least once in every two months. However, it was noticed in audit that the Committee did not meet since the date of constitution. The SEGC/Executive Committee did not appoint any expert group to obtain technical support and advice to improve the quality of scheme implementation, as envisaged. Instead, Commissionerate was entrusted for technical support and advice.

Thus, the fact remains that not only the SEGC was set up belatedly they also did not hold any meetings since the date of constitution. Hence, the work proposals were recommended to the Central Government without evaluation and proper monitoring of preferred works proposed by the DPCs.

The Department while accepting the audit observation stated (October 2012) that the Executive Committee under the Chairmanship of Commissioner, MGNREGA was constituted in August, 2008. However, no formal meetings were convened but informal meetings and interactions were held at regular intervals or whenever a need arose. Department also stated that strengthening of the State level mechanism especially technical personnel is on the anvil. Informal meetings as stated, however, could not be verified in audit due to absence of any records in this regard.

1.3.8.2 District Level Structural Mechanism

District: The State designated Project Directors, DRDA as DPCs and provided support staff in the field of Works, IT, accounts etc, to assist the DPCs in overseeing implementation of the scheme.

Block: As per the Operational Guidelines, 2008, the State Government was required to appoint a full time dedicated Programme Officer not below the rank of Block Development Officer (BDO). Instead the regular BDOs were made responsible for implementation of MGNREGA in addition to their normal duties and were supported by Block Assistant Programme Officer (BAPO), regular engineers, data entry

operators and accountants. In the absence of full time dedicated Programme Officer and Technical Assistants to supervise the works at Block level, monitoring and reporting of MGNREGA works suffered to that extent.

Village: Although VDBs¹ were authorised for scheme implementation right from planning to convening meeting for social audit and also monitoring the implementation of the scheme at village level, the State Government did not create any posts of full time Village Development Officers and Junior Engineers at village level for scheme implementation. The State Government did not deploy any support staff. In two test-checked districts² there were Gram Rozgar Sahayaks (GRS) posted to assist VDBs at village level. In other two test-checked districts (Mon and Tuensang) the Village Level Workers (VLW) under Backward Region Grant Fund (BRGF) scheme were assisting the VDBs for implementation of MGNREGA scheme also. In the test-checked VDBs, there were no engineers, data entry operators and accountants for effective implementation of the scheme. The planning processes such as assessment of labour, identification of works to meet the estimated labour demand, estimated cost of works etc. were not worked out at grass root level by the VDBs. This could be largely attributed to the absence of support staff with the VDBs.

The Department stated (October 2012) that due to remoteness and difficult terrain of the State and numerous schemes being implemented in all the villages, it is difficult to inspect and monitor all the works as envisaged in the guidelines. They further stated that the VLWs were appointed in five BRGF Districts and were assigned to work as GRS to assist the VDBs in the implementation of MGNREGA. Hence, the GRS were not appointed in BRGF Districts.

The reply of the Department is not tenable as the 28 test-checked VDBs in the two test-checked BRGF districts stated that appointed VLWs in the villages did not perform the duties as GRS to assist the VDBs in the implementation of the MGNREGA scheme.

1.3.8.3 Gram Rozgar Sahayak (GRS)

Operational Guidelines, 2008 suggested the appointment of GRS in each VDB to ensure the effective implementation of scheme with responsibility to maintain MGNREGA accounts, overseeing the process of registration, distribution of job cards, ensuring the requisite VDB meetings and social audit. Further the SEGC should determine the job description, minimum qualification and the process through which GRS should be appointed and evaluated. It was observed in audit that:

- The State Government or SEGC did not frame any job description, minimum qualification, etc. for selection of GRSs. Scrutiny of records revealed that the DPC, Dimapur appointed 199 GRSs in 197 villages under Dimapur district on honorarium (₹ 1000 per month) basis since May 2009. Out of 199 GRSs appointed, 163 GRSs were appointed as per the recommendations made by the

¹A statutory body under Village Council

²Dimapur and Peren

Secretaries of VDBs in their respective villages and remaining 36 GRSs were appointed as per the recommendation made by the VIPs.

- Out of a total of 79 VDBs in Peren district, DPC, Peren appointed 48 GRSs in 48 villages under Tenning and Peren Block on honorarium (₹ 1000 per month) basis since September 2009 only and 31GRSs in 31 villages under Jalukie Block were appointed only in September 2010.
- Though the 278 GRSs were appointed after a delay ranging from 13 to 18 months from the date of implementation of the scheme, none of the GRS in two districts was provided any kind of training to discharge their duties effectively.
- Scrutiny of records (May 2012) revealed that DPC, Mon and Tuensang did not appoint GRSs in 205³ villages since the implementation of the scheme. Instead Village Level Workers (VLW) appointed under Backward Region Grant Fund (BRGF) was assigned for assisting VDBs for the implementation of the Scheme but the VDBs were not aware of such an arrangement. The fact further emerged from the beneficiary survey that such assistance was not provided to VDBs by the VLWs. Thus, VDBs only implemented the scheme related matters in all 28 test-checked VDBs. Due to the non-appointment of GRSs, records were maintained by the VDB Secretary/VCs and the non/poor maintenance of records were also noticed in the verification of all selected VDBs in sampled districts as discussed in the *Paragraph 1.3.16.2*. National Level Monitors (NLM) (June 2010) while reviewing RD schemes in Mon and Tuensang districts also reported that VDB Secretaries were functioning as GRS.

Due to the absence of GRSs in two districts and delay in appointment in the other two test-checked districts the accounts as well as other records were not maintained properly.

While accepting the facts and figures, the Department stated (October 2012) that the Government did not frame a separate job description for GRS and the delay in extension/fresh appointment was mainly due to non-receipt of proposal from the VDBs/Blocks as well as non-availability of qualified candidates for appointment.

1.3.8.4 Information, Education and Communication (IEC) Plan

For effective communication of information about the Act and Scheme is essential for awareness generation, State has to undertake intensive IEC exercise to publicise the key provision and procedures to be followed under the scheme to help the public articulate the demand and claim their entitlements. These activities should be widely disseminated especially in remote areas through visual and print media, pamphlets and brochures.

³Mon – 98, Tuensang - 107

MoRD (March 2007) released funds (₹ 19 lakh) to three districts (second and third phase of implementation) for undertaking special media campaign which was essential for informing beneficiaries, implementing agencies and general public about the rights and obligations of the NREG Act. Wall painting, hoardings, banners were to be put up at prominent places like post offices, bus terminals, important buildings displaying the basic provisions for the knowledge of targeted group in local language. An action plan of the special media campaign approved by the Governing body of the DRDA were to be intimated to the MoRD to establish the utilisation of the funds according to the approved action plan.

Scrutiny (April-August 2012) revealed that DPC Dimapur, Mon Tuensang and Peren undertook awareness generation at the beginning of the scheme implementation and continued only once after a gap of two years through flex advertisement and posters in the district and did not observe the intensive community mobilisation recommended by the MoRD.

The awareness indicator (flux) displayed by the DPC/PO, Dimapur at Chumukedima (National highway- Paglapahar) indicated that the unskilled wages was displayed for ₹ 100 per day although there was a revision in wages to ₹ 118 per day since January 2011. Due to poor IEC activities undertaken by the DPC/PO Dimapur, beneficiaries in the Paglapahar Village remained unaware of the changes in the scheme.

The awareness indicator (metallic board) in Sangsangnyu Village, Sangsangnyu Block, Tuensang district placed (*Photograph No. 1.3.1*) at road side marketing shed was in dilapidated condition which indicated the poor IEC activities under taken by the DPC/PO Tuensang.



The Department incurred an amount of ₹ 16.42 lakh⁴ towards IEC activities out of the allocated ₹ 19 lakh. It was observed that 56 test-checked out of 71 VDBs were not aware of any IEC plan. The above fact was confirmed from the beneficiary survey that the public were unaware about the provisions and procedures to be followed for registration, demand for employment and unemployment allowances, grievance redressal and social audit under the scheme.

Out of 1140 beneficiaries interviewed during the performance audit, 126 beneficiaries were not aware about the general scheme activities and benefits.

Thus, the Department failed to create awareness about the scheme through the IEC plan even after incurring ₹ 16.42 lakh for the purpose which resulted in the public remaining unaware about their entitlements.

⁴ DPC, Dimapur-₹ 7.12 lakh, DPC, Tuensang ₹ 2.80 lakh and DPC Peren ₹ 6.50 lakh

While accepting the facts the Department assured (October 2012) that more IEC activities would be taken up by way of displaying hoarding, wall painting etc. at appropriate places in future. The directions were also given to the programme Officers to update the information especially the wage rates on the signboard/hoarding etc.

1.3.8.5 Training

VDBs, District and State level Departmental personnel involved in implementation of MGNREGA were required to be trained in discharging their responsibilities under the Act. State Institute for Rural Development (SIRD) was assigned the task of imparting training to all personnel involved in the scheme implementation. However, it was noticed in audit that the training programmes were not conducted at regular intervals to train the supporting staff and stake holders.

Scrutiny of records of State Institute for Rural Development (SIRD), Kohima revealed that the Institute planned 34 training programmes (nine programmes exclusively for officers, five computer based programmes for departmental staff and 13 for VDBs and seven programmes common to officers and VDBs) as per the calendar of training programmes (2008-12) out of which 13 programmes (three programmes exclusively for officers, one computer based programme for departmental staff and one for VDBs and eight programmes common to officers and VDBs) were conducted during 2008-12, thus achieving only 38 *per cent* of the target.

- SIRD proposed for organising 11 training programmes to the officers and stakeholders during 2008-09 (at estimated cost of ₹ 32.42 lakh) to train 318 officials and 3242 non-officials. Accordingly, GoI released (March 2009) ₹ 29.10 lakh based on the proposal sent by the SIRD. It was observed that the SIRD had conducted 12 training programmes. However, the total number of persons trained was only 159 officials (50 *per cent*) and 1157 non-officials (36 *per cent*).
- The training was limited to only 2008-09. No initiatives were taken to conduct training as planned in their calendar of training programme in the years 2009-10 to 2011-12, except one programme.
- The shortfall in organising training programme under MGNREGA ranged from 100 *per cent* to 87 *per cent* during 2009-10 to 2011-12. The fact was verified in audit and it was noticed that 24 VDBs (33 *per cent*) out of 71 test checked VDBs provided training for MGNREGA activities at the Block level.
- DPC, Dimapur, Mon and Peren released (May 2008) ₹ 4.50 lakh to SIRD for conducting social audit training to VDBs as verified from the DPC records. However, ₹ 4.50 lakh was not accounted as seen from the annual accounts of SIRD.
- Neither SIRD proposed nor the SEGC allocated funds for conducting training programmes for the flagship scheme MGNREGA, during 2009-10 to 2011-12.

The Extension Training Centre (ETC) at Tuensang was meant for imparting training for the RD programmes under the umbrella of SIRD. However, SIRD faculty imparted four training programmes (10 *per cent*) against the 41 training programmes planned during 2010-12. The DPC stated that faculties from SIRD used to conduct training as per the calendar of training programme prepared by SIRD. Despite presence of ETC it was observed in audit that there existed deficiencies in training at the level of Blocks and VDBs in Tuensang district which was evident during scrutiny of records of three blocks and 18 VDBs. Lack of proper training on scheme implementation activities not only disadvantaged poor maintenance of records but also affected planning and preparation of development plans at VDB level.

Despite recommendation by the Nagaland University after carrying out impact appraisal of MGNREGA in Nagaland (March 2009), for providing more training to the human resources section for effective implementation of the programme, the Council had not initiated any concrete action.

The scheme guidelines provide that training programmes should give priority to the competencies required for effective planning, work measurement, public disclosure, social audits and use of the Right to Information Act, 2005. However, the Department failed to train the human resources hindering effective implementation of the programme.

While accepting the facts, the Department stated (October 2012) that frequent change of VDB Secretaries had affected the effective implementation of the programme to a great extent and also stated that trainings had been arranged for newly appointed VDB Secretaries from time to time along with other stakeholders and functionaries especially on MIS.

Audit Objective - 2

1.3.9 Preparation of Perspective and Development plan

1.3.9.1 District Perspective Plan

The District Perspective Plan was intended to facilitate advance planning and to provide a development perspective for the District and was aimed to identify the types of MGNREGS works encouraged in the districts for long term employment generation and sustained development as per paragraph 4.5 of the NREGA Operational Guidelines, 2008. The Annual development plan is the working plan that identifies the activities to be taken up on annual basis from the Perspective Plan. The expert agency selected for preparation of Perspective plan should survey each village to identify the local needs for generating long term employment.

The plan should confer the details of the funds allocation available with different development departments which implement various Centrally/State sponsored programmes and the year-wise allocation for the next five years along with the comprehensive plan for the development activities to be taken up in different villages and blocks during the coming five years. During the preparation of Perspective plan,

the District Planning Committee should be involved. The plan preparation should take care of closure of schemes like Sampoorna Grameen Rozgar Yojana (SGRY), National Food for Work Programme (NFFWP) and transfer of resources to MGNREGA outlays.

It was noticed in audit that the District Perspective Plans were prepared in all the three test-checked districts and Agricultural Finance Corporation, Guwahati and National Institute of Rural Development (NIRD), Guwahati was involved in preparation of District Perspective plan at a total cost of ₹ 22.63 lakh⁵. Further, perspective plan for Mon district for second phase (2011-16) prepared at a cost of ₹ 23.02 lakh by the expert agency was approved only in May 2012 by the SEGC after a delay of one year and two months.

Though the Council (June 2012) stated that the District Perspective Plans were prepared by these agencies after conducting survey of the villages to identify the local needs, 67 VDBs (94 *per cent*) out of 71 test-checked VDBs have stated that the agency did not conduct any survey of their villages to identify the local needs. Test-check of 26 VDBs as well as beneficiary survey in two blocks (Medziphema and Dhansiripar) in Dimapur district revealed that the selected expert agency collected relevant data from the Circuit house, Dimapur in order to complete the survey of the 26 villages. Similarly, 41 VDBs test-checked out of 45 VDBs in three districts (Tuensang, Mon and Peren) also featured similar data collection methodology for preparation of perspective plan.

Further, the plan prepared did not include details of the funds to be allocated year-wise to different development departments which implement various centrally/state sponsored programmes along with the comprehensive plan for the development activities to be taken up in different villages and blocks during the coming five years.

The entire procedure of plan preparation and approval was made without involvement of the District Planning Committee in contravention to the roles and responsibilities of the District Planning Committee as envisaged in the Article 243ZD of the Constitution of India due to not constituting District Planning Committees in nine districts and non-functioning though constituted in two districts. The plan prepared had not taken care of closure of schemes like SGRY, NFFWP and transfer of resources to MGNREGA outlays.

In short, the perspective plan prepared by the expert agency failed to feature socio-economic aspects of development, fundamental causes of poverty and outcome based strategies in the Perspective plan. Although the plan covered all aspects of natural resource management along with socio-economic development in the rural areas, due to absence of district Planning Committees/any other similar body, there was no value input in the preparation of district perspective plan as envisaged.

⁵Dimapur-₹ 8.42 lakh, Tuensang-₹ 10lakh and Peren-₹ 4.21 lakh

It was also noticed in audit that the agency completed the process of perspective plan by March 2009 for Dimapur and Peren though the programme commenced from April 2008. Hence, entire works executed during 2008-09 was outside the approved Perspective plan in Dimapur and Peren districts.

This was confirmed during the scrutiny of works records of 71 test-checked VDBs, 1116 works were planned with a project cost of ₹ 159.68 crore in perspective Plan for 71 VDBs under nine blocks in four districts during 2007-2012, whereas, 71 VDBs executed 1007 works with a project cost of ₹ 161.05 crore during 2007-08 to 2011-12. Out of the executed projects, 406 works (40 *per cent*) with project cost of ₹ 57.49 crore was outside the Perspective Plan in the test-checked 71 VDBs.

Even after incurring ₹ 45.65 lakh⁶, due to the poor identification of projects by the expert group the Perspective plan failed to yield any result thereby hindering the socio-economic development in the test-checked districts.

While accepting the facts the Department (October 2012) stated that in some cases works were taken up through the resolutions made by Village Councils and remained outside the District Perspective Plan.

1.3.9.2 Development Plan

Section 16(4) of the Act states that every VDB should prepare a working plan called Development Plan selected out of Perspective plan and to be forwarded to Programme Officer for scrutiny and primary approval before the commencement of the year in which it was proposed. The plan should comprise of projects for each village to include (i) Assessment of labour demand (ii) estimated labour demand (iii) estimated cost of works and wages and (iv) benefits expected in terms of employment and physical improvements out of the estimated works. The selected projects for inclusion in the Development Plan should be supported with plot number of each site and unique location code in the plan.

It was observed in audit that no Development Plans were prepared in any of the 71 test-checked VDBs. Instead simple list of projects were forwarded to PO wherein neither the assessment of labour data nor the estimated costs of the projects were incorporated.

Thus, the Development Plans (list of projects) prepared at the level of VDBs were unrealistic and not based on facts and figures. The PO at Block converts the list of projects into the Development Plan.

During the scrutiny of records of 71 VDBs, 44 VDBs (62 *per cent*) stated that meeting on 2nd October every year was not conducted to identify and recommend the works to be approved as Development Plan. 27 VDBs (38 *per cent*) reported that they had conducted their meetings to identify and recommend the works to be approved as Development Plan.

⁶(₹ 22.63 lakh + ₹ 23.02 lakh)

In sum, the list of projects prepared by the VDBs without any assessment of labour demand, identification of works to meet the labour demand, estimated cost of works and wages and benefits expected in terms of employment generation and physical improvements failed to generate the guaranteed employment and this further assisted the VDBs to divert the projects outside the Perspective plan as discussed in *Paragraph 1.3.13.2*.

While accepting the facts, the Department stated (October 2012) that Labour Budgets/Annual Action Plans of all the Districts for each year were prepared as per the list of schemes taken from the District Perspective Plans.

1.3.9.3 Delay in finalisation of Development Plan

As per paragraph 4.4 of MGNREGA Operational Guidelines 2008, process of preparation of development plan should be completed by 15th October, 30th November, 31st December and 31st January every year at the level of VDB, PO, DPC and SEGC for the works to be executed in the ensuing financial year. As per the time frame for Development plans, final approval of the shelf of projects should be completed by December of the year preceding the financial year in which the shelf of works were to be executed.

Scrutiny of records of four test-checked DPCs revealed that there was a delay in submission of Development plans from POs to DPCs which ranged from two to four months. Subsequently, delay in submission of Development plans from DPC to SEGC also ranged from two to eight months. The Council also admitted that the delay by some DPCs had hampered the consolidation of the proposals.

Thus, there was a delay in finalisation of shelf of projects as well as delay in release of funds from GoI ranging from one to four months against first tranche and this was due to delay in submission of Development plan to GoI.

While accepting the facts, the Department stated (October 2012) that the delays in the finalisation of Development plans were due to late submission of list of projects by the respective VDBs which subsequently caused delay in finalisation of shelf of Schemes and assured that necessary action and compliance would be done henceforth.

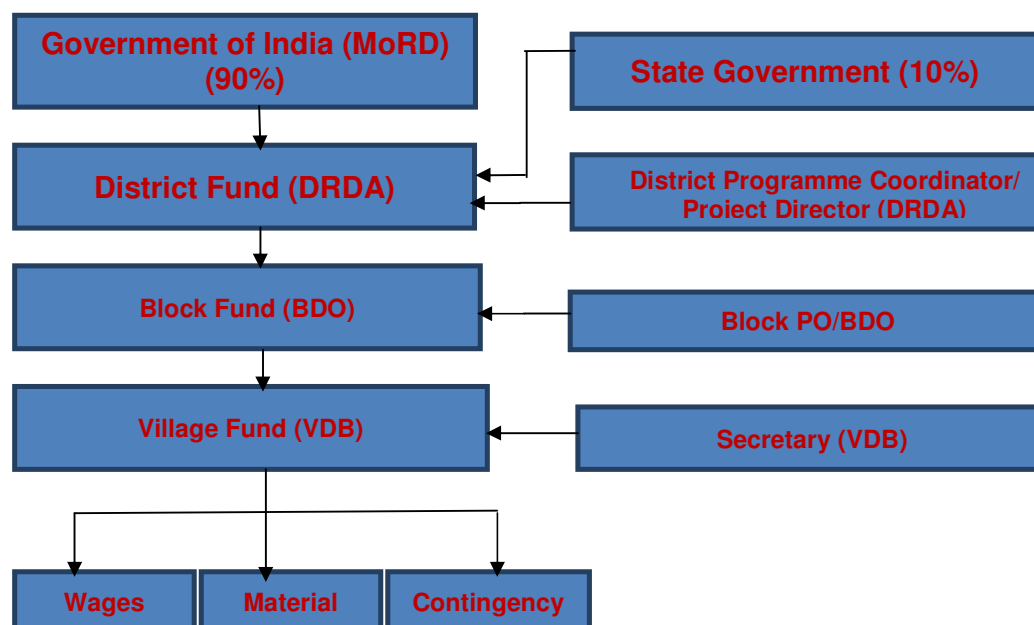
Audit Objective - 3

1.3.10 Release of Funds, Accountability and Utilisation

1.3.10.1 Funds Flow

As per Operational Guidelines of MGNREGA, 2008 a State Employment Guarantee Fund (SEGF) is to be established as a revolving fund for receipt of Central and State funds for implementation of the Scheme. It was observed that the SEGF was established by Government of Nagaland in August 2008, by notification. However, the SEGF could not be made operational till March 2009 due to delay in setting up of State Employment Guarantee Council (SEGC). As a result, GoI released the scheme funds to the bank accounts of DPCs (DRDAs) directly for implementing the scheme as depicted in the organisational structure below:

Organisational Structure and Fund flow mechanisms



The following was noticed in management of funds:

- The total fund availability was never brought into a single umbrella in the State in order to analyse the required matching share (10 *per cent*) of the State for programme implementation.
- The financial management system at State level failed to monitor payment of wages and unemployment allowances to track transfer of funds from DPC to the implementing agencies and to monitor and reconcile expenditure incurred by the districts as the funds had been directly transferred to the bank accounts of individual DPCs.
- Unspent balances were reported by the DPCs through Annual approved accounts duly certified by the Chartered Accountants. However, unspent balances with nine test-checked POs and 71 test-checked VDBs remained undisclosed.

Department stated (October 2012) that from the very inception of the programme in Mon District (Ist Phase) during 2007-08, the State Employment Guarantee Council (SEGC) was duly constituted in July 2006, with the approval of the State Cabinet, amongst others, including setting up of Nagaland State Rural Employment Guarantee Fund, Nagaland NREGA Scheme, approval of Shelf of Scheme etc for the effective implementation of the programme in Mon District. With the inclusion of new Districts, *i.e.*, Phase 2 and Phase 3 Districts, the purview of the SEGC was subsequently extended to the entire State. However, the fact remained that the Council was functioning from March 2009 only.

1.3.10.2 Financial Outlay and Expenditure

As per financing pattern prescribed, GoI bear the cost of wages for unskilled manual labours and also 75 per cent of the cost of material, wages for skilled and semi skilled workers. In addition to that GoI also bears administrative expenses including the salary and allowances of Programme Officers and supporting staff and works site facilities. The State Government has to bear 25 per cent of the cost of materials, wages for skilled and semiskilled labours. Unemployment allowances and administrative expenses of the SEGC also have to be borne by Government of Nagaland (GoN).

During 2007-08 to 2011-12, GoI directly transferred scheme funds (₹ 2050.21 crore) to the implementing agencies (DPCs) in the State. GoN released their matching share (₹ 91.85 crore) to the DPCs through the Department of Rural Development.

The year-wise receipt and expenditure of funds for the period from 2007-08 to 2011-12 for implementation of the programmes are detailed below:

Table No.1.3.1

(₹ In lakh)

Year	Fund proposed to GoI	Fund released by GoI	Funds proposed as matching share of GoN	Fund released by GoN	Fund released to 11 DPCs (after deducting administrative expenses)	Short fall in state share (Col 4-5)
1	2	3	4	5	6	7
2007-08	NA	4801.86	480.02	256.00	246.00	224.02
2008-09	NA	24779.18	2477.92	1600.00	1538.51	877.92
2009-10	31993.54	48950.30	4895.03	1704.00	1531.84	3191.03
2010-11	55830.04	60696.07	6069.61	1950.00	1791.35	4119.61
2011-12	71945.12	65793.57	6579.36	3674.63	3886.05*	2904.73
Total	159768.70	205020.98	20501.94	9184.63	8993.75	11317.31

• Including the previous year's funds.

Source:- Departmental figures

It is observed from the above table that:

- Though the State had proposed funds of ₹ 878.24 crore for implementation of the scheme in 2009-10 and 2010-11, the GoI had released ₹ 1096.46 crore (excess release of ₹ 218.22 crore).
- While the GoN had to release a matching share of ₹ 205.02crore being 10 per cent of the total releases (90 per cent from central releases made by the GoI), the actual transfer of funds by the State Government was only ₹ 91.85 crore (45 per cent). Thus, there was a short fall in release in matching share for ₹ 113.17crore from GoN during 2007-08 to 2011-12.
- Short release of ₹ 113.17 crore by the Government of Nagaland affected the implementation of scheme mainly in the material component of the works projected in the labour budget during 2007-08 to 2011-12. Non-release of matching share affected in assets creation due to shortage of materials observed during physical verification of the projects as discussed in **Paragraph 1.3.13.6.**

The Department stated (October 2012) that there was substantial amount of shortfall in the mandatory State Matching Share towards the implementation of MGNREGA programme in the State. The accumulated shortfall stands at ₹ 1.37 crore due to perennial funds constraint since the inception of the programme. Department also added that due to meager State Plan funds, the State Government which had to allocate funds to different sectors and other flagship programmes also had not been able to match the Government of India releases.

1.3.10.3 Establishment of Revolving Fund and operation of Bank Accounts

The State Government established (August 2008) the State Employment Guarantee Fund (SEGF) by way of a notification. However, the State Government did not establish Revolving Funds under MGNREGS at District, Block and VDB level.

Four test-checked DPCs utilised ₹ 0.93 crore⁷ for programme implementation, out of the interest accrued (₹ 1.33 crore⁸) in the bank accounts operated for scheme due to the non-establishment of revolving fund with DPCs.

It was noticed that separate bank accounts were opened in public sector banks for fund management under the scheme at the State, District, Block and 33 VDB levels to observe financial management system. However, 38 VDBs⁹ opened the bank accounts with Nagaland State Co-operative Bank (NSCB) which is under the State Co-operative Sector in violation to the notification issued by the MoRD.

44 VDBs out of 71 test-checked operated joint accounts for MGNREGS fund as per the provisions under the guidelines. However, 27¹⁰ test-checked VDBs in Mon and Peren operated joint accounts by VDB secretary and PO in place of VDB secretary and Village Chairman by violating the provisions of scheme guidelines.

While accepting the facts, the Department stated (October 2012) that the State Government was yet to notify the establishment of Revolving Fund and stated that the accrued interest of MGNREGA funds has been utilised for the implementation of the programme. The Department assured that the State Government had taken up the matter for compliance on priority.

1.3.10.4 Delay in submission of Labour Budget

Section 14(6) of the Act prescribes preparation of a Labour Budget by the end of December for the next financial year. The Labour Budget should contain details of the anticipated demand for unskilled manual works in the district and the plan for engagement of labours in the MGNREGS works. The DPC should forward the same to the State Government which would in turn, forward it with its recommendation to MoRD by 31st January to enable it to release the central share of funds for implementing the Scheme.

⁷DPC, Dimapur (₹ 0.43 crore), DPC, Mon (₹ 0.03 crore) and DPC, Tuensang (₹ 0.46 crore) and DPC, Peren (₹ 0.01 crore)

⁸DPC, Dimapur (₹ 0.51 crore), DPC, Mon (₹ 0.07 crore) and DPC, Tuensang (₹ 0.59 crore) and DPC, Peren (₹ 0.16 crore)

⁹18 VDBs in Tuensang and 20 in Dimapur

¹⁰10 VDBs in Mon and 17 VDBs in Peren

It was noticed in audit that there were delays in submission of Labour Budget at all levels against the stipulated dates for submission in the four test-checked districts. It was also noticed that there were inordinate delays in processing and submission of Labour Budget at all levels and delays ranged from one to eight months.

- There were delays ranging from two to four months at the level of PO to DPC.
- There were delays ranging from one to eight months at the level of DPC to SEGC.
- There were delays ranging from two to seven months at the level of SEGC to MoRD.

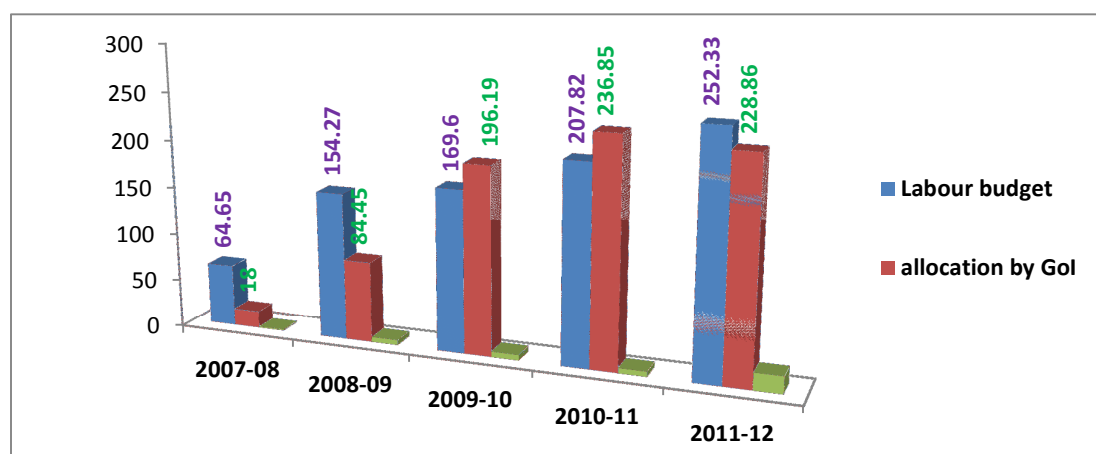
The delay in submission of labour budget had resulted in delay in release of funds from GoI as discussed in *Paragraphs 1.3.10.6*.

1.3.10.5 Fund Management at four DPCs

During 2007-08 to 2011-12, four test-checked DPCs proposed for ₹ 848.67 crore¹¹ and GoI allocated ₹ 764.35 crore which was 90 percent of the proposed Labour Budget for the five year period. However, the allocation was irregular during 2009-10 and 2010-11 as shown in the graph below:

Graph No. 1.3.2

(₹ in crore)



The Department stated (October 2012) that irregular allocation of funds was due to the increase in the number of Job Card Holders in the course of implementation of the programme and the subsequent enhancement of wage rate to ₹ 118 by Government of India w.e.f 1st January 2010. This necessitated the Districts to submit the funds requirement over and above the amounts indicated in Labour Budget as well as in the Perspective Plans.

¹¹2007-08 (₹ 64.65 crore), 2008-09 (₹ 154.27crore), 2009-10 (₹ 169.60 crore), 2010-11 (₹ 207.82 crore) and 2011-12 (₹ 252.33 crore)

However, the labour budget prepared did not hold any substantial data analysis to match the release of funds by GoI.

1.3.10.6 Delay in release of funds by GoI due to late submission of Labour Budget by GoN

As per the provision under 8.4 of the MGNREGA Operational Guidelines, State labour budget received in the Ministry would be examined and communicated to the State for review. The Empowered Committee under the Ministry of Rural Development would take a decision on the amount to be sanctioned according to the review made by the State. However, in principle, first tranche would be proportional to the percentage of mandays projected for the first six months for the year (upto September) in the district labour budget subject to condition that it would not exceed 50 per cent of the total amount approved in the labour budget.

It was found in audit there were delays in processing and submission of Labour Budget ranging from one to eight months at the level of DPC to SEGC and subsequent delays in submission of Labour Budget to MoRD from SEGC ranging from two to seven months as discussed in *Paragraph 1.3.10.4*.

It was noticed during the scrutiny of records of four DPCs that the release of funds in first tranche was delayed between one and five months which ranged from 3 to 49 per cent instead of 50 per cent. The details are given below:

Table No. 1.3.2 (a)

(a) Dimapur

(₹ in lakh)

Year	Labour Budget		Released by GoI		Total released by GoI	Released by GoN	
	GoI	GoN	First tranche (April to September)	Second tranche (October to March)		Month	Amount
2007-08	-	0		54.50	54.5	0	0
2008-09	5139.02	519.5	240.15	3182	3422.15	Mar	111
2009-10	5650.3	194.40	1400.51	2667.56	4068.07	Jan	134
2010-11	7118.12	790.89	5674.25	2354.82	8029.07	Mar	140.98
2011-12	8488.85	943.21	4498.13	2421.97	6920.10	Mar	550.66
Total	26396.29	2448	11813.04	10680.85	22493.89		936.64

(Source: Departmental figures)

As per the funding structure, 50 per cent of the approved Labour budget should be released by September every year. As per the funds released during 2007-08 to 2011-12, the release of 50 per cent (first installment/tranche) was delayed by one to four months. Release of grant (first installment/tranche) was only 7 per cent as of September against the total funds during 2008-09. Similarly, during 2009-10, the release of grant (first installment/tranche) was 34 per cent only.

Table No. 1.3.2 (b)

(b) Mon

(₹ in lakh)

Year	Labour Budget		Released by GoI		Total released by GoI	Released by GoN	
	GoI	GoN	First tranche (April to September)	Second tranche (October to March)		Month	Amount
2007-08	3274.87	0	355.08	500	855.08	January	32
2008-09	4295.90	0	100	300	400	Dec/ Mar	174
2009-10	4730.48	0	4700.59	3392.01	8092.60	January	174
2010-11	5009.82	0	922.47	4580.96	5503.43	-	0
2011-12	6054.24	0	1808.33	3370.43	5178.76	April/ Sept/ March	605.46
Total	23365.31	0	7886.47	12143.40	20029.87		985.46

(Source: Departmental figures)

In the case of Mon district, against the proposed labour budget (₹ 32.75 crore) during 2007-08, only 26 per cent (₹ 8.55 crore) was received by the DPC Mon out of which first tranche was 42 per cent (₹ 3.55 crore). During the period from 2008-09, 2010-11 and 2011-12 release of first tranche was delayed from 3 months to 5 months and was ranged from 17 to 35 per cent only.

Table No. 1.3.2 (c)

(c) Tuensang

(₹ in lakh)

Year	Labour Budget		Released by GoI		Total released by GoI	Released by GoN	
	GoI	GoN	First tranche (April to September)	Second tranche (October to March)		Month	Amount
2007-08	3190.80	354.53	890.12	0	890.12	March	82
2008-09	3046.90	338.55	0	2273	2273	Dec/Mar	147.46
2009-10	3294.35	366.04	958.64	3457.61	4416.25	Jan	139
2010-11	4522.90	502.55	3277.44	3021.98	6299.42	March	281.97
2011-12	6366.70	707.41	3228.14	2725.5	5953.64	July/Feb	427.31
Total	20421.65	2269.08	8354.34	11478.09	19832.43		1077.74

(Source: Departmental figures)

In Tuensang district, scheme fund for first tranche was not released during 2008-09. During 2009-10 and 2010-11 the first tranche release was ranged from 22 to 32 per cent against the 50 per cent as stipulated in the Operational Guidelines of MGNREGA.

Table No. 1.3.2 (d)

(d) Peren

(₹ in lakh)

Year	Labour Budget		Released by GoI		Total released by GoI	Released by GoN	
	GoI	GoN	First tranche (April to September)	Second tranche (October to March)		Month	Amount
2008-09	2946.91	327.43	235.19	2115	2350.19	Dec/March	89
2009-10	3285.10	365.01	1253.19	2758	4011.19	Dec	124
2010-11	4131.77	459.09	1628.39	2224.51	3852.90	March	105.73
2011-12	4323.70	480.41	2098.19	2735.62	4833.81	July	212.00
Total	14687.48	1631.94	5214.96	9833.13	15048.09		530.73

(Source: Departmental figures)

In Peren district, scheme fund for first tranche was only 10 *per cent* released during 2008-09. During 2009-10 and 2011-12 the first tranche release was ranged from 31 to 43 *per cent* against the 50 *per cent* as stipulated in the operational guidelines of MGNREGA.

Thus, the delay in submission of Labour budget to MoRD resulted in subsequent delay in release of funds in first tranche ranging from 7 *per cent* to 43 *per cent* instead of targeted 50 *per cent* resulting in non-achievement of guaranteed employment for 100 days inspite of demand for jobs.

The Department accepted (October 2012) the facts and stated that there was delay in submission of Labour budget to the Ministry of Rural Development, GoI in the initial years as duly pointed out by audit and noted for timely submission and compliance.

1.3.10.7 Non-permissible expenditure out of Administrative contingency fund

As per the Operational Guidelines (March 2007) MoRD categorised the permissible and non-permissible expenditure under administrative expenses to include, *inter alia* the IEC activities, Training, MIS maintenance, quality supervision setting up grievances redressal system, engaging professional services, operational expenses, salary and allowance of additional staff dedicated to MGNREGA under permissible category. Items of expenditure such as purchase of new vehicle and repair of old vehicle and civil works were not permitted through funding of MGNREGA. Funds received and utilised for scheme and administrative expenditure at four DPCs for ₹ 42.86 crore¹² is shown in the **Appendix-1.1 (a) to 1.1 (d)**. However, it was observed in audit that in all the four test-checked DPCs, the expenditure charged to Administrative Expenses had been diverted for several non-permissible items such as purchase of vehicles, civil works and procurement of computers for VDBs. Though the items such as purchase of vehicles and transfer of funds to SEGC were distinctly shown in annual approved accounts, under the Schedule-A: Administrative Expenses, the Government of Nagaland had not taken any corrective action to avoid diversion of scheme funds. The details are given below:

(a) Procurement of vehicles

The four test-checked DPCs incurred expenditure of ₹ 2.88 crore for procurement of 47 light vehicles in violation of the provisions of the Operational Guidelines of the MGNREGA. The details are given below:

- (a) DPC Dimapur utilised ₹ 0.66 crore out of the scheme fund for purchase of 10 vehicles during 2008-12.
- (b) DPC Mon utilised ₹ 0.67 crore out of the scheme funds for purchase of 11 vehicles during 2007-12.

¹² DPC Dimapur (₹ 12.40 crore), Mon (₹ 10.28 crore), Tuensang (₹ 11.22 crore) and Peren (₹ 8.96 crore)

- (c) DPC Tuensang utilised ₹ 0.88 crore out of the scheme funds for purchase of 15 vehicles during 2007-12.
- (d) DPC Peren utilised ₹ 0.67 crore out of the scheme funds for purchase of 11 vehicles during 2008-12.

(b) Civil works

The three test-checked DPCs incurred an expenditure of ₹ 0.59 crore for construction of new buildings as detailed below:

- (a) DPC, Dimapur utilised ₹ 0.27 crore¹³ for civil works which were outside the purview of Operational Scheme Guidelines.
- (c) DPC, Mon and Tuensang utilised ₹ 0.13 crore and ₹ 0.19crore respectively (March 2012) for construction of building for Ombudsman out of scheme administrative funds whereas the physical verification revealed that the office was accommodated within the building of DRDA (DPC), Mon and Tuensang.

(d) Procurement of Computers for VDBs

DPC, Dimapur and Peren incurred (January 2012) an expenditure for ₹ 1.21 crore and ₹ 0.49 crore respectively for purchase of computer and supporting accessories¹⁴ to 274 VDBs (195 VDBs in Dimapur and 79 VDBs in Peren district) for MIS reporting and generating wages slip. DPCs did not observe any procurement procedures while procuring the accessories from M/s Apex Business resources, Dimapur.

Out of 195 sets of computers procured at DPC, Dimapur, Programme Officer, Dhansiripar and Medziphema received 29 and 67 sets of computers respectively and issued to 96 VDBs. Similarly, 54 sets of computer procured by DPC, Peren were also issued to 54 VDBs (31 in Jalukie block and 23 in Tenning block). Test-check of 43 VDBs¹⁵ in four blocks revealed that 43 sets of computers were received (January 2011) for feeding of MIS data. In all test-checked VDBs under four blocks in Dimapur and Peren districts, the Secretaries stated that the computers could not be used for the purpose for which they were spared due to non-availability of computer assistants and also stated that the computers became idle due to not imparting training to GRS/VDBs. Thus, the expenditure of ₹ 1.70 crore incurred towards procurement of computers became unfruitful. Further, the MIS feeding data at the level of implementing agencies could not be commenced even after investing ₹ 1.70 crore for the MIS functionaries.

Thus, due to diversion of administrative funds of ₹ 5.17 crore towards non-permissible items, the permissible activities such as IEC activities, training, quality supervision, setting up of redressal system and engaging professional services

¹³Construction of building for Ombudsman ₹ 0.17 crore, extension of one room of RD Guest House - ₹ 0.03 crore, providing Cement concrete topping on terrace at Office building ₹ 0.01 crore and Cement concrete flooring at office compound ₹ 0.06 crore

¹⁴ Computer with UPS (1), Printer (1), Computer table (1) and computer chair(1)

¹⁵ 26 in Dimapur and 17 in Peren

mandated in the Act were neither targeted nor attained during the scheme implementation thus effecting the successful implementation of the scheme in the State.

The Department accepted (October 2012) the facts and stated that due to hilly terrain of the State, the transportation was a big problem and hence, vehicles were purchased for field functionaries purely out of necessity to ensure smooth and unhampered monitoring, inspection and supervision of the Scheme. Alongside some civil works were also carried out like extension of office rooms for accommodation of MGNREGA functionaries and computers provided to them for effective implementation of the programme.

1.3.10.8 Disbursement at Blocks

Nine test-checked POs in four sampled districts allocated ₹ 161.05 crore to 71 VDBs during 2007-12 out of the block's total allocation of ₹ 445 crore¹⁶ for generating 95.24 lakh mandays in 71 villages through 1007 projects/works.

However, during the test-check, it was seen that 71 VDBs under nine blocks in four test-checked districts received only ₹ 76.70 crore against the allocated funds of ₹ 161.05 crore as detailed below:

Table No. 1.3.3

(₹ in lakh)

District	Sampled Blocks	No of VDBs	Number of test checked VDBs	Funds Released		Total	Actual Receipt (both wages and material)	Interest accrued with VDBs	Total funds available	Expenditure on wages
				Wages	Material					
Dimapur	Medziphema	67	18	2208.53	1441.92	3650.45	1055.46	6.02	1061.48	1054.52
	Dhansiripar	29	8	513.75	335.42	849.17	197.49	0.27	197.76	196.44
Mon	Chen	21	6	1118.51	591.37	1709.88	981.68	0.39	982.07	981.61
	Tobu	16	4	962.23	459.54	1421.77	802.3	1.36	803.66	802.23
Tuensang	Sangsangnyu	20	6	571.07	306.62	877.69	422.93	0	422.93	363.52
	Noklak	25	8	868.35	568.00	1436.35	691.96	0	691.96	664.12
	Chessore	12	4	936.94	570.23	1507.17	761.98	0	761.98	727.75
Peren	Tenning	23	7	1164.56	779.93	1944.49	1132.52	1.14	1133.66	1119.34
	Jalukie	31	10	1632.09	1075.75	2707.84	1623.44	1.52	1624.96	1579.68
TOTAL		244	71	9976.03	6128.78	16104.81	7669.76	10.7	7680.46	7489.21

(Source: Departmental/VDB figures)

Audit attempted to track the funds flow from PO to VDBs. It was noticed that as per the POs records, ₹ 161.05 crore (Wage component-₹ 99.76 crore and material - ₹ 61.29 crore) was released to 71 test-checked VDBs for implementation of 1007 projects. However, 71 VDBs received ₹ 76.70 crore for implementation of the projects (*Appendix-1.2*). The funds available with the 71 VDBs were not adequate to

¹⁶PO, Dhansiripar (₹ 33.05 crore), Medziphema (₹ 113.64 crore) under Dimapur district, PO, Chen (₹ 53.05 crore), Tobu (₹ 41.46 crore) under DPC, Mon, PO, Sangsangnyu (₹ 33.48 crore), Noklak (₹ 46.84 crore), Chessore (₹ 30.90 crore) under Tuensang district and Tenning (₹ 47.49 crore), Jalukie (₹ 45.1 crore) under Peren district.

meet the wage component of ₹ 23.06 crore. The material cost of ₹ 61.29 crore was neither routed through the accounts of VDBs nor accounted by them. Instead the accountability in terms of releases was limited upto the level of PO. Thus, an overall short receipt of funds of ₹ 84.35 crore was observed in the accounts of 71 VDBs leading to a possibility of misappropriation of such funds and therefore, needs further investigation. As per the records of the POs, there were entries of releases to each VDB and also the amounts released. The Cheque Number and dates were also recorded in several POs. However, the amounts stated by POs were not actually credited to VDB accounts.

Thus, the short availability of funds affected project implementation severely as there were 100 non-executed and 57 short executed works noticed during physical verification of various projects in 71 villages under nine Blocks in four districts as detailed in *Paragraph 1.3.13.6*.

1.3.10.9 Complaints reported by Village executives

Three members belonging to three villages lodged a complaint to the District Administration, Tuensang district regarding non-receipt of wages and material components under MGNREGA programme under Thonoknyu block. The district administration, Tuensang forwarded the copy of the complaint to audit during the audit coverage of sample district (Tuensang). Though the Block was not selected as per the sample selection method adopted in audit, as per the suggestion of district administration, audit called for all the records from PO, Thonoknyu Block and cross verified the records with the three VDBs¹⁷.

Scrutiny of payment registers and Actual Payment Receipt furnished by PO, Thonoknyu revealed that ₹ 46.57 lakh was allocated to VDB, Chilliso as wage component during 2008-09 to 2011-12 for implementation of various projects in Chilliso village under the MGNREGA. However, the VDB accounts operated with NSCB Tuensang showed that only ₹ 24.67 lakh was credited in the account of VDB, Chilliso during the period mentioned above.

Similarly, VDB Pang received ₹ 28.44 lakh only against the allocation of ₹ 62.84 lakh made by PO Thonoknyu during the period from 2008-09 to 2011-12 as per the bank passbook operated with NSCB Tuensang.

VDB Thonoknyu received ₹ 45.36 lakh against the allocation of ₹ 82.73 lakh made by PO Thonoknyu during the period from 2008-09 to 2011-12 as per the bank passbook operated with NSCB Tuensang.

Thus, financial misappropriation of ₹ 93.67 lakh (₹ 21.90 lakh-VDB Chiliso, ₹ 34.40 lakh VDB Pang and ₹ 37.37 lakh-VDB, Thonoknyu) between the actual payment register and credit into the respective accounts of aforementioned three VDBs towards the wage component for the period of five years could not be ruled out.

¹⁷Chilliso, Pang and Thonoknyu

Thus, the management failed to observe financial transparency during the scheme implementation which needs further investigation.

The Department accepted (October 2012) the facts and stated that the complaint lodged to District Administration on non-receipt of wages and material components under MGNREGA by Chilliso, Pang and Thonoknyu villages was under investigation and once the final report is received, the same shall be furnished to audit.

Audit Objective - 4

1.3.11 Registration of households, allotment of job cards and allocation of employment in compliance with the Operational Guidelines

1.3.11.1 Registration and Employment

As per the provisions under chapter 5 of the Operational Guidelines of MGNREGA 2008, before demanding employment under MGNREGA, every rural household had to register themselves to get a job card. A door to door survey also had to be undertaken to identify the persons willing to register under the Act. Households could submit an application for registration or submit an oral request.

The application for registration containing name, age, sex and SC/ST status should be included in the application for registration to obtain job card. In addition to that a photograph of the adult member willing to work was also required to be affixed on the application form for registration. Every registered household should be assigned a unique registration number after the verification by VDB and the copies of the registration should be sent to the PO for further tracking and recording so that PO could consolidate record for likely demand and also to organise resources accordingly. Job card application register should be maintained at the level of VDB/PO for tracking and recording. The process was further extended to issue of well designed job card within a fortnight of application for registration. The job card issued would be valid for five years and would be in the custody of household to whom it was issued. A register containing name of the applicant, photograph, registration number and date of registration etc. was required to be maintained to monitor the issue of the job card at VDB/PO level. A door to door survey should be undertaken by the team headed by Secretary of VDB to identify the person who is willing to work under the Act. The willing persons should register to avail the entitlement of 100 days employment in a financial year.

Scrutiny in the 71 test-checked VDBs in nine blocks in four districts revealed the following:

- ***Door to door survey:*** Only 22 VDBs (31 *per cent*) conducted the required door to door survey out of the 71 test-checked VDBs. 48 VDBs (68 *per cent*) did not conduct any door to door survey at the time of implementation of the scheme and one VDB was silent on the survey. Instead of door to door survey, 38 VDBs out of 48 VDBs conducted survey through announcements and conducting meeting in church and Village hall. 10 VDBs stated that no

training was provided for the purpose of door to door survey and hence it was not conducted. The survey was carried out during the subsequent years by the 11 VDBs only out of 22 VDBs who initially conducted door to door survey out of the 71 test checked VDBs. Village Chairman and VDB Secretaries conducted survey in 19 villages instead of formulating team for survey out of 22 VDBs who conducted door to door survey. Non-conducting the door to door survey was reflected in the beneficiary survey also and 68 beneficiaries (6 *per cent*) were not aware of the scheme benefits. Only seven VDB secretaries got orientation training at district and block level out of the two team members who conducted the door to door survey in 22 villages.

- Application form for registration as prescribed by Government of India was adopted as per the guidelines in the four test-checked districts. However, the form for registration printed by the DPCs remained without any space for affixing photographs of the beneficiaries.
- The printed registration form for application also did not reach 28 VDBs (39 *per cent*) out of 71 test-checked VDBs, for issue to the beneficiaries.
- **Application register for job cards registration:** Out of 71 test-checked VDBs, 31 VDBs (44 *per cent*) maintained application register for job card registration and remaining 40 VDBs did not maintain any such register to ascertain the name of applicant, date of receipt/request and date of issue of job cards.
- The registrations were opened throughout the year in 48 VDBs (68 *per cent*) out of 71 VDBs. However, VDBs month wise breakup of the registration vis-à-vis the applications received for registration with respect to BPL families could not be ascertained in any of the test-checked 71 VDBs including the 48 VDBs due to irregular updation of the register.
- Verification of the application was not completed within 15 days of application and all particulars were not entered in the register in three VDBs. Out of the remaining 68 VDBs, the registration list was not regularly updated in 12 VDBs to add eligible workers and delete the ineligible workers due to death, migration, getting Government job, etc. The registration list was not displayed in the 68 VDB notice boards. The meeting of registered workers was not conducted in 32 test-checked VDBs.

Non adherence to the provisions under registration and employment resulted in delay in issue of job cards and existence of duplicate job cards with the VDBs as discussed in **Paragraph 1.3.11.2**.

The Department accepted (October 2012) the facts and stated that during the initial years of launching of the programme, mass general awareness about the implementation of the MGNREGA programme was carried out and people came forward for registration and employment under the programme. People in rural areas have now become much aware and enlightened about the programme.

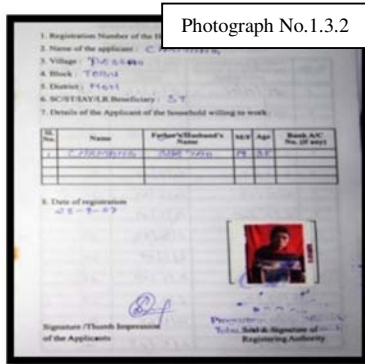
1.3.11.2 Job Cards

The VDB/PO should be responsible for providing wage employment to the applicants within 15 days from the date of receipt of application otherwise unemployment allowances would be payable to the applicant as per the provisions of the Act. Scrutiny of job cards in audit revealed the following:

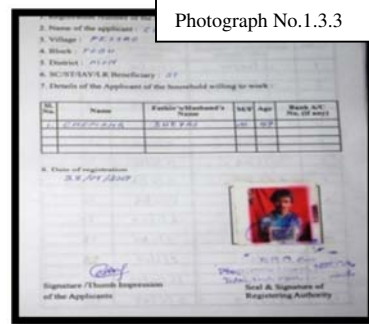
- Job cards were issued within 15 days of application to every registered household in only 30 VDBs. The remaining 24 VDBs had not issued the same within the stipulated period of 15 days from the date of application. Although the application for job card was requested by the applicants (410) in Old Tesen village, Tenning Block between 18.6.2008 and 20.6.2008, the VDB, Old Tesen issued the job cards only on 29.7.2008; *i.e.* after a delay of 22 to 25 days. Beneficiary survey also highlighted the facts wherein 181 beneficiaries (16 *per cent*) reported the delay in issue of job card which ranged from 16 days to 60 days.
- Though 42 test-checked VDBs maintained the job card issue register, only 37 VDBs updated the register regularly. 29 VDBs (41 *per cent*) did not maintain job card register. List of addition and deletion in the Job Card Register was read out in the meeting of VDB and intimated to PO only by 41 VDBs regularly.
- Only 5 VDBs out of 71 test-checked earmarked a day of the week as an employment guarantee day to disclose the information regarding registration of employment followed by issue of job card.
- Thus, the authenticity of the application for registration, issue of job card and employment awarded to the wage seekers could not be ascertained in audit in 34VDBs¹⁸. 17 test-checked VDBs stated that non-maintenance of records was due to non-awareness of the provisions under the Act as there was no training in this regard provided to them.
- DPC, Dimapur issued 8842 job cards only to PO, Kuhuboto during 2007-12 whereas PO, Kuhuboto reported the issue and demand of 9000 job cards to audit as of March 2012. This indicates the utilisation of scheme funds against 158 ghost job card holders under Kuhuboto block.

Scrutiny of records of job card register maintained with VDB, Pessao, Tobu, Mon revealed that two job cards were issued to the same persons with same particulars but with different photographs as shown in *Photographs* No. 1.3.2 & 1.3.3.

¹⁸29 VDBs did not maintain the register and 5 VDBs did not update the register

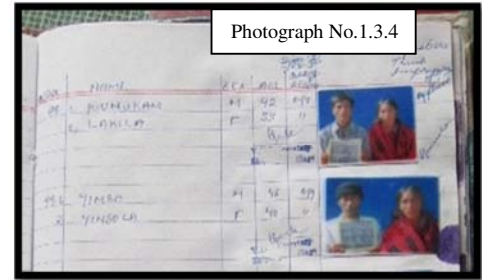


Similarly, scrutiny of VDB, Shiponger, Chessore, Tuensang revealed that duplicate job cards were in existence for same person. A Photograph No. 1.3.4 on this issue is placed alongside.



Due to non adherence to the procedures laid down in the Act for registration and employment, the VDBs provided undue advantage to persons through issue of duplicate job cards.

The Department stated (October 2012) that in Dimapur, the actual job card issued to PO Kuhuboto was 9000 as on 31.03.12 as per the records. The figure of 8842 job cards to Kuhuboto was wrongly reported to DPC through oversight which is regretted. In case of Mon and Tuensang Districts, the POs concerned were directed to verify the case/fact and if found correct, to cancel the Job Cards immediately.



Audit Objective - 5

1.3.12 Ensuring livelihood security by providing 100 days annual employment to the targeted rural community

1.3.12.1 Generation of Employment

The VDB/PO should be responsible for providing wage employment to the applicants from the date employment had been sought, or within 15 days of the date of application, whichever is applicable.

41 VDBs out of test-checked 71 on enquiry stated to Audit that 100 days of employment sought for by the applicants were provided. 30 VDBs did not provide 100 days employment to the applicants. The entitlement of employment was shared between different adult members of the same household in 60 VDBs.

Paragraph 5.5.9 of MGNREGA Operational Guidelines prioritised at least one-third of the beneficiaries should be women for registration and employment under the scheme.

Eight test-checked VDBs under Noklak reported that 30 per cent of the employment was provided to women. However, PO, Noklak stated that only 22 per cent employment could be provided to women out of 9197 job card holders in Noklak Block in violation of MGNREGS guidelines to provide 30 per cent employment to women.

An average of 67 days employment was generated during 2007-08 to 2011-12 for 287168 (average) registered households in the State. The State average wages for the unskilled workers ranged from ₹ 66 to ₹ 100 against which the average of wages under the scheme ranged from ₹ 20 to ₹ 98 during 2007-08 to 2011-12.

Though Social equity was fostered by the way of providing employment to 98 *per cent* ST population in the 71 test-checked VDBs, neither genders equity nor could the guaranteed employment be achieved in the sampled VDBs.

The Department accepted (October 2012) that only 22 *per cent* employment was actually provided against the reported 30 *per cent* employment to Women.

1.3.12.2 Muster Rolls

Payment of wages should be recorded initially in the numbered muster rolls maintained at the work site. Muster rolls should indicate job card number, name of the worker, number of days worked, attendance and the wages paid against each worker with signature or LTI. MoRD (October 2006) issued a muster roll watch guidelines for verification of MGNREGA muster rolls pertaining to each work by the State, District and Block level at 2 *per cent*, 10 *per cent* and 100 *per cent* of works respectively.

Paragraph 6.4.4 of MGNREGA Operational Guidelines 2008 provided that Mate should be selected in a fair and transparent manner to supervise work and record attendance in muster rolls at work site in the ratio of 1:50 of mates to labourers. Mate should measure the works on daily basis in coordination with technically qualified persons in order to assess the quality of work executed. In addition to this, provision of work site facilities also should be ensured by Mate.

However, it was noticed in audit that the State Government did not appoint mates for recording attendance and supervision of work.

Due to non appointment of Mate, tampering of muster rolls, poor quality of works executed in terms of unexecuted/short executed projects and shortage in work site facilities were noticed in audit and those deficiencies which are discussed in ***Paragraphs 1.3.12.3, 1.3.13.5 & 1.3.13.6.***

1.3.12.3 Deficiencies in Muster Rolls

Scrutiny (July 2012) of muster rolls of wage payment maintained with VDB, Ntu, Tenning block, Peren district revealed that the wage payments were made to the job card holders without recording number of days of employment provided as well as the actual wages paid against the engagement in the muster rolls.

Scrutiny of muster rolls in audit revealed the followings:

- Scrutiny of muster rolls of Construction of check dam (₹ 19.04 lakh) constructed during 2011-12 revealed that all 433 job card holders registered in Ntu village, Tenning Block were engaged for executing the construction work from 7.4.2011 to 13.6.2011. Scrutiny of muster rolls revealed that 200 workers

out of 433 registered job card holders in the village received wages for 12 days (4.4.2011 to 16.4.2011). However, the attendance available in the muster rolls only for four working days. Thus, the PO, Tenning Block released ₹ 1.89 lakh to 200 job card holders for eight working days @ ₹ 118 per day without performing the job.

- Tampering of muster rolls by way of cutting, over writing, erasing and pasting of papers were noticed in five out of the test-checked 71 VDBs. Six muster rolls¹⁹ having wage payment of ₹ 10.31 lakh were tampered by using correction fluid and other means. This could result in unauthorised payment of wages to ineligible beneficiaries. Possibility of ghost workers in those cases also could not be ruled out.
- Muster rolls contained job card numbers against the name of card holder. Piece rate system was not adopted in the test-checked four DPCs and measurement was made after the completion of work (ranging from 5 days to 15 days) as per the releases made for the work concerned.
- A Committee comprising of five members for verification of muster rolls was set up (August 2007) at State level. However, no such verification was carried out in test-checked 71 VDBs during 2007-12.
- Scrutiny of records of 26 VDBs in Dimapur district revealed that the printed muster rolls did not contain any column for wages paid against each worker. This fact was pointed out (June 2010) by the National Level Monitors (NLM), MoRD while reviewing the scheme in Dimapur district. However, this was not rectified in the muster rolls maintained at Dimapur district.

Thus, due to non appointment of Mates and failure of the Committee set up for muster roll verification at State level to monitor the muster roll maintenance as per the Operational Guidelines resulted in unauthorised payment of wages to the ineligible beneficiaries for ₹ 12.2 lakh.

The Department accepted (October 2012) and assured that proper verification would be carried out for corrective measures in the Blocks and VDBs to avoid such deficiencies in future.

Audit Objective - 6

1.3.13 Proper planning and economic, efficient, effective and timely execution of the works in compliance with the Act

1.3.13.1 Permissible works

The intention of MGNREGA is to provide basic employment guarantee in the rural areas and as per the schedule I of the Act the focus of MGNREGA should be on the

¹⁹Kiyeto (893) construction of link road (₹ 0.90 lakh), Sethikema A (225 & 226) construction & up-gradation of agri link road with H/P culvert (₹ 2.80 lakh), Thilixu (17854) construction of ring well (₹ 0.48 lakh), Maneakshu (1022) Afforestation (₹ 6.02 lakh), Chessore (3908) construction of approach road (₹ 0.11 lakh)

works relating to (i) water conservation and water harvesting (ii) drought proofing including afforestation and tree plantation (iii) irrigation canal including micro and minor irrigation canal (iv) provision of irrigation facility, plantation, horticulture, land development on the land owned by the SC/ST (v) renovation of traditional water bodies including desilting tanks (vi) land development, (vii) flood control and protection works including drainage in water logged areas (viii) rural connectivity to provide all weather access and other works notified by the GoI in consultation with the GoN.

Scrutiny of records of planning and execution of works in compliance with the Act revealed that permissible as well as non-permissible works as indicated in Schedule I of the Act were taken up for execution in the four test-checked DPCs. Low priority permissible works (road works) were given higher preferences for execution in the four test-checked DPCs. Detail analysis are given following paragraphs:

1.3.13.2 Deviation from Plan made in Perspective Plan

Scrutiny of perspective plan approved in respect of 71 VDBs under nine test-checked blocks in four test-checked districts revealed that 1116 number of works were planned for five years to cover six sectors at a total estimated cost of ₹ 159.68 crore wherein 382 projects (34 per cent) were planned for Rural Connectivity at an estimated cost of ₹ 79.66 crore (50 per cent). This indicates that maximum priority was accorded to the lowest sector among the prioritised category against the prescribed scheme guidelines. Details are shown below:

Table No. 1.3.4

(₹ in lakh)

Name of sample Blocks	Afforestation and plantation		Flood control & Soil conservation		Infrastructure		Land Development		Rural Connectivity		Water Conservation and Water Harvesting		Total	
	No.	cost	No.	cost	No	cost	No.	cost	No.	cost	No.	cost	No.	Cost
Dhansiripar	14	95.33	9	54.81	1	5.61	4	35.50	38	460.76	26	76.65	92	728.7
Medziphema	29	306.18	56	3017.79	1	8.36	6	106.19	130	3710.42	69	390.21	291	7539
Tobu ²⁰	16	208.73	5	22.60	0	0	32	490	9	61.87	8	18.50	70	801.7
Chen ²¹	21	176	7	66.00	0	0	45	433.50	15	161.00	17	24.00	105	860.5
Chessore	0	0	10	107.81	0	0	5	247.94	18	954.92	10	97.80	43	1408
Sangsangnyu	10	7.01	8	46.69	0	0	0	0	39	640.18	6	5.57	63	699.5
Noklak	9	23.91	16	103.91	0	0	27	256.80	24	410.22	32	227.41	108	1022
Jalukie	30	98.55	29	239.50	14	72.17	19	242.50	50	761.66	72	321.77	214	1736.15
Tenning	29	107.91	0	0	6	29.36	2	26.50	59	805.09	34	203.20	130	1172.06
Total	158	1023.62	140	3659.11	22	115.5	140	1838.93	382	7966.12	274	1365.11	1116	15967.61

(Source: Departmental figures)

Against the works taken up in 71 test-checked VDBs under nine blocks in four test-checked districts mentioned above, 1007 works amounting to ₹ 161.05 crore had been completed during 2007-12 as per the utilisation reports, MIS reporting and measurement books, as shown in the following table:

²⁰ for the period 2007-08 to 2010-11

²¹ for the period 2007-08 to 2010-11

Table No. 1.3.5

(₹ in lakh)

Name of sample Blocks	Afforestation and plantation		Flood control & Soil conservation		Infrastructure		Land Development		Rural Connectivity		Water Conservation and Water Harvesting		Total	
	No.	cost	No.	cost	No.	cost	No	cost	No.	cost	No.	cost	No	Cost
Dhansiripar	08	66.76	05	39	0	0	1	9.00	56	641.02	21	93.39	91	849.17
Medziphema	08	28.60	99	507.83	0	0	10	63.50	291	2675.50	82	375.02	490	3650.45
Tobu ²²	08	74.67	0	0	02	39.69	0	0	22	1307.41	0	0	32	1421.77
Chen ²³	07	559.74	03	38.68	0	0	05	94.47	55	883.38	04	133.61	74	1709.88
Chessore	01	35.00	01	7.17	0	0	08	162.00	29	1098.61	11	204.39	50	1507.17
Sangsangnyu	0	0	0	0	0	0	0	0	30	877.69	0	0	30	877.69
Noklak	0	0	04	88.06	0	0	01	16.24	31	1295.47	07	36.58	43	1436.35
Jalukie	11	115.45	07	136.13	8	144.73	8	211.42	47	1553.12	30	546.99	111	2707.84
Tenning	16	133.69	0	0	03	75.07	0	0	49	1519.90	18	215.83	86	1944.49
Total	59	1013.91	119	816.87	13	259.49	33	556.63	610	11852.10	173	1605.81	1007	16104.81

(Source: Departmental figures)

It can be seen from the tables above that there were deviations from the planning made in each sector of the Perspective Plan and the prioritised projects remained unexecuted as given below:

- 1007 numbers of works (₹ 161.05 crore) were reported as completed against 1116 projects planned (₹ 159.68 crore) in the Perspective Plan. However, none of the test-checked blocks executed the works planned as per the Perspective plan. This indicates faulty preparation of Perspective plan by the expert agency. This further points towards the deficiency in preparation of estimates at inflated rates in the Perspective plans as discussed in *Paragraph 1.3.9.1*.
- 158 Afforestation and plantation works were planned at an estimated cost of ₹ 10.24 crore during 2007-12. However, only 59 works (37 per cent) could be completed for ₹ 10.14 crore in the 71 test-checked VDBs. This shows that afforestation and plantation works were executed at unidentified areas outside the perspective plan engaging more labourers for availing wage/material components out of the scheme funds which resulted in non-achievement of 99 planned projects.
- 119 (85 per cent) of Flood Control and Soil Conservation projects were completed in the 71 test-checked VDBs for ₹ 8.17 crore against the planned 140 projects costing ₹ 36.59 crore. 119 projects were completed at lower cost for ₹ 8.17 crore on actual execution which was one-fifth of the projection made in the Perspective plan. This also shows the failure in preparation of proper estimates in the Perspective plan.
- 13 infrastructure projects were completed (₹ 2.59 crore) against the planned 22 projects for ₹ 1.15 crore. This indicates not only the deviation in execution

²² for the period 2007-08 to 2010-11²³ for the period 2007-08 to 2010-11

of projects from the estimates prepared but also the failure in execution of the projects in accordance with the estimates prepared in the Perspective plan.

- Although 140 projects were planned for land development in the Perspective plans for ₹ 18.39 crore, only 33 projects (24 *per cent*) were executed for ₹ 5.57 crore (30 *per cent*) which points towards the diversion of project funds for completion of low priority works.
- Although 274 projects were planned for Water Conservation and Water Harvesting in the Perspective plan for ₹ 13.65 crore, only 173 projects (63 *per cent*) could be executed for ₹ 16.06 crore (18 *per cent* above estimate) which points towards the variation in execution of projects above the estimated costs projected in the perspective plan.
- Against the 382 rural connectivity planned for ₹ 79.66 crore in the Perspective plan, 71 VDBs carried out 610 lowest prioritised works for ₹ 118.52 crore. VDBs completed 228 rural connectivity programmes outside the Perspective plan. This further confirms that aforementioned prioritised planned programmes remained unexecuted due to the diversion of ₹ 38.86 crore to unplanned rural connectivity programme in the Perspective plan in respect of 71 villages.

Although there was deviation from high preference to low preference works which were executed outside the purview of the Perspective plan, the development plan also got approved by appropriate levels for concluding labour budget for these low priority works. However, GoN did not take any action for eliminating execution of such works.

NLM (June 2010) while reviewing RD projects in Mon and Tuensang district stated that emphasis had been awarded for strengthening infrastructure for communication (construction of roads). However, it is pertinent to mention that the Perspective plans were prepared for strengthening all the identified priority sectors but preference given to low priority works defeated the planned vision.

The Department accepted (October 2012) and stated that deviations from the Perspective plan had occurred due the Villages undertaking some prioritised works through the resolutions passed by the Village Councils while carrying out specific works, especially in remote and far flung areas.

1.3.13.3 Works and Execution

It was observed during the test-check of the works that the stipulated guidelines and norms were not adhered to in the State of Nagaland as detailed below;

- As per clause 6.1.1(ix) and 6.1.2 of the operational guidelines of MGNREGA, 2008, the State Government was required to notify other works in consultation with GoI as per Section I (ix) of Schedule-I. However, State Government did not notify the permissible works to be executed and other work categories were also not included in the Perspective plan and Development plan.

- Deploying machinery is strictly prohibited under MGNREGA. However, it was observed that heavy machinery was used for execution of MGNREGA works. 28 out of 71 test-checked VDBs stated that machinery was used for execution of works. This was further confirmed through the beneficiary survey wherein 30 *per cent* of the beneficiaries surveyed had stated that machinery was used for executing MGNREGA works.
- All the works were executed only as per the administrative sanction and no technical sanctions were available at VDB or PO level.
- As per guidelines unique identification number had to be given for each work. However, it was observed in audit that different identity numbers were given for the same work which was executed in phased manner during the year or in the subsequent year.

Thus, as seen from the above the execution of works under MGNREGA in the State was carried out without adhering to the norms and procedures laid down in the guidelines resulting in execution of non-permissible works, works outside the Perspective Plan and engagement of machinery instead of labour.

The Department accepted (October 2012) and stated that deviations from the Perspective plan had occurred due the Villages undertaking some prioritised works through the resolutions passed by the Village Councils while carrying out specific works, especially in remote and far flung areas.

1.3.13.4 Involvement of contractor in execution of work

As per the operational guidelines, use of contractors was prohibited and as far as possible tasks should be performed by using manual labourers and not machines.

Physical verification of projects in Panso-B under Noklak Block, Tuensang district



revealed that construction of sanitary drainage (₹ 13.54 lakh) and irrigation canal (₹ 5.26 lakh) planned during 2011-12 was diverted for construction of Rest House (*Photograph No. 1.3.5*) and PHC building (*Photograph No. 1.3.6*) in the village. During the physical verification it was also found that the construction of Rest house building was under progress and the labour stated that the work was allotted to an Assam based contractor which was also authenticated by the VDB.

Department stated (October 2012) that there was no involvement of any Contractor for execution of work at Panso B under MGNREGA and works were taken up by the VDB through the village Council Resolution.

Reply is not tenable as the PO and the VDB Secretary accepted the facts during joint physical verification of the projects.

1.3.13.5 Worksite facilities

Work site facilities should be ensured by the implementing agencies as per the provision 6.8 of the operational guidelines of MGNREGA, 2008. Medical aid, drinking water, shade and crèche were to be provided (Schedule II Section 27 & 28 of MGNREGA).

Scrutiny revealed that work site facilities like shade and first aid were provided. However, drinking water and crèche were not provided. Cost of tools were not provided to the workers instead tools procured by the DPC were issued to VDBs for work execution.



SEGC approved ₹ 4.46 crore for the procurement of 22306 medicine kits @ ₹ 2000 (*photograph No.1.3.7*) from different agencies to cover 223102 households in the State at the ratio of one medical kit each to every 10 households in a village. Scrutiny of records of four test-checked DPCs revealed that ₹ 1.87 crore²⁴ was spent for purchase of 9341 medicine kits to cover 93411 households in the four districts. However, the list of medicines, quantity, rates etc. were not available in the orders issued by the SEGC.

Scrutiny of records of 71 test-checked VDBs revealed that 959 medicine kits were only received against the 3490 medical kits procured for 34905 households in the 71 villages. Thus, there was a short receipt of 2531 medicine kits valued at ₹ 0.51 crore with the 71 VDBs.

The Department accepted (October 2012) the facts and stated that this was due to poor maintenance of records at the VDB level and Department assured record upkeep at all levels particularly at VDB level for future guidance and necessary action.

1.3.13.6 Physical verification of projects

Creation of durable assets and strengthening the livelihood resource base of the rural poor is an important objective of the Scheme. The cost of material component of projects including the wages of the skilled and semi-skilled workers taken up under the scheme should not exceed 40 *per cent* of the total project costs. As far as practicable, a task funded under the scheme should be performed by using manual labourer and not machines. Provision of regular inspection and supervision of works to be taken up under the scheme shall be made to ensure proper quality of work as well as to ensure that the total wages paid for the completion of the work commensurate with the quality and quantity of work done.

²⁴ Dimapur (₹ 6 1.06 lakh), Mon (₹ 53.12 lakh), Tuensang (₹ 44.38) and Peren (₹ 28.26 lakh)

1007 works were executed during 2007-12 in 71 test-checked VDBs under nine blocks in four DPCs for ₹ 161.05 crore. Joint physical verification of the projects revealed that 100 projects sanctioned and allocated remained unexecuted though payments were made and reported as completed amounting to ₹ 10.84 crore. The VDBs had not executed 57 projects valued at ₹ 10.32 crore due to diversion of the amount to non-permissible works. The VDBs had executed 49 non-permissible works valued at ₹ 11.12 crore which were outside the purview of the guidelines. Details are stated in the *Appendix-1.3 (i) to 1.3 (iii)* and the analysis is shown below:

Table No. 1.3.6

(₹ in lakh)

Name of the test checked DPC	Name of Block	No. of VDBs	No. of projects selected during 2008-09 to 2011-12	Physical verification conducted	No. of un-executed projects	Cost of unexecuted projects	No. of projects noticed as short in execution	Cost of short in executed projects	No. of non-permissible projects	Cost of non-permissible project
Dimapur	Medziphema	18	490	490	26	154.05	3	14.71	14	206.76
	Dhansiripar	8	91	91	34	268.18	3	33.61	7	35.03
Mon	Tobu	4	32	32	2	88.87	2	73.19	7	246.15
	Chen	6	74	74	5	81.18	7	126.64	2	62.92
Tuensang	Chessore	4	50	50	1	37.06	1	50.63	4	165.34
	Sangsangyu	6	30	30	9	62.77	2	12.42	5	55.25
	Noklak	8	43	43	6	72.68	5	161.24	6	229.83
Peren	Jalukie	10	111	111	11	187.86	11	208.07	3	102.30
	Tening	7	86	86	6	131.05	23	351.38	1	8.52
Total		71	1007	1007	100	1083.70	57	1031.89	49	1112.10

(Source: Departmental figures)

It can be seen from the above table that:

- Out of 1007 projects, 100 projects (10 per cent) valued ₹ 10.84 crore were found un-executed in 71 villages under the four test-checked DPCs.
- In 57 projects implemented by the VDBs there was short execution in approved items of work valued ₹ 10.32 crore.
- Implementing agencies were permitted to execute 49 non-permissible projects valued ₹ 11.12 crore outside the approved perspective plan as well as development plan.

To summarise, 100 projects amounting to ₹ 10.84 crore stated to be completed did not exist physically indicating possibility of misappropriation of ₹ 10.84 crore in 71 test-checked VDBs alone. Short execution by diverting the amount to non-permissible works in respect of 57 works valued at ₹ 10.32 crore and execution of 49 non-permissible works valued at ₹ 11.12 crore were also noticed during joint physical verification. The above observations were authenticated by the VDBs during joint physical verification.

Thus, the non-execution as well as short execution of projects was due to non-availability of funds at VDB level, though it was reported as released to the VDBs for implementation of the projects by the PO as discussed in *Paragraph 1.3.10.8*. Non-

execution as well as short execution of projects hampered the creation of durable assets and also defeated the basic objective of the scheme to provide employment for 100 days.

The Department accepted (October 2012) the facts and stated that this was due to land dispute, local problem etc. as all projects under MGNREGA were land based projects. Non permissible works were taken up which were absolutely necessary for the village through Village Council resolution.

1.3.13.7 Interesting cases noticed during joint physical verification

Interesting cases noticed during the joint physical verification of the projects supported with photographs are given below:

1.3.13.8 Short execution of Projects



Photograph No.1.3.8

(a) During the physical verification of projects under Tenning block, Peren district it was noticed that a check dam was constructed by the VDB, Ntu



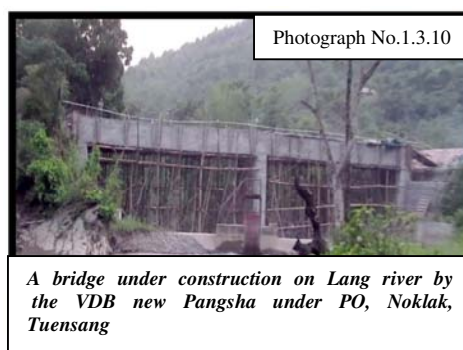
Photograph No.1.3.9

during 2011-12 for ₹ 9.52 lakh. The check dam (*Photograph No. 1.3.8*) was in the shape of *fishery pond* and an embankment in cement concrete structure was made to store water. This embankment/check dam was not connected with any channel to utilise the water for irrigation purpose. Thus, the check dam constructed under the scheme did not serve the desired objectives.

(b) During the joint physical verification, it was seen that ₹ 125.16 lakh was released (2008-12) to VDB, Basimpuikam for constructing irrigational channel for 41.70 km @ ₹ 3 lakh per km. However, 30 km channel was constructed at a total cost of ₹ 90 lakh resulting in short execution of 11.7 km irrigation channel costing ₹ 35.16 lakh (*Photograph No. 1.3.9*).

1.3.13.9 Non permissible Projects

During 2010-12, PO, Noklak released ₹ 118.34 lakh to VDB, New Pangsha for construction of road from New Pangsha to Lang river (9.63 km). The VDB constructed the road for 5 km in terms of earth cutting for ₹ 35.67 lakh and the remaining ₹ 85.67 lakh was diverted for construction of bridge across the river Lang. A *photograph* showing the



Photograph No.1.3.10

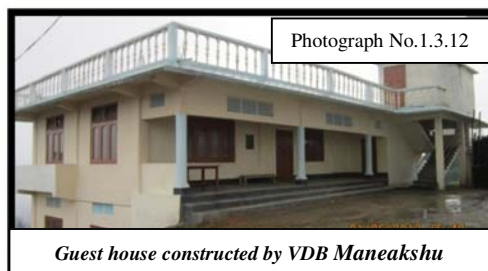
A bridge under construction on Lang river by the VDB new Pangsha under PO, Noklak, Tuensang

ongoing construction of bridge is placed alongside.



placed alongside.

PO, Tobu released ₹ 95.35 lakh to VDB, Maneakshu for construction of a circular road (6.35 km) during 2009-10. The VDB diverted ₹ 21 lakh out of the released funds for constructing an office building for Village Guard. A *photograph* showing the Office constructed for Village Guard is



A *photograph* showing the Guest House is placed alongside.

The VDB, Maneakshu further diverted ₹ 36.96 lakh for construction of Guest House in the village which is not permissible as per the provisions of MGNREGA Operational Guidelines. Thus, the proposed circular road could be constructed for a distance of only 2.5 km with the remaining funds of ₹ 37.39 lakh.

Audit Objective - 7

1.3.14 Protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity.

1.3.14.1 Empowerment of Rural Women

Women were included for execution of work as labourers only and they were not included in higher capacities like mates, Gram Rozgar Sahayak, etc. in the 69 out of 71 test-checked VDBs. Two lady GRSs were engaged in two villages (Old Jalukie and Inbung under Peren district). Bank/Post office accounts were not opened either in the name of women in a household or as a joint account as the wages were paid in cash to all the job card holders. There was empowerment of women socially and economically as the earning of the women enhanced the status of their family. Women were also politically empowered due to their participation in the decision making process under the scheme as per the beneficiary survey conducted in 71 villages covering 22 *per cent* women participants.

1.3.14.2 Fostering Social Equity

Scheduled Tribe (ST) only were included for execution of work as labourers in the 71 test- checked VDBs as 92 *per cent* of the population in the State belong to ST. STs were included in higher capacities of GRS in Dimapur District alone. No atrocities on STs were reported in the 71test-checked VDBs as per the beneficiary survey conducted in 71 villages covering 98 *per cent* ST participants.

1.3.14.3 Protecting the Environment

One of the scheme objectives was to protect the environment along with creation of assets by generating rural employment to the poor.

During physical verification of projects executed in



Samzuram village under Jalukie block in Peren district, it was noticed that



VDB, Samzuram constructed play ground (₹ 47.02 lakh) across the Mangleu River-let during 2011-12 and blocked the water flow into river Mangleu. It would be seen from the *Photograph Nos.1.3.13 to 1.3.15* that instead of preserving the environment the VDB, Samzuram devastated the Mangleu River by constructing playground across it. The construction of play ground without proper assessment and feasibility not only defeated the purpose of play ground but also may destroy the ecological balance of village area.

VDB, Samzuram replied (September 2012) that the preservation of the river would be made at the earliest.

Audit Objective - 8

1.3.15 Convergence of the Scheme with other Rural Development Programmes as envisaged was effectively achieved in ensuring sustainable livelihood to the targeted rural community and improving the overall rural economy.

1.3.15.1 Convergence programme

Convergence of MGNREGA funds with the funds from other sources for creation of durable assets is permissible which was intended to create additional employment as per provision 14.1 of the operational guidelines 2008 of the MGNREGA. Convergence of the Scheme with other Rural Development Programmes was required to be planned effectively to achieve and ensure sustainable livelihood to the targeted rural community and improve the overall rural economy.

Guidelines were prepared by GoI in respect of (1) Integrated Watershed Management Programme, (2) Programmes of Ministry of Agriculture, (3) Indian Council for Agricultural Research (KVK), (4) Swarnajayanti Gram Swarajgar Yojana (SGSY), (5) Ministry of Environment, (6) Ministry of Water Resources, (7) Prime Minister Gramin Sadak Yojana (PMGSY) and (8) Afforestation and other schemes. However, the effort for convergence was not made in the State of Nagaland as detailed below;

- The Guidelines for other RD schemes were neither discussed at a State level meeting of the departments concerned nor in the meeting of the District level

officers involved in implementation of MGNREGS defeating the stated objective.

- District Resource Groups were neither formed at the district level nor trained for execution of the Convergence schemes.
- Perspective plan was prepared for the district and availability of resources under various Rural Development Programmes²⁵ for convergence was estimated, along with MGNREGS works. However, in four test-checked districts the same were confined to the Perspective plan and no efforts were made for convergence. No checklist was prepared for the convergence schemes to be taken up by Department of Rural Development.
- DPRs prepared in respect of convergence works were not prepared by any of the 71 test- checked VDBs. Thus, VDBs were neither aware nor maintained the wage material ratio in the works to be taken up under convergence programmes.
- Job cards holders were employed in the convergence programmes as verified physically in three VDBs²⁶ where the convergence programmes were executed. Separate social audit was not carried out for three convergence programmes executed with the Department of Horticulture. The wage payment was made in cash. The executed works under convergence programme were not monitored as per the MGNREGA guidelines.

Government of Nagaland sanctioned ₹ 15 crore for MGNREGA convergence activities with Horticulture Department during 2009-10 in eleven districts in the State. Out of the total allocation, ₹ 1.5 crore (10 per cent) was stipulated for State share and remaining ₹ 13.50 crore (90 per cent) was to be made out of MGNREGA scheme. Implementation/monitoring of above convergence schemes in four test-checked districts are discussed below:

Dimapur

Scrutiny of records of DPC, Dimapur revealed that ₹ 223.20 lakh was sanctioned for convergence programme with Department of Horticulture in the ratio of 90:10 for Dimapur district during 2010-11. Department of Horticulture released (May 2010) ₹ 22.32 lakh for horticulture activities under the convergent programme. DPC, Dimapur released (March 2010) matching Share of ₹ 100 lakh to two blocks for construction of horti-link road against the stipulated share of ₹ 200.88 lakh. DPC,



²⁵LADP, Agri, Horti, R&B, School Education and Forest

²⁶Diphupar B (Medziphema), Maksha (Sangsangnyu) & Panso B (Noklak)

Dimapur released ₹ 26 lakh (₹ 20 lakh out of GoI share and ₹ 6 lakh out of horti share) to the Medziphema block.

During the test-check of records of PO, Medziphema, it was noticed that the fund of ₹ 20.00 lakh was utilised for black topping of road to connect it with Floriculture unit at Diphupar (*Photograph No.1.3.16*). It was also noticed that ₹ 6 lakh out of ₹ 22.32 lakh released to PO, Medziphema, however, was not utilised for any horticulture activities. The utilisation of convergent programme fund (₹ 20 lakh) for black topping was picturised during the physical verification and this remained without any sign board (*Photograph 1.3.16*).

Mon

Scrutiny of records of DPC, Mon revealed that ₹ 164.70 lakh was sanctioned for convergence programme with Department of Horticulture in the ratio of 90:10 for Mon district during 2010-11. Department of Horticulture released (May 2010) ₹ 16.47 lakh for horticulture activities under the convergent programme.

DPC, Mon utilised ₹ 16.47 lakh against the normal MGNREGA programme as the release was in the form of State share defeating the purpose for which the funds need to be utilised.

Tuensang

Scrutiny of records of DPC, Tuensang revealed that ₹ 80 lakh was sanctioned for convergence programme with Department of Horticulture in the ratio of 90:10 for Tuensang district during 2010-11. Department of Horticulture released (May 2010) matching share of ₹ 8.00 lakh for horticulture activities under the convergent programme.

The DPC, Tuensang appropriated ₹ 8.00 lakh for three blocks²⁷ for construction of horti-link road. The allocated amount was further appropriated to 60:40 as wage material ratio instead of appropriating the share to 10 *per cent* of the share of horticulture towards material cost. Thus, share of ₹ 72 lakh (90 *per cent*) was not provisioned in this convergence scheme.

Joint Physical verification (June 2012) of the projects pertaining to convergent activities under Sangsangnyu and Noklak block revealed that no such convergent activities (construction of horti-link road) were taken up under the convergence programmes with Horticulture Department, which indicate possible misappropriation of ₹ 6.00 lakh.

Peren

Scrutiny of records of DPC, Peren revealed that ₹ 110 lakh was sanctioned for convergence programme with Department of Horticulture in the ratio of 90:10 for Peren district during 2010-11. Department of Horticulture released (May 2010)

²⁷Noklak ₹ 4.00 lakh, Sangsangnyu ₹ 2.00 lakh, Noksen ₹ 2.00 lakh

matching share of ₹ 11.00 lakh for horticulture activities under the convergent programme.

DPC, Peren appropriated ₹ 11.00 lakh for two blocks²⁸ for construction of horti-link road. The allocated amount was further appropriated to 60:40 as wage material ratio instead of appropriating the share to 10 per cent of the share of horticulture towards material cost. Thus, share of ₹ 99 lakh (90 per cent) was not provisioned in this convergence scheme.

Joint Physical verification (June 2012) of the projects under Tenning and Jalukie block revealed that no such convergent activities (construction of horti-link road) were taken up under the convergence programmes with Horticulture Department, which indicate possible misappropriation of ₹ 11.00 lakh.

Thus, convergence with other Rural Development Programmes planned could not be effectively achieved to ensure sustainable livelihood to the targeted rural community and improve the overall rural economy.

The State Government did not launch an afforestation drive along National Highways in the State to increase the green cover in violation of the circular (February 2011) issued by MoRD.

The Department accepted (October 2012) the facts and stated though sanction was made for construction of Horti link road under convergence programme with Horticulture Department, the villages utilised the amount for black topping of road to Horticulture (floriculture) Unit. In respect of Mon and Peren District, the Department accepted the facts.

The Department added that two projects were taken up under Convergence viz. Horti link road in Topnyu area leading to orange farm connecting Agri link road in Sangsangnyu and horti link road in Nokyan village leading to Asheki area in Tuensang District.

Reply in the case of two projects reported as executed by the Department under Convergent programme was not tenable as the projects sanctioned were not found as executed during the joint physical verification.

Audit Objective - 9

1.3.16 Record maintainance at various levels, MGNREGA data automation and provision of reliable and timely MIS data

1.3.16.1 Printing of MGNREGA documents

As per the provision 9.1 of the Operational Guidelines 2008, records as prescribed were to be maintained at different levels for keeping information on critical inputs, processes, outputs and outcomes.

²⁸Tenning ₹ 7.47 lakh, Jalukie ₹ 3.53 lakh

DPC, Peren printed various records like registers, job cards, muster rolls, MBs, Demand form, application forms, slip pads, Cash Books, stock registers, social audit reports forms etc. valued at ₹ 53.65 lakh. Scrutiny of records revealed that the DPC did not observe any procurement procedures while purchasing the printed records from different firms, instead DPC procured all the above mentioned records without analysing the requirement from the field offices/VDBs.

Scrutiny of records of 17 VDBs out of 71 test checked VDBs revealed that Cash Book, stock register, job card application register, job card register, asset register, social audit report forms, application forms, demand forms, receipt book were not available with them to record critical inputs, processes and outcomes. Although the DPC, Peren incurred ₹ 14.61 lakh²⁹ for printing of aforementioned records out of the total printing cost of ₹ 53.65 lakh, the intended purpose of printed records failed to achieve any results due to the non-delivery of items to the VDBs. Thus, the VDBs in Peren district could not maintain Cash Book, stock register of the items received and issued, receipt of wages paid to the labourers and other MGNREGA related documents.

1.3.16.2 Maintenance of records

Status of maintenance of prescribed records at different levels (9 test-checked blocks and 71 VDBs) and the reasons as well as impacts are tabulated below:

Table No. 1.3.7

Name of record	To be maintained with		Status of maintenance		status of non maintenance	
	PO	VDB	PO	VDB	PO	VDB
Muster roll issue register	9	0	9	0	0	0
Muster roll receipt register	0	71	0	42	0	29
Job card application register	9	71	0	30	9	41
Job card register	9	71	9	42	0	29
Employment Register	9	71	0	45	9	26
Works register	9	71	0	0	9	71
Asset register	9	71	5	37	4	34
Compliant register	9	71	3	48	6	23
Monthly allotment and utilisation watch register	9	71	0	0	9	71

(Source: Departmental figures)

Scrutiny of records of 71 test-checked VDBs, revealed that 45 VDBs maintained employment registers properly and entered the job card and employment in the respective registers. However, process of timely employment application could not be verified due to the absence of date of application in the registers maintained by VDBs.

²⁹ Cash book (₹ 0.68lakh), Stock register (₹ 2.26 lakh), Job card application register (₹ 2.92 lakh), Job card register (₹ 3.97 lakh), Asset register (₹ 1.57 lakh), Social audit form (₹ 0.71 lakh), Application forms (₹ 0.97 lakh) and Receipt book (₹ 1.53 lakh)

Wages were correctly entered in the job cards furnished by 99 *per cent* of beneficiaries during the beneficiary survey.

Wages paid were available in the job cards verified during beneficiary survey of 1130 beneficiaries out of 1140 beneficiaries. Audit could not ascertain the proper link between work register and asset register because none of the 71 test-checked VDBs maintained work register. Complaint registers were available in the 48 test-checked VDBs which however, remained without any complaints. 23 VDBs did not maintain any compliant register.

POs collected data on households registered, job card issued, employment generated etc. at the time of issue of job card and data on employment was collected during the measurement of work in order to enter the date in the MGNREGA website once in a year. Fund allocations towards the VDBs were posted offline by PO at the time of sanction/release to VDBs. The expenditure was treated as the muster roll payments but were neither collected nor posted in the State website. There was no mechanism at PO level to verify the authenticity of data received and uploaded in the MGNREGA website due to the lack of internet facilities.

Similarly, mechanism was not available at districts as well as State to verify the authenticity of data as the data entered by the PO offline was transferred to State cell for online entry through CDs. Thus, the progress of work could not be assessed on the basis of MPRs which were required to be sent through the computer based MIS by the 9 test-checked POs.

In sum proper prescribed records were not maintained to correlate the input and output process for the successful implementation of the scheme.

The Department accepted (October 2012) the poor maintenance of records at VDB level and noted the observation for compliance in future.

Audit Objective - 10

1.3.17 Transparency in implementation of the Act by involving all stakeholders in various stages of its implementation from planning to monitoring and evaluation.

1.3.17.1 Grievance Redressal at various levels

PO at block level and DPC at the district level were designated as the grievances redressal officers to deal with the grievances. The name and address of the petitioner has to be uploaded in the MGNREGS website on a weekly basis. The person registering the grievance should also be given a receipt with number and date so that follow up status of disposal of grievances could be traced from a counter in the office of the PO/DPC.

However, the system of acknowledgement of grievance petitions at VDB/Block/District level was in the form of complaint registers only. Level of timeliness and transparency in settlement of the complaints were not determined in

the redressal mechanism. Oral complaints were not recorded in the test-checked districts/block/VDB. Helpline facility though set up was not functional in the State.

Scrutiny of the complaint register maintained at different levels revealed the status as 'Nil' and the timely disposal of oral complaints could not be assessed due to the poor maintenance of complaint register at all levels of grievance redressal forum.

In the absence of grievance redressal mechanism, a tool for identifying areas that require attention of senior management at various levels, the Department failed to address the issue for mitigation of the grievances.

1.3.17.2 Ombudsman

As per the operational guidelines of MGNREGS, an Ombudsman was to be appointed in each district. Ombudsman for MGNREGA were appointed (May 2011) in four test-checked DPCs in order to address the complaints against the Village Councils/VDBs elected members and staff. Eminent civil society persons were nominated and selection of Ombudsmen was made by the selection Committee in exercise of powers conferred under Section 27(1) of MGNREG Act. Although Offices of the Ombudsman were attached to the DPCs office, the appointed Ombudsmen in the four test-checked districts were not available in their office during the audit. Thus, the general timeliness and transparency in disposing of the complaints by the Ombudsman could not be ascertained.

Though Ombudsmen were appointed in all eleven districts since June 2011, sitting allowances and other remunerations were not fixed by the SEGC as of June 2012.

1.3.17.3 Vigilance and Monitoring Committees

The operational guidelines of MGNREGS provides that a local Vigilance and Monitoring Committee (VMC) should be constituted for every work sanctioned to monitor the progress and quality of work. It would comprise of seven members elected by the Village Councils/VDBs. Out of that at least 50 *per cent* of members should be from among MGNREGA workers and also consist of ST women members. The report of the Committee on the completion of the work should be placed in the VDB meetings and subsequently be forwarded to the PO/DPC. The VMC should also facilitate the social audit.

Scrutiny of the 71 test-checked VDBs revealed that 11 VDBs did not constitute VMC since the date of implementation of the scheme. Out of 60 VDBs which constituted VMCs, only 4 VDBs had 9 or more members and remaining 56 VDBs consisted of 2 to 8 members. Out of 56 VMCs, only 13 VMCs consisted of women members in the Committee.

VMC was appointed by the Village Council/VDB and got approved by the DPC in 60 VDBs. However, neither the VC/VDB nor the DPC apprised VMC about the work, time frame and quality parameters. Thus, the Committee did not furnish any completion report on the monitoring of the projects verified by the VMC in 39 test-checked VDBs out of 71 VDBs.

State Government did not ensure the constitution of the Committee before releasing the funds to VDBs under MGNREGA.

Thus, the main aspects envisaged in the programme viz. effective registration, allocation of employment, quality of works executed and timely payment of wages without monitoring by a Committee in violation of the provisions of the scheme guidelines.

1.3.17.4 Monitoring and Evaluation

For internal verification of works at field level by the official functionaries, targets were fixed which were to be achieved within a quarter. Accordingly, the block level official functionaries had target to complete the internal verification of 100 *per cent* of works and district level had to complete 10 *per cent* and State level targeted to complete 2 *per cent* of works executed during a quarter. Status of internal verifications made at different levels in the four test-checked districts are given below:

Table No.1.3.8

Name of the sample district	Total number of works executed	No. of verification targeted for			No. of verification carried out			shortfall in No. of verification		
		State	District	Block	State	District	Block	State	District	Block
Dimapur	4936	99	494	4936	0	22	1497	99	472	3439
Tuensang	704	14	70	704	1	40	535	13	30	169
Mon	1197	24	120	1197	24	103	1185	0	17	12
Peren	1547	31	155	1547	25	108	1510	06	47	37
Total	8384	168	839	8384	50	273	4727	118	566	3657

(Source: Departmental figures)

It can be seen from the table that State level official functionaries could verify only 50 works (30 *per cent*) against the target of 168 works during the last five years. The district level officials carried out inspection of 273 works (33 *per cent*) against the target of 839 works while the Block functionaries carried out inspection of 3657 works (44 *per cent*) against the target of 8384 works.

The State Government appointed State Quality Monitors (SQM) for reviewing the implementation of the scheme. However, districts did not identify the District Quality Monitors (DQM) at district level.

Scrutiny of 71 test-checked VDBs in the four districts revealed that the SQM conducted only one quality inspection in Kuthur Village, Chessore Block, Tuensang district during the last five years. However, reports on the quality inspection were recorded in the Village Inspection Register and a separate report in this regard was not made available to audit.

In sum, comprehensive and continuous assessment of the scheme by way of inspections, field visits and sample checks remained un-assessed. Therefore, the Central Government was unable to draw up broad indicative measures for the quality monitors at various levels.

The Department accepted (October 2012) the facts and stated that it was making all efforts to ensure that the works are verified by all levels and State Level Core Team was already under consideration for undertaking the monitoring and supervisory visits of works.

1.3.17.5 Social Audit

MGNREGA Operational Guidelines, 2008 featured an innovative role to social audit as a means of continuous public vigilance (NREGA, Section 17). The basic objective of the social audit was to ensure public accountability in the implementation of the projects, laws and policies. The social audits were intended to promote transparency, participation, consultation and consent, accountability and redressal mechanism of the scheme.

It was noticed in audit that the State Government did not constitute any independent organisation/directorate/society at State level for facilitation for social audit. The State Government did not undertake any social audit on pilot basis in few blocks as decided (November 2011) in the national workshop on social audit. The State Government neither identified nor appointed Director of Social Audit as of June 2012.

Overall performance of social audit in four test-checked districts are tabulated as under:

Table No.1.3.9

Name of the sample District	No. of social audits required to be conducted as per norms	No. of social audits conducted	Name of the test checked blocks	No. of social audits required to be conducted as per norms	No. of social audits conducted	No. of test checked VDBs under the Blocks	No. of social audits required to be conducted as per norms	No. of social audits conducted
Dimapur	1570	785	Dhansiripar	230	27	8	64	8
			Medziphema	536	203	18	144	107
Mon	980	680	Chen	210	210	6	60	58
			Tobu	160	160	4	40	34
Tuensang	1070	214	Chessore	120	51	4	40	26
			Noklak	250	44	8	80	22
			Sangsangnyu	200	60	6	60	25
Peren	632	316	Tenning	184	92	7	14	7
			Jalukie	248	124	10	20	10
Total	4252	1995		2138	971	71	522	297

(Source: Departmental figures)

Thus, only 297 social audits (57 per cent) at VDB level were held against the requirement of 522 social audit meetings in the 71 test-checked VDBs. Social audits conducted during 2007-08 to 2011-12 in four test-checked districts and nine test-checked blocks were only 47 per cent and 45 per cent of the norms respectively. The date, time and agenda about the social audit were widely publicised. The required quorum in the meeting of Village Councils/VDBs was available in the social audits conducted. However, the social audit meetings were not chaired by a person outside the Village Councils/VDBs. Similarly, Secretary of the social audit forum was also not an official outside the Village Councils/VDBs in the 71 test-checked VDBs.

Decisions/resolutions were adopted on the basis of votes and all important aspects were discussed in the social audit meetings.

Adequate preparatory work including scrutiny of record and interaction with the beneficiaries were not undertaken by the social audit team before the public hearing at the Gramsabha/Village Council meeting. MGNREGA officials were not present in full strength. Full records were not made available before the public hearing so as to enable villagers to be ready to pose relevant questions to the social audit team officials. Internal cells were not constituted under the DPC in the four test-checked districts so as to take suitable action thereon.



Audit attended three (Diphupar, Dimapur dist. (16/5/12), Chaoha Chingnyu, Mon dist. (29/5/12), and Kuthur (*photograph No.1.3.17*), Tuensang dist. dated (9/6/2012) social audit meetings as observers and following deficiencies were noticed in the social audit conducted in the abovementioned villages.

- Evidence for advance notice to the date of social audit forum was not available.
- Use of publicity modes was also not available.
- Summaries of the effective participation, information were not prepared in advance.
- Summaries of muster rolls and bills were neither prepared in advance nor presented in the meeting.
- Original files/documents were not available on the day of forum for cross-verification.
- Quorum of the social audit forums was inadequate and there were no women representatives.
- Secretary of the forum was not from outside the village.
- Instead of village Committee members, VDB announced the information as per the required format in Diphupar village.
- Although decisions and resolutions were by votes, it was not recorded.
- Minutes of the meeting were recorded by members of the VMC instead of a person outside the implementing agencies.
- The action taken report on the previous social audit report was not read out at the beginning of forums conducted at aforementioned dates.
- Technical expertise was neither invited nor present in the forum for detail enquiries.
- Check list on mandatory agenda was not prepared to review whether the norms and provisions of the Act were being observed.

NLM (June 2010) while reviewing RD projects in Dimapur district reported that no social audit was conducted in the villages.

In sum, continuous process of public vigilance through social audit to ensure the public accountability in the implementation of the projects, laws and policies were absent throughout the period of implementation of the scheme.

The Department stated (October 2012) that advance information indicating the date, venue and time to all concerned in the Villages for conduct of Social Audit were being made through notifications. Villagers do not want to let anybody outside the villages to be the Secretary of the VDB. Women were also engaged in the Social Audit. However, in many villages the attendance of women was still very poor. All the decisions and resolutions passed during the meetings were recorded by the concerned Secretaries.

The reply is not tenable as the provisions of social audit under MGNREGA were not followed and this was verified in the three social audit meetings attended by the Audit team.

Audit Objective - 11

1.3.18 Effective mechanism at State level to assess the impact of MGNREGS on individual households, local labour market, migration cycle and efficacy of assets created.

1.3.18.1 Evaluation Studies

The literature on MGNREGA comprising scholarly reviews in the form of research articles as well as media reports give much importance to different themes and analyse performance of MGNREGS differently. The School of Agricultural Science and Rural Development, Nagaland University conducted (February 2009) study on MGNREGA in four districts (Mon, Wokha, Kohima and Mokokchung). The study revealed that;

- 88 *per cent* beneficiaries expressed their opinion that registration and job cards were provided free of cost. 20 *per cent* of the respondents reported that the works were allotted to them within 15 days of the date of demand. All the works were selected on the basis of village meeting reported by 97 *per cent* respondents
- MPRs were prepared in accordance with the guidelines but not furnished within the time frame fixed by the MoRD. Thus, there was delay in release of funds from MoRD. Wage material ratio was a standard for all works at 60:40 without considering the actual requirement as per model SOR.

It was noticed in audit that the State did not take any action on the study conducted and reported (March 2009) by Nagaland University to the Department of RD.

1.3.19 Conclusion

Mahatma Gandhi National Rural Employment Guarantee Scheme aimed to enhance livelihood security of rural households by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. However, performance of the MGNREGA in the State for the last five years could not achieve guaranteed wage employment due to improper planning made in the perspective plan. The Department also randomly issued job cards and as a result job cards were misused. Several instances of un-executed projects, execution of non-permissible projects and diversion of projects outside the Perspective plan had defeated the purpose for which the scheme was designed. Implementation of convergence programmes in the State was not encouraging as the public was not aware of the schemes and were not executed according to the approved action plan. Absence of monitoring mechanism in the State also adversely affected the implementation of scheme. Mandatory inspections by State level, district level and block level were not carried out. Auxiliary objectives were not achieved due to the execution of low prioritised works.

1.3.20 Recommendations

- ▶ *Record maintenance at VDB level needs to be streamlined. Maintenance of important documents such as job card register, muster rolls, employments register and asset register to achieve transparency and accountability and also to provide a basis for verification should be ensured at VDB level.*
- ▶ *State Government should review the existing administrative and technical set up for the implementation of the MGNREGA and to take suitable measures to address the gaps. State should review the position of Gram Rozgar Sahayaks and take suitable remedial measures.*
- ▶ *For ensuing long term shelf of projects, preparation of district Perspective plan should be ensured.*
- ▶ *State Government should set up a proper mechanism to ensure that projects reported as complete exist at the field level and also ensure that projects are completed timely and no diversion of projects is allowed towards non-permissible works.*
- ▶ *State Government should plan convergence programmes effectively to ensure sustainable livelihood to the targeted rural community.*
- ▶ *State Government should ensure monthly reconciliation of accounts regularly and steps should be taken to ensure that MGNREGS funds are not diverted or mis-utilised.*
- ▶ *State Government should ensure the inspection of works by different level officers. Vigilance Monitoring Committee should be strengthened wherever formed and impact analysis of the scheme should be undertaken.*

- ▶ *State Government should ensure conducting of social audits in all VDBs twice in a year.*

HEALTH AND FAMILY WELFARE DEPARTMENT

1.4 Fraudulent drawal

Failure of the Drawing & Disbursing Officer and Treasury Officer to exercise statutory checks envisaged in Receipts & Payments Rules resulted in fraudulent drawal of ₹ 30.65 lakh.

Sub-clause 3 of Rule 66 of the Receipts and Payments Rules, 1983 stipulates that entries in all money columns of the pay bills are to be totalled separately under each section and part to arrive at the total entitlements as well as net payable after the statutory deductions in red ink. Section wise totalling of the pay bills must be checked by the Drawing Officer himself or by some responsible official other than the person preparing the bill. Treasury Rules further prescribe various checks to be exercised by the Treasury Officer before accepting the claim and to record the omission or correction and to limit the payment admissible in respect of each bill presented by the Drawing and Disbursing officers of the establishments.

Scrutiny (April 2012) of paid vouchers in respect of the Chief Medical Officer, Zunheboto for the period from November 2010 to October-2011 revealed that the establishment drew ₹ 509.56 lakh in 40 pay bills against the admissible net salary of ₹ 478.91 lakh by inflating the total of the pay bills resulting in fraudulent drawal of ₹ 30.65 lakh (*Appendix – 1.4*).

Thus, failure of the Drawing Officer in checking the pay bill and the Treasury Officer in exercising the prescribed checks resulted in fraudulent drawal of ₹ 30.65 lakh.

While accepting the facts (July 2012), the Government stated that the excess amount drawn would be recovered in installments from the concerned officials. The Department also recovered/deposited (June/July 2012) ₹ 8 lakh in two installments³⁰ and the balance amount of ₹ 22.65 lakh had not been recovered (October 2012).

1.5 Excess Expenditure

The Executive Engineer, Medical Engineering Division, Kohima incurred an excess expenditure of ₹1.32 crore due to non-acceptance of the lowest bid. The delay in handing over the site to the contractor is fraught with the risk of further cost escalation.

Nagaland Public Works Department (NPWD) Code in its Clause 291 states that sealed tenders should invariably be invited in the most open and public manner possible, by advertisement in the Government Gazette or the press, or by public notice and clause 293 stipulates that usually the lowest tender should be accepted, unless there is some objection to the capability of the contractor, the security offered by him

³⁰ ₹ 5 lakh- vide Challan No1 dtd 11/06/2012 & ₹ 3 lakh vide Challan No 1 dtd 13/07/2012

or his execution of former work. When lowest tender is not accepted, the reasons may be furnished in the Comparative Statement duly attested for the audit purpose.

The Central Vigilance Commission (CVC) observed that post tender negotiations are the main source of corruption. Hence, it directed (November 1998) that no negotiations should be resorted to with any tenderer other than the lowest tenderer.

Executive Engineer (EE), Medical Engineering Division, Kohima displayed (January 2007) Notice Inviting Tender for the work “Construction of 100 bedded New District Hospital at Kohima” in their notice board at an estimated cost of ₹ 7.31 crore as per NPWD (Housing) SOR 2004. Five bidders participated in the bidding though NIT was not published in any National/Local News Papers or the Government Gazette. Amongst four qualified bidders who submitted (February 2007) their bids, one bidder³¹ quoted at par with SOR 2004 and others had quoted 12 *per cent*³², 22.5 *per cent*³³ and 40 *per cent*³⁴ respectively above SOR 2004.

Scrutiny of records (May 2012) revealed that the Division forwarded (February 2007) the Comparative Statement to the Chief Engineer (Housing) without giving any recommendation. The Chief Engineer, in violation of the above rules, negotiated with third bidder (L3) who quoted at 18 *per cent* above SOR 2004 and recommended (July 2007) to the Engineer in Chief (EIC) to award the work to L3 bidder. The EIC approved (July 2007) the recommendation and the EE awarded (July 2007) the work to the L3 bidder at the negotiated rate of 18 *per cent* above SOR 2004, i.e at ₹ 8.63 crore . There was nothing on record as to why L3 bidder was awarded the work and why the bids of other bidders (L1 and L2) were rejected, even though L1 and L2 were financially sound and technically capable of taking up the work. However, it was observed that a VVIP recommended (November 2005) to the Department to award the work to the third contractor³⁵ as he was financially sound and capable of taking up such works as and when the allotment of work was decided even though L1 and L2 were financially sound and capable of undertaking the works. By awarding the work to the 3rd lowest bidder, the Division incurred an excess expenditure of ₹ 1.32 crore (₹ 8.63 crore - ₹ 7.31 crore).

Further scrutiny revealed that the contractor commenced the work in May 2009, after a gap of 22 months after the award of work and he was paid ₹ 5.15 crore (May 2012) up to 5th Running Account Bill. The contractor also requested (October 2010) the Department to enhance the rate from 18 *per cent* to 80 *per cent* above SOR 2004 as there was a delay of 22 months in handing over the site from the date of issue of the work order, citing that there was a steep hike in the value of materials during this period, though no escalation was allowed till the date of audit. The work was still incomplete (February 2013).

³¹ M/s Zelizhu

³² M/s Hexad Syndicate

³³ M/s Peter Kuotsu & Company

³⁴ M/s Fulutsu & Co

³⁵ M/s Peter Kuotsu & Company

Thus, the Department not only violated the principles of transparency in floating the tender but also incurred an excess expenditure of ₹ 1.32 crore by not selecting the eligible lowest bidder, in violation to the provisions of NPWD code and CVC guidelines. Further, the action of the Department to issue work order before finalisation of the site was fraught with the risk of cost escalation.

The matter was reported to the Government (May 2012). The reply had not been received (February 2013)

1.6 Suspected fraudulent drawal

Principal Director of Health & Family Welfare drew ₹ 86.24 lakh for procurement of Computer Hardware items, Hospital linen, etc on the basis of fictitious bills.

The Department of Health and Family Welfare (HFW) drew (March 2011) ₹ 86.24 lakh for purchase of various equipment and materials on three Fully Vouched Contingent Bills as shown below:-

Table No.1.6.1

Bill No & Date	Items procured	Amount drawn (in ₹)	Name of the Firm/Supplier
838 of 31.03.11	Computers & Accessories	4075000	M/s Kuotsu Enterprises, Kohima
825 of 31.03.11	Hospital Linen	4399959	
790 of 24.03.11	Cameras & Printers	148950	
Total		8623909	

Scrutiny of these vouchers in Audit (August 2012) revealed that the supplier charged 12.5 per cent of Value Added Tax (VAT) on Computers & Computer Accessories against the admissible rate of 4 per cent in respect of Bill No 838 above. Audit also observed certain deficiencies in the supplier's bills such as lack of supply order reference, serial no of the bill, date, etc., although certificate of receipt of all the materials in full and in good condition were recorded by the Principal Director/DDO on the body of all the sub-vouchers.

On enquiry from the Assistant Commissioner of Taxes (ACT), Kohima Zone (August 2012), where the above firm is registered³⁶ it was learnt that the above firm is a retail dealer dealing in detergents, cosmetics and toiletries only and not with computers and accessories, mattress, etc. Scrutiny of VAT return obtained from the ACT, Kohima in respect of the above firm also revealed that the firm filed a 'NIL' return for the period from 01-04-2010 to 31-12-11. Audit also observed that the above firm was not an empanelled firm authorised to supply computer peripherals by the Department of Information Technology and Communication (IT&C), Government of Nagaland.

Thus, it is suspected that the Principal Director, HFW fraudulently drew ₹ 86.24 lakh on the basis of fictitious bills.

³⁶ Tax Payer's Identification Number (TIN) No.13070059074

The Government in reply stated that (October 2012) the Department issued supply orders to M/s Kuotsu Enterprises against the above bills and had received the goods in full. The tax deducted was also deposited in the treasury. They also stated that the above firm was solely responsible for filing the NIL return under VAT and the Department is not responsible for that. The Department also furnished copy of Stock Register against Computers and Accessories and material verification reports against other items.

The reply is not tenable because the above firm was not an empanelled firm authorised to supply computers and accessories by the IT&C Department and not dealing in the above materials purchased by the Department. Further, as per the Stock Register and the verification report the materials were received during May to August 2011 whereas as per the certificate of receipt of materials recorded on the body of the supplier's bills, the materials were received in March 2011 itself.

1.7 Extra avoidable expenditure

Principal Director, Health & Family Welfare Department incurred an avoidable expenditure of ₹ 101.56 lakh on procurement of Machinery & Equipments, Hospital linen, etc by allowing inconsistent rates to different suppliers.

According to Rule 160 of the GFR, all government purchases should be made in a transparent, competitive and fair manner, to secure best value for money and to eliminate arbitrariness in the procurement process. Sub-rule (xiv) of Rule 160 envisages that contract should ordinarily be awarded to the lowest valued bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document.

- (i) Principal Director, Health & Family Welfare Department procured Machinery and Equipment worth ₹ 874.97 lakh in two bills³⁷ from three suppliers in August 2009 and January 2010 without calling for tenders in violation of established principles of procurement. A scrutiny (May 2012) of vouchers revealed the following
- (a) the rates allowed to one supplier (August 2009) against five items were much higher as compared to the rates allowed to another supplier (difference in rate ranged from ₹ 2250 to ₹ 190480) for supplying the same items in January 2010, which resulted in avoidable excess expenditure of ₹ 17.75 lakh (*Appendix-1.5*);
 - (b) In case of five items supplied in August 2009, different rates (difference ranging from ₹ 80 to ₹ 300) were allowed to two different suppliers, which resulted in excess expenditure of ₹ 3.79 lakh (*Appendix-1.5*); and

³⁷ Bill No 273 dtd 27/8/09 -₹ 375 lakh – for setting up of Regional Diagnostic Centres at Wokha, Zunheboto, Phek, Mon & Geriatric Centre, Kohima and Bill No.536 dtd 19/01/10 -₹ 499.97 lakh for distribution to District Hospitals

- (c) in case of four items, the difference of rate paid to two different firms in August 2009 and January 2010 ranged from ₹10 to ₹ 4100, leading to an excess expenditure of ₹ 17.47 lakh (***Appendix-1.5***);
- (ii) Similarly, the Department also procured Hospital Linen, Nursing sundries, etc valued at ₹ 433.67 lakh in March 2011 and March 2012 from two suppliers³⁸ without calling for any tenders. Cross verification of these bills revealed that there was abnormal variation in rates in respect of two items ranging from ₹ 1110 to ₹ 4550 within one year, resulting in avoidable expenditure of ₹ 62.55 lakh (***Appendix-1.5***).

On enquiry regarding the selection of suppliers and the rates accepted without any competitive bidding, the Department stated (May 2012) that the purchases were made from the reputed firms and the rates were allowed on the recommendation of the Purchase Board, though no tender were invited. However, no records to substantiate their reply were made available to audit.

Further, the Department stated (June 2012) that the difference in rate were allowed to different suppliers because the items supplied by them were of different specifications and furnished the specification of various items. The Government also endorsed the replies of the Department (October 2012). However, audit observed that bills submitted by the suppliers on the basis of which payment was made did not contain the specifications as stated by the department, in the absence of which it is difficult to conclude that there were indeed any differences in specifications.

Thus, the Department incurred an avoidable expenditure of ₹ 101.56³⁹ lakh due to arbitrary procurement in contravention of the procedures laid down for public procurement and by allowing inconsistent rates to different suppliers for same items.

SCHOOL EDUCATION DEPARTMENT

1.8 Fraudulent drawal

Failure to exercise statutory checks envisaged in Receipts & Payments Rules on the part of the Treasury Officer and Drawing & Disbursing Officer resulted in fraudulent drawal of ₹ 25.99 lakh.

Sub-clause 3 of Rule 66 of the Receipts and Payments Rules, 1983 stipulates that entries in all money columns of the pay bills are to be totalled separately under each section and part to arrive at the total entitlements as well as net payable after the statutory deductions in red ink. Section wise totalling of the pay bills must be checked by the Drawing Officer himself or by some responsible official other than the person preparing the bill. Treasury Rules further prescribe various checks to be exercised by the Treasury Officer before accepting the claim and to record the omission or

³⁸ M/s Kuotsu Enterprises, Kohima and M/s North East Marketing Company, Dimapur
³⁹ ₹ 17.75 lakh+₹ 3.79 lakh+₹ 17.47 lakh ₹ 62.55 lakh=₹ 101.56 lakh

correction and to limit the payment admissible in respect of each bill presented by the Drawing and Disbursing officers of the establishments.

Scrutiny (November 2011 and April 2012) of the pay bill vouchers of the Deputy Inspector of Schools (DIS), Niuland for the period from 03/2010 to 06/2011 revealed that the DIS drew ₹ 764.83 lakh in 60 pay bills against the admissible net salary of ₹ 738.84 lakh by inflating the totals of the pay bills. This resulted in fraudulent drawal of ₹ 25.99 lakh. (*Appendix- 1.6*)

Thus, failure of the Drawing Officer in checking the pay bill and the Treasury Officer in exercising the prescribed checks resulted in fraudulent drawal of ₹ 25.99 lakh.

The matter was reported to the Government (May 2012). Reply had not been received (February 2013).

CHAPTER - II

ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2012 deals with the findings on audit of the State Government units under Economic Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under Economic Sector during 2011-12 are given below:

Table No. 2.1.1

(₹ in crore)

Name of Departments	Total Budget Provision	Expenditure
Agriculture	154.56	145.29
Horticulture	31.66	24.60
Soil and Water Conservation	45.39	44.90
Veterinary and Animal Husbandry	86.00	89.99
Fisheries	27.27	28.87
Land Resources	22.46	14.15
Cooperation	28.86	23.69
Civil Supplies	15.02	14.87
SIRD	8.68	6.82
Sericulture	16.11	13.29
Land Records and Survey	18.25	17.59
Irrigation and Flood Control	189.73	135.02
Power	396.36	376.69
New and Renewable Energy	14.10	5.83
Industries and Commerce	91.30	69.86
Geology and Mining	29.06	29.42
Roads and Bridges	519.63	546.18
Science & Technology	3.39	2.39
Tourism	28.32	28.25
Economics and Statistics	27.31	25.10
Legal Metrology and Consumer Protection	13.12	12.87
Planning and Coordination Department	449.24	180.58
Evaluation	6.53	6.06
Department of Under Developed Areas	72.98	41.53
Information Technology & Communication	32.38	6.45
Forest, Ecology, Environment and Wildlife	91.72	76.85
Road Transport	70.37	63.86
Total number of departments=27	2489.80	2031.00

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the Implementing agencies under Social Sector to different departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed in the following table:

Table No. 2.1.2

(₹ in crore)			
Name of the Department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Roads and Bridges	Pradhan Mantri Gram Sadak Yojana (PMGSY)	Nagaland Rural Roads Development Agency	11.00
Power	Rajiv Gandhi Grameen Vidyuteekaran Yojana (RGGVY)	Department of Power	28.14
Land Resources	National Bamboo Mission	Nagaland Bamboo Development Agency (NBDA)	17.00

(Source: Central Plan Scheme Monitoring System)

2.2 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stake holders.

After completion of audit of each unit on a test check basis, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the auditee for compliance. Some of the important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit reports, which are submitted to the Governor of State under Article 151 of the constitution of India for laying on the table of the Legislature.

During the year, test check of audits involving expenditure of ₹ 1192.02 crore (including funds pertaining to previous years audited during the year) of the State Government under Economic Sector were conducted. The chapter contains one Performance Audit, one Chief Controlling Officer centric Audit and one transaction audit paragraph as given below:

VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT

2.3 Integrated Audit of Veterinary and Animal Husbandry Department

The Department of Veterinary and Animal Husbandry functions with the objectives of developing livestock and poultry, dairy, feed and fodder, conservation of indigenous breeds, animal health and veterinary services and creation of employment opportunities in the State. To achieve these objectives, various schemes/projects, centrally sponsored as well as under State Plan, are implemented by the Department. Chief Controlling Officer based audit of the Department revealed several weaknesses in the planning process, financial management, project/scheme management and internal controls including vulnerabilities to fraud and corruption. The important audit findings are highlighted below.

Highlights

Planning was unrealistic and formulated without proper study or analysis of ground realities. Targets set for production of meat, milk and eggs in the 11th Plan with projected expenditure of ₹ 64 crore could not be achieved despite expenditure of ₹ 149.99 crore under Plan during the period.

(Paragraph 2.3.7)

Balances in the bank account operated by the Directorate were lower by amounts ranging from ₹ 5.56 crore to ₹ 8.79 crore than the monthly closing balance recorded in the Cash Book indicating misappropriation/misuse of Government money.

(Paragraph 2.3.9.1)

An amount of ₹ 1.56 crore was paid to a contractor against fictitious works on the basis of fabricated records.

(Paragraph 2.3.10.1 (iii))

Targets set for the Integrated Livestock Development and White Revolution Project could not be achieved due to improper selection of beneficiaries and supply of inferior quality cattle to them.

(Paragraph 2.3.10.2)

₹ 3.45 crore sanctioned for implementation of 'Assistance to States for Control of Animal Diseases' could not be availed by the Department due to delays in submission of action plans, release of funds by the State Government and submission of Utilisation Certificates.

(Paragraph 2.3.10.5)

Actual execution of works was not consistent with the estimates and entries made in the MBs resulting in excess payments to contractors and there was idle investment of ₹ 22.25 crore on creation of infrastructure for two projects which had not taken off.

(Paragraph 2.3.10.8)

Joint physical verification of institutions run by the Department viz., State Farms, Veterinary Hospitals, Veterinary Dispensaries, Disease Diagnostic Laboratories, Stockman Centres, Veterinary Outposts, Veterinary Health Centres and Quarantine Check Posts revealed that several of them were non-functional.

(Paragraph 2.3.11)

2.3.1 Introduction

The Department of Veterinary & Animal Husbandry was bifurcated from Department of Agriculture in 1965. The Department is responsible for developing livestock and poultry, dairy, feed and fodder, conservation of indigenous breeds, animal health and veterinary services. The Department implements various schemes/projects with the objectives of achieving self sufficiency in animal husbandry products viz., milk, meat and eggs through enhancing production.

2.3.2 Organisational set up

The Department is headed by Secretary (Veterinary and Animal Husbandry) at the administrative level. At the executive level, the Department is headed by the Director assisted by one Addl. Director and 14 Deputy Directors in the Directorate. There are eleven district offices headed by District Veterinary and Animal Husbandry Officers and two sub-divisions (Tseminyu and Mangkolemba) headed by Sub-divisional District Veterinary Officers. The other subordinate offices under the Department are Bacteriologist, Disease Investigation Unit, Dimapur; Manager, Regional Swiss Breed Cattle Breeding Farm (RSBCBF), Jalukie; Principal, Veterinary Field Assistants Training Institute (VFATI), Medziphema; Executive Engineer (EE), Veterinary & Animal Husbandry Division, Kohima and two Veterinary Asstt. Surgeons (Pfutsero & Chozuba). The Department also runs 10 State Cattle Breeding Farms (SCBFs)/upgrading centres, 13 State Poultry Farms (SPFs)/hatcheries, 9 Pig Breeding Farms (PBCs), 11 Veterinary Hospitals, 17 Veterinary Dispensaries, 14 Disease Diagnostic Laboratories, 62 Stockman Centres (SMCs), 59 Veterinary Outposts (VOPs) and 16 Quarantine Check Posts (QCPs).

2.3.3 Scope of Audit

The integrated audit of the Department was conducted during May to October 2012 covering the period 2007-12. Out of 20 Drawing and Disbursing Officers (DDOs) under the Department, 8 DDOs (in four¹ selected districts) including the Directorate and the Executive Engineer (EE), Veterinary & Animal Husbandry Division was covered in audit. Out of 20 major schemes/projects implemented by the Department, 9 major projects/schemes executed in the selected districts were taken up for detailed analysis and joint physical verification along with the departmental officers. Institutions under the Department viz., 16 out of 32 State Farms, 3 out of 11 Veterinary Hospitals, 5 out of 17 Dispensaries, 5 out of 14 Disease Diagnostic Laboratories, 13 out of 121 Stockman Centres/Veterinary Outposts and 5 out of 16 Quarantine Check Posts in the selected districts were also taken up for joint physical verification. The list of DDOs/projects/institutions selected for test check and joint physical verification are shown in *Appendix 2.3.1*.

2.3.4 Audit objectives

The objectives of the integrated audit were to assess whether

- The Department had a proper system for planning;
- The budget estimates were reliable and financial management was adequate and effective;
- The process of tendering, contract, and project management were carried out efficiently and effectively in an economical manner;
- Proper monitoring and internal control mechanisms existed in the Department; and

¹ Kohima, Dimapur, Peren and Mokokchung

- The control systems in the Department were vulnerable to Fraud and Corruption.

2.3.5 Audit criteria

The major criteria applied were drawn from the following sources:

- Plan documents
- Guidelines of schemes/projects covered in audit
- Detailed Project Reports of schemes/projects covered in audit
- General Financial Rules/Central Treasury Rules
- Departmental Codes and Manuals, Policies, Rules and Regulations

2.3.6 Audit methodology

An 'Entry Conference' was held (14 June 2012) with the Secretary and Director to convey the audit objectives and the audit criteria. Records pertaining to the period from April 2007 to March 2012 were examined in the Directorate and units in the four selected districts. The audit findings were discussed with the Secretary (Veterinary & Animal Husbandry Department) in an exit conference (21st November 2012) and the views of the Department along with their replies have been incorporated in the report at appropriate places.

Audit findings

2.3.7 Planning

The Department did not have any long term perspective plan other than the Five Year Plan prepared for the 11th Plan period (2007-12). As per the plan, the Department had envisioned achievement of 25 *per cent* annual growth in State Domestic Product during the 11th Plan period by increasing productivity and production of livestock and poultry. The Department had also formulated vision, approaches and objectives including strategies in the light of objectives, policies and programme thrust indicated in the Eleventh Plan Approach by the Planning Commission, Government of India. The vision of the Department included (i) self sufficiency in Animal Husbandry products-milk, meat and eggs; (ii) mass production through peoples participation; (iii) focus on white revolution in the State; (iv) creation of employment avenues through livestock and poultry farming; (v) creating marketing network for the rural producers; (vi) provision of intensive health care services at the farmers doorstep; (vii) genetic improvement of livestock and poultry breeds through selective breeding; (viii) enhanced feed and fodder production and (ix) conservation and propagation of indigenous breeds of the State. In order to achieve the above vision, the Department had formulated approach, objectives and strategies. Targets were also set in respect of production of milk, meat and eggs.

Annual Plans were also prepared during the period. Scrutiny, however, revealed that the annual plans were not consistent with the five year plan and were not aimed at achieving the targets set. While some activities in the five year plan were abandoned,

new activities were included in the annual plans. It was further seen that budget provisions were also not made with a view to take up activities outlined in the five year plan or the annual plans. The sector-wise activities proposed to be taken up as per five year plan, annual plans, budget provision made and actual expenditure was as shown in **Appendix 2.3.2**.

It can be seen from the Appendix that while the proposed outlay for the 11th Plan was ₹ 64 crore, the total agreed outlay during the period as per the annual plans was ₹ 114.90 crore, total budget provision made during the period was ₹ 140.83 crore and the actual expenditure was ₹ 149.99 crore.

Thus, it is evident that the activities of the Department were not consistent with the five year plan or the annual plans indicating that the plans were unrealistic and formulated without proper study/analysis of ground realities.

2.3.7.1 Non-achievement of targets

The Department had outlined the targets to be achieved in production of meat, milk and eggs during the 11th Five Year Plan with a view to achieve self sufficiency and decrease the import burden. Scrutiny of records revealed that the targets remained unachieved as shown in the table below:

Table 2.3.1: Targets and achievements

Sl No.	Particulars	2007-08		2008-09		2009-10		2010-11		2011-12	
		Targets	Achievement	Targets	Achievement	Targets	Achievement	Targets	Achievement	Targets	Achievement
1.	Milk ('000 tonne)	79	70	90	74.67	115	77.80	115	77.84	129	81
2.	Meat ('000 tonne)	65	55.21	76	63.26	87	65.58	95	65.67	101	72.80
3.	Eggs (in lakh)	840	802	880	832.02	920	833	960	800	1000	832

(Source: Departmental records)

Though the Department had taken up several schemes/projects to achieve the targets, the targets were not achieved and the production of milk, meat and eggs remained almost constant throughout the 11th Plan despite incurring an expenditure of ₹ 149.99 crore against the projected outlay of ₹ 64 crore.

2.3.8 Financial Management

The budget allocation for Veterinary & Animal Husbandry Department is made under 'Grant No.50-Animal Husbandry and Dairy Development'. Budget allocation, expenditure there against and savings/excess during the period from 2007-08 to 2011-12 are given in the following table:

Table 2.3.2: Details of revenue and capital expenditure

(₹ in crore)

Year	Revenue		Capital		Total			
	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure	Savings (-)/ Excess (+)	
2007-08	Plan	13.11	13.11	3.53	3.79	16.64	16.90	0.26
	Non-plan	23.03	23.03	0.00	0.00	23.03	23.03	0.00
	Total	36.14	36.14	3.53	3.79	39.67	39.93	0.26
2008-09	Plan	13.51	13.51	5.00	4.77	18.51	18.28	(-) 0.23
	Non-plan	25.14	25.12	0.00	0.00	25.14	25.12	(-) 0.02
	Total	38.65	38.63	5.00	4.77	43.65	43.40	(-) 0.25
2009-10	Plan	32.62	32.62	1.27	0.70	33.89	33.32	(-) 0.57
	Non-plan	27.61	28.02	0.00	0.00	27.61	28.02	0.41
	Total	60.23	60.64	1.27	0.70	61.50	61.34	(-) 0.16
2010-11	Plan	30.21	30.10	4.07	4.62	34.28	34.72	0.44
	Non-plan	40.61	40.61	0.00	0.00	40.61	40.61	0.00
	Total	70.82	70.71	4.07	4.62	74.89	75.33	0.44
2011-12	Plan	20.22	20.22	17.29	26.55	37.51	46.77	9.26
	Non-plan	44.49	43.22	0.00	0.00	44.49	43.22	(-) 1.27
	Total	64.71	63.44	17.29	26.55	82.00	89.99	7.99
Total	Plan	109.67	109.56	31.16	40.43	140.83	149.99	9.16
	Non-plan	160.88	160.00	0.00	0.00	160.88	160.00	(-) 0.88
Grand total		270.55	269.56	31.16	40.43	301.71	309.99	8.28

(Source: Detailed Appropriation Accounts)

Scrutiny of records revealed that there was an excess expenditure of ₹ 9.26 crore under Plan/Capital during 2011-12. This was due to the fact that though the amount had already been shown as expenditure in previous years, it was once again shown as expenditure in the Divisional Monthly Accounts of EE, V&AH Division as the Directorate released the funds to the EE only during 2011-12. The other important findings on review of budget provision and expenditure during the period are discussed in the following paragraphs.

2.3.9 Financial irregularities:

The financial irregularities noticed in audit are discussed in the following paragraphs:

2.3.9.1 Discrepancy between Cash Book and Bank Account

The Directorate is maintaining a current bank account (A/c No.10277120294 at SBI, Lerie Branch, Kohima). Despite requisition and several reminders, the Department furnished (October 2012) only the Bank Account Statement for the year 2011-12. On test-check, only a few transactions in the Cash Book could be traced back to the Bank Account. It was further seen that the balance in the bank account was lower by amounts ranging from ₹ 5.56 crore to ₹ 8.79 crore than the monthly closing balance recorded in the Cash Book as shown in the following table:

Table 2.3.3: Difference between Cash Book and Bank Account of Directorate
(₹ in crore)

Month	Closing balance as per Cash Book (Main & Subsidiary)	Closing balance as per Bank Account	Difference
April 2011	27.59	20.68	6.91
May 2011	23.35	16.97	6.38
June 2011	18.07	9.88	8.19
July 2011	11.45	5.02	6.43
August 2011	11.34	4.64	6.70
September 2011	9.16	2.56	6.60
October 2011	9.04	2.42	6.62
November 2011	10.41	3.25	7.16
December 2011	10.25	2.76	7.49
January 2012	10.75	2.66	8.09
February 2012	11.64	2.85	8.79
March 2012	26.10	20.54	5.56

Further, cross check of Cash Book maintained by the EE, V&AH Division with Bank Account Statement (A/c No.10277120589 at SBI, Lerie, Kohima) revealed that the payments shown in the Cash Book did not match with the debits in the Bank Account and cheque Nos. were not recorded in the Cash Book during the period. Further, there were wide variations in the closing balance recorded in the Cash Book and balance in Bank Account during 2007-12. Instances of major variations noticed are shown in the table below.

Table 2.3.4: Difference between Cash Book and Bank Account of EE, V&AH Division
(₹ in crore)

Month	Closing balance as per Cash Book	Closing balance as per Bank Account	Difference
March 2009	1.82	0.79	1.03
April 2009	1.85	0.65	1.20
May 2009	2.08	0.62	1.46
June 2009	1.52	0.67	0.85
August 2009	2.22	0.55	1.67
July 2010	0.91	0.25	0.66
August 2010	0.81	0.20	0.61
September 2010	0.68	0.07	0.61
June 2011	3.93	3.28	0.65
February 2012	1.44	0.78	0.66
March 2012	4.45	3.68	0.77

The following discrepancies were also noticed during test-check of Cash Book and Bank Accounts of the EE, V&AH Division.

- During August 2009, the total payments made as per the Cash Book was ₹ 0.78 lakh while the total debits during the month in the Bank Account was ₹ 2.17 crore which indicates that payments were made without recording them in the Cash Book.
- An amount of ₹ 1.63 crore was recorded as received on 16.05.2009 from the Directorate against strengthening of Pig Breeding Farms under NABARD. However, the amount was not seen credited in the Bank Account of the EE. On further scrutiny, it was seen that the EE had not actually received the amount but had only given an Actual Payee Receipt (APR) for the amount.

- An amount of ₹ 0.20 crore was recorded as received on 26.10.2009 from the Directorate against construction of Security Fencing at Veterinary College, Jalukie. However, the amount was not seen credited in the Bank Account of the EE. Further, APRs or cheque received from the Directorate could not be furnished to audit.

Thus, it is evident that actual payments were not reflected in the Cash Book of the Directorate and the EE. Further, the huge deficit in the Bank Account points to probable misappropriation/misuse of Government money and needs further investigation.

The Department stated (November 2012) that the discrepancy was due to inevitable advances for programmes/schemes etc. and that all the advances will be recovered/adjusted at the time of final payments. But the fact remains that the relevant records in respect of advances made could not be furnished to audit and therefore, misappropriation/misuse of the funds cannot be ruled out.

2.3.10 Scheme/project Management

The Department is implementing various Schemes/Programmes/Projects, Centrally Sponsored as well as under State Plan. Of these, Mithun Project, Integrated Livestock Development and White Revolution, Setting up of Veterinary College and Setting up of Nagaland Composite Pig Project all under Special Plan Assistance (SPA), Assistance to States for Control of Animal Diseases (CSS), Strengthening of State Farms (Pig and Cattle) under NABARD (negotiated loan), Strengthening of State Pig Breeding Farms sponsored by North Eastern Council, Procurement of livestock and poultry feeds under State Plan and Non-Plan and Entrepreneur Development under State Plan implemented during the period 2007-12 were taken up for detailed analysis and joint physical verification. The important audit findings are discussed in the following paragraphs.

2.3.10.1 Mithun Project

Mithun (*Bos frontalis*), the domesticated free-range bovine species, is an important component of the livestock production system of North-Eastern hilly region of India. Mithun, the State Animal of Nagaland, is used as a ceremonial animal and plays an important role in the economical, social and cultural life of the people of the State.

The Mithun Project was implemented during the period from 2009-10 to 2011-12 for conservation, propagation and development of the Mithun. The main objectives of the project were to conserve, develop and propagate in-situ mithuns in a particular area by providing fencing and trenches in strategic locations, to provide them shelter, to develop good salt feeding areas, to enable proper medical care, to prevent inbreeding, to discourage jhum cultivation and to uplift the rural economy.

The Project was approved (February 2010) by the Planning Commission and an amount of ₹ 7 crore was earmarked for implementation of the scheme under one time SPA during 2009-10. The Project was continued in the subsequent years as well with

funding under SPA. The funds released by GOI and the State Government and expenditure are detailed in the table below:

Table 2.3.5: Funds released and expenditure

(₹ in crore)

Year	Gross amount released by GOI/GON	Net amount drawn by Department	Expenditure as per Cash Book	Balance as on 31.03.2012
2009-10	7.00	6.92	6.27	0.65
2010-11	2.00	1.98	1.98	0.00
2011-12	4.00 ²	1.97	0.00	1.97
Total:	13.00	10.87	8.25	2.62

Out of 25³ projects implemented in the four selected districts during 2009-12, 12⁴ projects were taken up for detailed analysis and joint physical verification. The major findings of audit are discussed in the following paragraphs.

(i) Selection of villages:

As per DPRs, the beneficiary villages were selected by a Committee including the respective District Veterinary Officers after verifying the total Mithun population and availability of forest land. The project was to be implemented through the village councils of the selected villages with the Department being the implementing agency.

A total of 89⁵ villages were selected for implementation of the project during the period from 2009-12. However, reports of the Selection Committee or any other records relating to selection of the villages were not furnished to audit. It was further seen that the list of beneficiary villages were forwarded to the Department by the Government during 2010-11 and 2011-12 indicating that selection of villages were carried out at the Government level.

Thus, the possibility of selection of beneficiary villages at the Government level without proper feasibility studies and survey cannot be ruled out.

The Department stated (November 2012) that the project villages were selected after proper feasibility studies. However, no records were furnished to substantiate their claim.

(ii) Irregularities in disbursement of assistance to beneficiary villages

During 2009-10, a total amount of ₹ 4.64 crore⁶ was shown as paid to the village councils of the 24 project villages against bills submitted by them for construction of bio-fencing, purchase of elite mithuns, general meeting and training, capacity

² ₹ 2 crore transfer credited to Civil Deposit and drawn in August 2012.

³ 11 in Kohima, 12 in Peren and 2 in Dimapur.

⁴ **Kohima:** (i) Jotsoma, (ii) Tuophema, (iii) Khonoma, (iv) Tuophphezu, (v) Gariphema, (vi) Chedema and (vii) Zhadima; **Peren:** (i) Mbaupunchi (including Mbaupungwa, Nkiailwa and Azailong), (ii) Punglwa and (iii) Gaili and **Dimapur:** (i) Tsuuma and (ii) Tsiepama.

⁵ 24 villages (1 major project, 3 medium projects and 20 minor projects) in 2009-10, 25 villages in 2010-11 and 40 in 2011-12

⁶ One major project: ₹ 1.17 crore, three medium projects: ₹ 0.62 crore and 20 minor projects: ₹ 2.85 crore.

building, construction of grilled iron foot trap and incentive for supervision and stationeries. Physical verification and interaction with the members of the Village Council/Mithun Committee, however, revealed that actual implementation was not as per departmental records viz., Detailed Project Reports, Fully Vouched Contingent bills drawn and Actual Payee Receipts.

- As per departmental records, an amount of ₹ 1.17 crore⁷ was shown as paid to the Village Councils of the four villages⁸ in Peren district where the major project was implemented. However, interaction with the Chairmen/members⁹ of the village councils during joint physical verification revealed that they had received only five mithuns (valued at ₹ 5.50 lakh) and two calves under the project.
- Interaction with the beneficiaries of one medium project¹⁰ revealed that they had received cash amounting to only ₹ 1.50 lakh against ₹ 20.77 lakh¹¹ shown as paid to them.

Thus, it is evident that vouchers/APRs attached with the FVC bills were fictitious and used for the sole purpose of drawing funds from Government Account.

The Department stated (November 2012) that the reports and figures stated by the villages during joint physical verification were not fully correct due to frequent change of guard in the Village Councils and Mithun Committees and clarification obtained from the Village Councils of the five villages were also enclosed. The Jotsoma Village Council stated that they had received ₹ 15 lakh along with other items such as medicine, salt, etc. The Village Councils of the four villages in Peren District stated that they had mis-informed the joint physical verification team due to grievances on not getting anticipated assistance from the Department. However, the fact remains that the projects were not implemented as per records and disbursement of assistance to beneficiary villages needs further investigation.

(iii) Payment made for fictitious works

During 2009-10, an amount of ₹ 1.56 crore was drawn by the Directorate against civil works¹² certified to have been completed (March 2010) through a contractor¹³ in the 24 project villages. Scrutiny of records of the EE, V&AH Division revealed that technical estimates for the 69 works was prepared and approved by the EE after

⁷ Bio-fencing: ₹ 20 lakh; 160 Elite heifers (3 year old) @ ₹ 50,000 each: ₹ 80 lakh; 25 Elite Bulls @ ₹ 50,000 each: ₹ 12.50 lakh; General meeting and training: ₹ 0.90 lakh; Capacity Building: ₹ 0.13 lakh; Grilled iron foot trap: ₹ 2.00 lakh; Incentive for supervision works: ₹ 1.50 lakh and Stationeries: ₹ 0.24 lakh.

⁸ Mbaupungchi, Mbaupungwa, Nkialwa and Azailong.

⁹ Village Council Chairmen of Mbaupungchi, Mbaupungwa, Nkialwa and Azailong villages

¹⁰ Jotsoma Village

¹¹ Bio-fencing: ₹ 4.50 lakh; 20 Elite heifers (3 year old) @ ₹ 50,000 each: ₹ 10 lakh; 4 Elite Bulls @ ₹ 50,000 each: ₹ 2 lakh; General meeting and training: ₹ 0.90 lakh; Capacity Building: ₹ 0.13 lakh; Grilled iron foot trap: ₹ 1.50 lakh; Incentive for supervision works: ₹ 1.50 lakh and Stationeries: ₹ 0.24 lakh.

¹² Construction of trenches and stone pitching, construction of water reservoir and trough, construction of shelter house for Mithun boys and construction of salt feeding area.

¹³ M/s Multi Builders

splitting one item of work¹⁴ to avoid sanction of higher authority. Thereafter, all the works were allotted (June 2010) to a different contractor¹⁵ without giving wide publicity to the Notice Inviting Tender (June 2010) as required under Rules.

Further scrutiny of tender papers and comparative statements furnished to audit revealed that for all the 69 works, only three contractors *viz.*, M/s Hi-tech Constructions, Adam Zeliang and R. Angami had submitted bids. The first bidder quoted at par with SOR 2008, the second at 20 *per cent* and the third at 30 *per cent* above SOR. The third bid was rejected on the grounds that earnest money was not deposited and all the works were allotted to M/s Hi-tech Constructions being the lowest bidder. MBs/Bills were prepared showing the works to have been executed as per the approved estimates and payments amounting to ₹ 1.51 crore were made (October 2010) to the contractor.

Joint physical verification of projects implemented in 2009-10 and interaction with the beneficiaries revealed that civil works were never taken up or executed by contractors.

Thus, it is evident that records were fabricated to draw funds from Government Account, to favour a specific contractor and to make payments for works not actually executed.

The Department stated (November 2012) that a major portion of the civil works was taken up and implemented successfully in line with the Village Council/Mithun Committee's input and payment made to the contractor. But the fact remains that the beneficiaries have specifically stated during physical verification that works had never been taken up or executed which substantiates the fact that records were fabricated to facilitate drawal and disbursement of funds from Government account.

2.3.10.2 Integrated Livestock Development and White Revolution project

The Scheme, funded under SPA, was implemented jointly by the Department and Nagaland State Dairy Co-operative Federation Ltd. (NSDF) during the three years from 2007-10. The main objectives of the project were to promote increased milk production through induction of milch cattle to achieve White Revolution and to create sustainable productive rural employment to a good number of households.

Funds under the scheme were drawn by the Directorate and transferred to the NSDF. The funds released by GOI/GON and utilised by the Department during the period are shown in the following table:

¹⁴ Construction of Trenches and Stone Pitching at Mithun Project, Mbaupungchi (0-10,000 m) with approximate cost of ₹ 70 lakh—Split into 14 works of 714.28 m with estimated cost of ₹ 5 lakh each.

¹⁵ M/s Hi-tech Constructions

Table 2.3.6: Funds released and transferred to NSDF

(*₹ in crore*)

Year	Gross amount released by GOI/GON	Net amount drawn by Department and transferred to the NSDF	Expenditure as per Cash Book of NSDF
2007-08	1.00	1.00	1.00
2008-09	2.00	2.00	2.00
2009-10	3.00	2.97	2.97
Total:	6.00	5.97	5.97

To achieve the objectives of the Scheme, activities such as induction of cattle (dairy units), setting up of Community Dairy Projects (CDPs), setting up of Model Dairy Projects (MDPs), feed and fodder development and training & capacity building were taken up.

The records relating to implementation of the Scheme in the Department and the NSDF were scrutinized in audit. Joint physical verification of 14 CDPs and 4 MDPs (*Appendix 2.3.1 (d)*) were also conducted. The major audit findings are discussed in the following paragraphs.

(i) Shortfall in achievement of targets

As per DPR, 620 dairy units, 30 CDPs and 4 MDPs were targeted to be taken up for implementation during 2007-10 and ₹ 4.28 crore was earmarked for procurement of 1400¹⁶ milch cows/pregnant heifers to be supplied to these projects. However, only 1208 cows could be procured at a cost of ₹ 4.34 crore due to the arbitrary increase in the quoted price by Government at the time of approval of tender as mentioned in Paragraph 2.10 of the Report of the Comptroller and Auditor General of India-2010-11. As a result, the Department could take up only 524 dairy units instead of the targeted 620 units.

The Department while accepting (November 2012) the fact stated that the matter reported in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2011 stands referred to the Public Accounts Committee.

(ii) Induction of cattle (Dairy Units)

As per DPR, 300 dairy units (DUs) at a cost of ₹ 1 crore¹⁷ was to be taken up during the first year (2007-08) and another 320 DUs¹⁸ at a cost of ₹ 2.40 crore¹⁹ was to be

¹⁶ Dairy Units: 940 cows {300 cows (1 each for 300 units) during 2007-08, 320 cows (2 each for 160 units) during 2008-09 and 320 cows (2 each for 160 units)} during 2009-10; CDPs: 300 cows {10 each for 30 units} and MDPs: 160 cows {40 each for 4 units}=1400 cows (1320 @ ₹ 30,000 each and 80 @ ₹ 40,000 each)=₹ 4.28 crore.

¹⁷ One cow @ ₹30,000 inclusive of transportation, Training and capacity building @ ₹2,000 per unit along with 50 per cent basic insurance premium for 3 years amounting to ₹ 1000 (Unit cost: ₹ 33,000 x 300 units=₹ 99 lakh + Training and capacity building=₹ 1 lakh)=₹ 1 crore.

¹⁸ 160 units each during 2008-09 and 2009-10.

¹⁹ Two milch cows/heifers @ ₹ 25,000 per cow and transportation upto destination @ ₹ 5,000 per animal=₹ 60,000 per unit. ₹ 15,000 per unit for insurance premium, training and capacity building, supervision and monitoring expenses, utensils, feed and fodder development. Total cost=₹ 240 lakh (₹75,000 x 320 units)

taken up during the subsequent two years (2008-10). However, only 524 units²⁰ could be taken up as a result of the arbitrary increase by the Government in the price of milch cows/pregnant heifers, as mentioned above, resulting in shortfall of 96 units²¹. Scrutiny of records further revealed that:

- As per the criteria set in the DPR, beneficiaries for DUs were to be selected from districts where milk processing/chilling facilities were created and they should preferably be a member of Dairy Co-operative Societies/Self Help Groups in the operational area of District Milk Co-operative Unions/Milk Chilling Units. The Department also stated that selection of beneficiaries was done in consultation with the District Officers and the Milk Unions. Scrutiny of records revealed that the 300 beneficiaries selected during 2007-08 were based on the recommendation of the milk unions/chilling plants of the respective districts²². However, out of 224 DUs selected during 2008-09 and 2009-10, 120 units were selected by the respective milk unions, 74 were recommended by VIPs, 25 were not in any of the lists and 5 were recommended by other officials. Thus, norms for selection of beneficiaries were not followed.

The Department stated (November 2012) that there were deviations in selection of beneficiaries due to unavoidable reasons despite their best efforts.

(iii) Community Dairy Projects (CDPs)

As per DPR, the CDPs were conceptualised to promote increased milk production through setting up of organised dairy farms at the village level with the main focus being to produce quality and clean milk to feed the dairy processing plants. Each beneficiary community was to be provided with 10 milch cows, housing, godown, furniture, equipment and working capital etc., amounting to ₹ 4 lakh per beneficiary. 30 CDPs at a cost of ₹ 1.20 crore²³ were to be set up during 2008-09 and 2009-10. Detailed analysis and joint physical verification of 14 CDPs in the selected district revealed that:

- As per DPR, 300 milch cows (10 each) of specified²⁴ quality were to be delivered to the beneficiaries of the 30 CDPs through two suppliers²⁵. Joint physical verification revealed that none of the 14 CDPs had received the cows as specified in the supply order resulting in most of the projects being abandoned as detailed in ***Appendix-2.3.3 (a)***. The failure of the projects can be attributed to the lapse of the Department in not enforcing the terms and conditions contained in the supply

²⁰ 300 units in 2007-08, 117 units in 2008-09 and 107 units in 2009-10.

²¹ Major shortfall being 21 units in Mokokchung, 22 units in Phek, 21 units in Wokha, 13 units in Mon, 7 units in Dimapur, 6 units in Zunheboto and 5 units in Tuensang.

²² Kohima, Dimapur, Mokokchung, Wokha and Phek.

²³ 10 milch cows at ₹ 3 lakh (₹ 30,000 per cow), housing, godown, furniture, MTEs, equipments, working capital at ₹ 1 lakh=₹ 4 lakh per unit x 30 units=₹ 1.20 crore.

²⁴ *Milch Breed*: Holstein Friesian/Jersey cross; *Pregnant Heifers*: 2 to 3 years; *Status of pregnancy*: Minimum 5 months; *Milch cows*: 1st and 2nd Lactation and *Dam's milk yield for Holstein-Friesian/Jersey*: 4000 to 5000 litres.

²⁵ M/s Ngulie Solo, Kohima and Evergreen Trading Co., Dimapur.

order. It was further seen that no action was taken against suppliers and payments in full were made despite receiving several complaints from the beneficiaries.

The Department stated (November 2012) that there were no complaints when the supply was made and payments were released on recommendations by the delivery board.

- The main objective of setting up CDPs was to produce milk to feed the dairy processing plants of the Department. One of the criteria for selection of the beneficiaries was that they should be willing to pour all the milk produced to the processing plants of the Department. It was, however, seen that the total milk produced by the 14 CDPs was only 120 litres per day (average daily production at present) and most of these were being sold by the beneficiaries in the local market (*Appendix-2.3.3 (a)*). Thus, the objective of increasing production and feeding the milk processing plants could not be achieved.

The Department stated (November 2012) that it is expected that the production of the CDPs would improve in due course of time.

(iv) Model Dairy Projects (MDPs)

The project for setting up Model Dairy Farms of 40 cows per unit, one each under Kohima, Peren, Mokokchung and Dimapur Districts during 2009-10 was conceptualised with a view to increase the milk production in the State by 6.40 lakh litres per year as well as create substantial economic venture under PPP mode. The scheme was to be implemented on 50:50 cost sharing basis amounting to ₹ 40 lakh (Government: ₹ 20 lakh and Beneficiary: ₹ 20 lakh) per unit.

As per departmental records, four MDPs at a cost of ₹ 0.80 crore²⁶ was set up during 2009-10. Detailed analysis and joint physical verification of four MDPs²⁷ in the selected districts revealed that actual implementation was totally at variance with the departmental records. The main points noticed in audit are detailed below:

- As per DPR, 160 milch cows (40 each) of the same specification as for the CDPs were to be delivered to the beneficiaries of the MDPs through the same two suppliers. Joint physical verification revealed that none of the projects had received the cows as specified in the supply order as detailed in *Appendix-2.3.3 (b)*. Further, it was stated by the beneficiary of MDP, Dimapur that he had received cash (₹ 13 lakh) from the Department for procurement of cows. Thus, it is evident that the bills and other records showing procurement and supply of cows to all the projects were fictitious.

The Department stated (November 2012) that the beneficiary may have negotiated with the supplier and received cash which was without the knowledge of the Department. This substantiates the fact that the Department paid the bills to the

²⁶ 40 cows each in Kohima, Dimapur, Peren and Mokokchung @ ₹ 40 lakh (to be equally shared between the Department and the entrepreneur)-- ₹ 20 lakh x 4 units= ₹ 0.80 crore.

²⁷ The MDP stated to be set up in Peren District could not be physically verified as it could not be traced by the departmental officers.

supplier without ensuring supply of the cows thereby frustrating the whole objective of the project.

- The main objective of setting up of MDPs was to produce milk to feed the dairy processing plants of the Department. One of the criteria for selection of the beneficiaries was that they should be willing to follow all clean milk production protocols and pour all the milk produced into the dairy processing plants of the Department. Annual average lactation yield per cow was also worked out as 4000 litres in the DPR i.e., 438 litres²⁸ per day per MDP. It was, however, seen that the total milk produced by the three MDPs was only 330 litres per day (average daily production at present) with the MDP in Dimapur accounting for 250 litres per day. It was also seen that only the MDP at Dimapur was selling all the milk produced to the dairy processing plant of the Department. While the MDP at Mokokchung was selling only half of their production to the dairy processing plant, the milk produced by the MDP at Kohima was being sold locally (*Appendix-2.3.3 (b)*). Further, it was seen that the beneficiary of MDP at Dimapur was an experienced dairy farmer who had been running the farm on a commercial basis for the last 15 years.

In view of the above, the objectives of setting up the CDPs and MDPs could not be achieved due to lack of proper monitoring by the Department and supply of inferior quality cattle to the beneficiaries.

The Department stated (November 2012) that despite numerous constraints and compulsions the CDPs and MDPs were implemented to the extent possible and that though deviations took place in the selection and supply aspects, the overall spirit and objective of the project was not completely sacrificed.

2.3.10.3 Setting up of Veterinary College

The Department had initiated (2008) the process of setting up a Veterinary College in the State with a view to develop sufficient manpower in Veterinary practices.

Scrutiny of records revealed that an MOU was drawn up (15.12.2008) between the Government of Nagaland and M/s Aegis International & Associates (a building Consultant) for rendering Project Management Consultancy Services for setting up the Veterinary College at Jalukie, Peren. The procedure followed for appointment of the Consultant could not be verified as records were not furnished. It was stated by the Department that the appointment was done in the Secretariat. It was further seen that an amount of ₹ 22.12 lakh was paid to the consultant against Pre-feasibility Report submitted (May 2010) by them. However, the project had not taken off even after a lapse of more than two years. It was seen that the Department had sought (13.05.2010) approval from the Government to terminate the MOU with the Consultant. However, the MOU was not terminated till October 2012.

²⁸ 4000 litres x 40 cows=1.60 lakh litres per year i.e., 438 litres per day per MDP (1.60 lakh litres÷365 days).

It was also seen that the Department has gone ahead with creation of infrastructure for setting up the College and had obtained funding under Special Plan Assistance.

The funds released, drawn by the Directorate and transferred to the EE, V&AH Division for execution of works in respect of the Veterinary College as shown in the Directorate Cash Book was as follows:

Table 2.3.7: Funds released and transferred to EE, V&AH Division

Year	Gross amount released by GOI/GON	Net amount drawn by Directorate	Expenditure incurred in Directorate	Amount transferred to EE	Balance as on 31.03.2012
2008-09	1.25	1.18	0.31	0.78	0.09
2009-10	5.00	4.83 ²⁹	0.00	4.83	0.00
2010-11	5.00	4.25	0.00	4.25	0.00
2011-12	1.00	0.93	0.00	0.00	0.93
Total:	12.25	11.19	0.31	9.86	1.02

(₹ in crore)

It was seen that a major portion of the funds was utilised for Civil Works viz., construction of security fencing, rest house, approach road, internal roads etc., at the proposed site of the Veterinary College executed by EE, V&AH Division through contractors. The important findings on scrutiny of records related to execution of the major works under the project are discussed in **Paragraph 2.3.10.8**. Thus, the expenditure of ₹ 22.12 lakh paid to the Consultant had become unfruitful.

The Department stated (November 2012) that payment to the Consultant was made against the pre-feasibility report submitted by them. It was further stated that the Central Agricultural University had been approached for implementing the project and the MOU with the Consultant was under process of termination.

2.3.10.4 Setting up of Nagaland Composite Pig Project (NCPP)

The State Government, with a view to increase pig production decided to set up a Composite Pig Project with two main components viz., Pig Breeding Unit and Slaughter House. Approval was obtained (June 2008) from the Government to appoint a Consultant (M/s Management Solutions, Business Planning Consultants, Kolkata) for preparation of the Concept Notes. The original proposal or the manner in which the Consultant was appointed was not on record. An MOU was signed (27.08.2008) and the firm was appointed (28.08.2008) as Consultant for the preparation of Feasibility Report and DPR for setting up the Pig Breeding Farm and Pork Processing Plant in Nagaland. Thereafter, based on proposal submitted (29.08.2008) by the Department, the Government gave expenditure sanction (05.11.2008) and drawal authority (05.11.2008) for an amount of ₹ 99.75 lakh against consultant fee for preparation of the DPR. The amount was drawn (17.11.2008) and transferred to a separate Subsidiary Cash Book. Scrutiny of the Subsidiary Cash Book revealed that:

²⁹ Out of this, ₹ 0.80 crore drawn by EE.

- A total amount of ₹ 75.51 lakh was spent on payment of consultation fees, accommodation of consultant and included ₹ 1.90 lakh for the Consultant's trip to Europe. It was also seen that a payment of ₹ 6.50 lakh was made to the Consultant on 18.11.08 against their bill dated 01.10.2007 (before appointment-being cost and expenses for initial development activities).
- An amount of ₹ 15.75 lakh was recorded as spent for visit outside country without details such as the purpose or to whom the payment was made. No other records in respect of the expenditure were also furnished.

The Department stated (November 2012) that the expenditure was incurred for trip to Germany undertaken by the Hon'ble Minister accompanied by the Consultant and two officers for physical verification of the equipment which were proposed to be imported from Germany.

Though the final DPRs with project cost of ₹ 157.31 crore was submitted by the Consultant in October 2010, no further progress towards establishing the NCPP or identifying the source of funding for the project after a lapse of almost two years was seen on record.

Scrutiny of records further revealed that the Department had submitted (01.10.2010) a concept note to the Government for establishment of Pig Breeding Farm and Slaughter House (Nagaland Composite Pig Project) under SPA amounting to ₹ 10 crore during 2010. Expenditure Sanction and Drawal Authority for ₹ 10 crore (gross) and ₹ 8.85 crore (net after deduction of 11.50 per cent departmental charges) was received from the Government and Finance Department on 31 March 2011. Out of this, ₹ 4.43 crore was to be drawn in cash and ₹ 4.43 crore was to be deposited in CD. As per expenditure sanction, ₹ 9.50 crore was earmarked for civil works and ₹ 0.50 crore for power supply. The funds drawn by the Directorate and released to the EE, V&AH Division was as shown in the table below:

Table 2.3.8: Funds drawn and transferred to EE, V&AH Division

(₹ in crore)

Date	Net amount drawn by Directorate	Date of release to EE	Amount transferred to EE	Balance as on 31.03.2012
31.03.2011	4.25	13.06.2011	2.00	-
		19.07.2011	2.25	-
23.11.2011	4.31	23.11.2011	2.00	-
		22.02.2012	0.15	-
		01.03.2012	1.00	1.16
Total:	8.56		7.40	1.16

It was seen that a major portion of the funds were utilized for Civil Works viz., provision of security fencing, rest house, internal roads, godown etc., at the proposed site of Slaughter House, Khopanala, Dimapur and construction of security fencing, rest house, approach road, overhead water tanks, godown etc., at the proposed site of Pig Breeding Farm, Jalukie executed by the EE, V&AH Division through contractors.

The important findings on scrutiny of records related to execution of the major works under the project are discussed in *Paragraph 2.3.10.8*. Thus, the possibility of the expenditure of ₹ 99.75 lakh becoming infructuous cannot be ruled out.

2.3.10.5 Assistance to States for Control of Animal Diseases

“Assistance to States for Control of Animal Diseases” (ASCAD) - a component of Centrally Sponsored Macro-Management Scheme “Livestock Health and Disease Control (LH & DC)” is being implemented in the State since 2003-04 of the 10th Plan. The Scheme was continued in the 11th Plan as well. The funding pattern was 75:25 between GOI and the State.

The main objectives of the Scheme was to provide prophylactic vaccination against major animal diseases prevalent in the State *viz.*, Swine Fever, Foot and Mouth Disease, Ranikhet disease, HS, BQ, Enterotoxaemia and Fowl Pox.

As per the scheme, Annual Action Plans (AAPs), showing component-wise requirement of funds during the year, are to be submitted by the State before the beginning of each financial year. The AAPs are examined and approved by GOI and funds sanctioned in one to three installments as per the utilisation. The position of funds approved by GOI as per AAPs and funds actually received and available for implementation of the Scheme (GOI and State share) during the 11th Plan period (2007-12) was as follows:

Table 2.3.9: Short release of funds from GOI/State

(₹ in lakh)

Year	Amount to be released as per approved AAP		Amount actually released		Short release	
	GOI (75%)	State (25%)	GOI	State	GOI	State
2007-08			150.00	--		
			50.00	--		
			110.00	100.00		
Total:³⁰	325.81	103.87	310.00	100.00	15.81	3.87
2008-09			150.00	45.27		
			123.00	41.00		
Total:	273.55	86.45	273.00	86.27	0.55	0.18
2009-10			150.00	45.29		
Total:	259.22	81.67	150.00	45.29	109.22	36.38
2010-11			100.00	33.33		
			--	24.67		
Total:	219.43	68.40	100.00	58.00	119.43	10.40
2011-12			175.00	54.93		
Total:	212.53	66.12	175.00	54.93	37.53	11.19
Grand total:	1290.54	406.51	1008.00	344.49	282.54	62.02

It can be seen from the table above that the Department could not avail a total amount of ₹ 3.45 crore sanctioned (₹ 2.83 crore from the GOI and ₹ 0.62 crore from the State Government) during the 11th Plan. This was due to delays in submission of AAPs, delays in release of funds by the State Government to the Department and delays in submission of Utilisation Certificates by the Department to GOI.

³⁰ Proposed by the State Government. Approved AAP not on record.

(i) Procurement and distribution of vaccines

Scrutiny of records revealed that a large quantity of vaccines valued at ₹ 5.82 crore were procured under the scheme during 2007-12. The quantity and cost of the major vaccines procured was as shown in the table below:

Table 2.3.10: Quantity and cost of vaccines procured

Sl No.	Name of vaccine	Quantity procured	Amount (₹ in crore)
1.	Swine Fever Vaccine	17,85,633 doses	3.43
2.	Foot and Mouth Disease Vaccine	11,76,317 vials of 15 doses each	1.44
3.	BQ Vaccine	10,90,998 doses	0.26
4.	Enterotoxaemia Vaccine	8,15,205 doses	0.14
5.	Fowl Pox Vaccine	85,66,999 doses	0.18
Total			5.45

The animals to be vaccinated each year and vaccines required were worked out on the basis of animal population as per the 18th Livestock Census conducted in 2007 and procured in bulk from local suppliers without requirement or indents from the districts. All the vaccines thus procured were shown as received and issued to the District Veterinary Officers (DVOs) in the records of the Directorate. Test-check of records in the selected districts revealed that the vaccines were shown as fully received and then issued to the various hospitals, dispensaries, stockman centres/Veterinary Outposts/Veterinary Health Centres under the DVOs. It was, however, seen during joint physical verification that most of those Institutions were defunct and were not in a position to either receive or store the vaccines as discussed in **Paragraph 2.3.11**. As such, procurement and distribution of such a huge quantity of vaccines to those Institutions was doubtful and needs further investigation.

(ii) Purchase of refrigerators without requirement

Scrutiny of records revealed that 132 refrigerators valued at ₹ 0.28 crore were procured under the scheme during 2007-12 as shown in the following table:

Table 2.3.11: Details of refrigerators procured

Year	Particulars	No. and rate	Amount (₹)
2007-08	Refrigerators from Nagaland General Stores	15 Nos. @ ₹19400 each	291000
	Refrigerator 263 ltrs from Nagaland General stores	25 Nos @ ₹19400 each	485000
2008-09	Refrigerator 263 ltrs from Nagaland General Store	18 Nos. @ ₹19400 each	349200
	Refrigerator (240 ltrs) from Nagaland General Stores	12 Nos. @ ₹18640 each	223680
	Refrigerator from Kuotsu Enterprises	18 Nos @ ₹19400 each	349200
2010-11	Refrigerator from Kuotsu Enterprises	56 Nos @ ₹20000 each	1120000
Total:		132 Nos	2818080

However, it was seen from records that the 56 refrigerators procured in 2010-11 (received in February 2011) had not been utilised and were kept (July 2012) in the store of the Directorate. Thus, refrigerators were procured without actual requirement. The Department stated (November 2012) that the refrigerators would be issued to Institutions with proper infrastructure and power supply.

2.3.10.6 Strengthening of State Farms (Pig and Cattle) under NABARD

Scrutiny of records revealed that NABARD had sanctioned loan of ₹ 11.75 crore during 2007-10 for strengthening of State Pig Breeding Farms and ₹ 8 crore during 2010-12 for strengthening of State Cattle Breeding Farms as shown in the table below:

Table 2.3.12: Funds released by NABARD and expenditure

(₹ in crore)

Year	Loan sanctioned and released	State share	In eligible cost (to be borne by State)	Expenditure
2007-08	3.00	-	-	3.00
2008-09	4.50	-	-	4.50
2009-10	4.25	0.62	2.20	4.25
Total	11.75	0.62	2.20	11.75
2010-11	3.00	-	-	3.00
2011-12	5.00	0.64	1.26	5.00 ³¹
Total	8.00	0.64	1.26	8.00
Grand total:	19.75	1.26	3.46	19.75

The amount of ₹ 19.75 crore released by NABARD for strengthening of State Pig Breeding Farms and State Cattle Breeding Farms was on loan basis @ 6.50 % per annum. The State Share amounting to ₹ 1.26 crore and ineligible cost (to be borne by State) of ₹ 3.46 crore was not released by the State Government.

Thus, ₹ 4.72 crore (State Share *plus* ineligible cost) was not available for carrying out the planned activities under the scheme.

The important findings on scrutiny of records related to execution of the major works under the project are discussed in *Paragraph 2.3.10.8 (e)*.

2.3.10.7 Strengthening of State Pig Breeding Farms under NEC

Strengthening of State Pig Breeding Farms in Nagaland was taken up during 2009-10 with funding from the North Eastern Council (NEC) and the State Government (90:10) at a total cost of ₹ 3.98 crore (NEC contribution: ₹ 3.59 crore and State share: ₹ 0.40 crore). The Scheme was implemented with the objectives of producing sufficient quality seed stock for farmers at an affordable price, to assist them in raising/fattening pigs and to promote and develop piggery in a cluster approach so as to reduce the import cost. The project was to be taken up in Medziphema and Jalukie with the target of producing 3600 no. of quality weaners with a turnover of 360 tonnes of pork worth ₹ 3.96 crore per year. The funds received from NEC and State Government for implementation of the Scheme was as shown in the following table:

³¹ Drawn and parked in current bank account

Table 2.3.13: Funds released by NEC/State and expenditure

(₹ in crore)

Year	NEC share	State share	Total	Expenditure
2009-10	1.27	0.00	1.27	1.27
2010-11	1.10	0.12	1.22	1.22
Total:	2.37	0.12	2.49	2.49

The major audit findings after scrutiny of records and joint physical verification of the State Pig Breeding Farms (Medziphema and Jalukie) are discussed in the following paragraphs.

(i) Non-release of State Share and third installment from NEC

NECs share in the Scheme was 90 *per cent* of the total approved project cost of ₹ 3.98 crore i.e., ₹ 3.59 crore which was to be released by NEC in three installments (two installment of 40 *per cent* each and the third installment of 20 *per cent*) on receipt of Utilisation Certificate (UC) from the Department. Though the Scheme was to be completed by 31 March 2012, the third installment of ₹ 1.22 crore was not released by NEC as the Utilisation Certificate for the 2nd installment was not submitted by the Department.

The State mandatory contribution of 10 *per cent* i.e., ₹ 0.40 crore was to be borne by the State Government through mobilisation of its own resources. Out of this, only 0.12 crore was released by the State Government. Though NEC had released the 1st installment of ₹ 1.27 crore in March 2010, the State Government had not released its share of ₹ 0.16 crore till July 2012.

Thus, due to non-availability of ₹ 1.50 crore, the implementation of the Scheme was adversely impacted.

The Department stated (November 2012) that Utilisation Certificate could not be submitted to NEC due to non-release of State share. It was also stated that the third installment of ₹ 1.22 crore could not be availed as it was mandatory that the State share of ₹ 0.12 crore had to be released in advance.

The important findings on scrutiny of records related to execution of the major works under the project are discussed in **Paragraph 2.3.10.8 (f)**.

2.3.10.8 Infrastructure support for different projects

Creation and maintenance of infrastructure for the Department is the responsibility of the Executive Engineer, Veterinary and Animal Husbandry Division (EE, V&AH), Kohima. The important audit findings on execution of civil works for the major projects *viz.*, setting up of Veterinary College, setting up of Nagaland Composite Pig Project and strengthening of State Farms under NABARD and NEC during 2007-12 are discussed in the following paragraphs.

(a) Construction of security fencing

A major portion of the funds (₹ 8.75 crore) under setting up of Veterinary College and Nagaland Composite Pig Project were utilised for construction of security fencing at the project sites (Jalukie and Khopanalala). Scrutiny of records and physical verification

revealed that the process of awarding the works was not transparent and that the works actually executed were not consistent with the estimates and entries in the MBs as detailed in the following paragraphs.

(i) Security fencing for Veterinary College at Jalukie

The amount sanctioned for construction of Security Fencing at the proposed site of Veterinary College and payments made to the contractor were as follows:

Table 2.3.14: Funds sanctioned and payment made to contractor

(₹ in crore)

Sl No.	Particulars	Amount sanctioned	Net amount paid to contractor
1.	Construction of security fencing- 630.50 m (in 10 groups of 62 m @ ₹ 4.93 lakh and one group of 10.50 m @ ₹88,000) during 2008-09	0.50	0.40
2.	Construction of security fencing-460 m (in 4 groups of 115 m @ ₹ 4.24 lakh) during 2008-09	0.00	0.16
3.	Construction of chain link fencing-86 m during 2008-09	0.00	0.03
4.	Construction of security fencing—4482 m (in 54 groups of 83 m @ ₹ 5 lakh each) during 2009-10	2.70	2.18
5.	Construction of security fencing—4407 m during 2010-11	2.23	1.67
	Total:	5.43	4.44

The more important points noticed in audit are detailed in the following paragraphs:

- Scrutiny revealed that works of security fencing were split up into 69 groups with estimated cost of ₹ 5 lakh or less during 2008-09 and 2009-10. During 2008-09, work with approximate cost of ₹ 50.18 lakh was split into 11 groups³² and work with approximate cost of ₹ 16.95 lakh was split into 4 groups³³. Again, during 2009-10, work with approximate cost of ₹ 2.29 crore was split into 54 groups³⁴. Technical estimates were framed for each group separately and approved by the Executive Engineer, V&AH Division. Bids were also invited separately for all the groups. Further, it was seen that all the works were allotted to one particular contractor as discussed in the next paragraph. Thus, it is evident that works were split up to avoid sanction of higher authority (CE, Housing). Splitting up of works also prevented the Department from obtaining more competitive offers and exercising better quality control of the works executed.

The Department stated (November 2012) that works were split up to avoid procedural delays and complete the work in time. However, the fact remains that this practice is a clear violation of the Financial and Cognate powers delegated to officers at different levels under Nagaland PWD.

- NITs were not published or given wide coverage as required under Rules. Bids for all the works (total of 69 groups) were received from the same contractors³⁵ (3 bids for each work) and all the works were awarded to M/s Hi-tech Constructions except for the 4 groups during 2008-09, which were awarded to M/s N.R. Zeliang.

³² @ ₹ 4.93 lakh for 10 groups and ₹ 88,000 for one.

³³ @ ₹ 4.24 lakh for each group.

³⁴ @ ₹ 4.24 lakh for 44 groups and ₹ 4.23 lakh for 10 groups

³⁵ M/s Hi-tech Constructions, M/s N.R. Zeliang, Gaubeu Rangkau, Dennis Zeliang, Adam Zeliang, Platinum Enterprises Pvt Ltd, and Jordan Constructions.

Further, it was seen that M/s N.R. Zeliang and M/s Hi-tech Constructions had the same registration numbers and were in fact one and the same firm³⁶. Thus, it is evident that NITs, tender papers, bids etc., were fabricated to favour a particular contractor.

The Department stated (November 2012) that the lowest bidder was selected as per prevailing SOR. It was further stated that the partners of the firms had separated and registered in separate names in March 2011. However, the fact remains that the firm was one and the same when they had bid for the work.

- As per estimates and entries made in the MBs, the total length of security fencing constructed during 2008-11 was 9980 m with pillars at a distance of 2.96 m at a total cost of ₹ 4.81 crore. During joint physical verification (07.09.2012), it was seen that the actual execution of work was not as per the estimate and the entries in the MB resulting in excess payment to the contractor. The difference in the work as per estimates and entries in the MB and actual execution was as shown in the table below:

Table 2.3.15: Difference between measurements in MB and actual execution

Sl No.	Component	Measurements as per estimates and entries in MBs	Actual execution	Difference
1.	Height of wall	2.43 m	6 ft (1.83 m)	0.60 m
2.	Height of pillar	2.13 m	6 ft (1.83 m)	0.30 m
3.	No of pillars	3372 Nos	2495 Nos.	877 Nos.
4.	Breadth of wall	0.25 m	5.5 inch (0.13 m)	0.12 m
5.	No. of barbed wire (lines)	8 lines (6 horizontal and two diagonal)	4 lines (all horizontal)	4 lines
6.	Plastering on walls	Both sides	One side (outside wall)	One side

Thus, it is evident that the measurements entered in the MBs, on the basis of which payments were made to the contractor, were fictitious.

The Department stated (November 2012) that the measurements for the walls and pillars recorded in the MBs include wall constructed below ground level. However, the facts remains that the measurements recorded in the MB were not consistent with the actual work executed and needs further investigation.

(ii) Provision of security fencing for Slaughter House at Khopanala

Though ₹ 2.90 crore was earmarked in the expenditure sanction for provision of security fencing along the boundary at Slaughter House, Khopanala, technical estimates for only an amount of ₹ 1.00 crore (1600 m) was prepared by the EE and approved by the CE (Housing). Thereafter, NIT, on item rate basis, was issued (29.06.11) for the work with approximate cost of ₹ 0.84 crore with the date for opening of bids being 07.07.2011. NIT was not advertised or given wide publicity as required under Rules and no time was given for submission of bids as per CVC

³⁶ Name changed from M/s N.R. Zeliang to M/s Hi-tech Construction with the same registration number (NPW/Class I/220) vide Government Notification PWD/E-in-C/Accts-1/Pt (1) dated 25.06.2008.

guidelines (4 to 6 weeks) to ensure fair and adequate competition. Bids were received from three firms and work was awarded (17.08.2011) to M/s Ruokuo Angami on the basis of recommendation by a VVIP. The work was certified to have been completed and payment of ₹ 0.74 crore was made to the contractor on the basis of entries made in the MB which was exactly as per the estimates.

Joint physical verification (21.08.2012) revealed that the actual execution of work was not as per the estimates/measurement recorded in the MB as can be seen from the table below:

Table 2.3.16: Difference between measurements in MB and actual execution

Sl No.	Component	Measurements as per estimates and entries in MBs	Actual execution	Difference
1.	Height of wall	2.43 m (7.97 ft)	1.98 m (6.50 ft)	0.45 m
2.	Angle post (45x45x6mm)	472 Nos	Nil	472
3.	No. of barbed wire (lines)	6 lines	Nil	6 lines

Thus, it is evident that the measurements entered in the MB were fictitious.

The Department stated (November 2012) that measurement of walls recorded in the MB include the portion below ground level and that angle posts were replaced by placing brick on top with mortar U Neal. However, the fact remains that measurements in the MB were not consistent with the actual work executed and needs further investigation.

(b) Construction of Guest/Rest Houses

A total amount of ₹ 2.16 crore was spent for construction of three guest/rest houses at the proposed sites for Veterinary College at Jalukie and Nagaland Composite Pig Project (Khopanala and Jalukie). Scrutiny of records and joint physical verification revealed that the process of awarding the works was not transparent and actual execution was not consistent with the estimates and entries in the MBs as discussed in the following paragraphs.

(i) Construction of Guest House for Veterinary College at Jalukie

The Government had given administrative approval of ₹ 3 crore for construction of Guest House-cum-office during 2010-11. However, it was seen that technical estimates were approved by CE (Housing) for an estimated amount of ₹ 1.60 crore including centage charges³⁷ of ₹ 60.85 lakh. Thereafter, NIT was issued for the work with approximate cost of ₹ 99.15 lakh. As in all cases, it was seen that NIT was not advertised or given wide coverage. Bids were received from three firms³⁸ and work was allotted (April 2011) to M/s Jordan Construction. The work was certified to have been completed (January 2012) and payment of ₹ 0.95 crore was made to the

³⁷ Site leveling, water supply, electrification, consultation fee, contingency, departmental charges etc.

³⁸ M/s Platinum Enterprise Pvt. Ltd. (15% above SOR 2010); M/s Jordan Construction (at par with SOR) and M/s Kedou Enterprise (10% above SOR).

contractor on the basis of measurements entered in the MB which was exactly as per the estimates.

Joint physical verification (07 September 2012) revealed that the actual execution of work was not as per estimates or measurements recorded in the MB. Though payment in full was made, keys were stated to be in the custody of the contractor and number of rooms and their size could not be verified. As per the drawings, two rooms, a dormitory and two toilets at either ends of a closed corridor were to be constructed in the basement floor. It was, however, seen that only two rooms and two toilets at one end with an open verandah was constructed. Further, the front elevation of the building was also not as per the drawings enclosed with the estimates as can be seen from the photographs below.

Photograph 2.3.1



Thus, measurements recorded in the MBs, on the basis of which payments were made to the contractor, were fictitious.

The Department stated (November 2012) that deviations/ rearrangements were done on instruction of VIP for better utility. However, the fact remains that measurements entered in the MB were not consistent with the actual work executed.

(ii) Construction of Rest House for Slaughter House at Khopanala

Although, only ₹ 0.50 crore was earmarked for the work in the expenditure sanction, technical estimate for an amount of ₹ 1.43 crore was prepared by the EE, V&AH and approved by the CE (Housing) during May 2011. Thereafter, NIT, on item rate basis, was issued (29.06.11) for the work with approximate cost of ₹ 0.89 crore with the date for opening of bids being 07.07.2011. NIT was not advertised or given wide publicity as required under rules and no time was given for submission of bids as per

CVC guidelines (4 to 6 weeks) to ensure fair and adequate competition. Three bids³⁹ were received and work was awarded (17.08.2011) to M/s Solo Engineering on the basis of recommendation of a VVIP. All measurements were entered in the MB as per the estimates, work was certified as completed and an amount of ₹ 0.79 crore was paid to the contractor in two Running Account Bills in November 2011 and May 2012.

Joint physical verification (21.08.2012) revealed that the actual execution of work was not as per estimates/measurements recorded in the MB. Though payment in full was made, the rooms were locked and the keys were stated to be in the custody of the contractor. Therefore, the number of rooms and their size could not be verified. It was, however, seen that the actual construction was not as per the drawings enclosed with the estimates as can be seen from the photographs below:

Photograph 2.3.2



Thus, measurements recorded in the MBs, on the basis of which payment was made, were fictitious.

The Department stated (November 2012) that the deviation occurred as the contractor was requested to construct RCC slab to keep water tank instead of CGI sheet roofing. However, the fact remains that measurements recorded in the MBs were not consistent with the actual work executed.

(c) Construction of overhead water tanks

A total amount of ₹ 25.16 lakh was spent for construction of rolled steel unequal angle overhead tanks for the guest/rest houses for Veterinary College at Jalukie and the Nagaland Composite Pig Project (Jalukie and Khopanala). Scrutiny of records and physical verification revealed that the works were not actually executed and payments were made to the contractors on the basis of fictitious entries made in the MBs as detailed in the following paragraphs.

(i) Construction of overhead water tanks for Guest House for Veterinary College at Jalukie.

NIT was issued (March 2011) for construction of two separate rolled steel unequal angle overhead water tanks for the Guest House at an estimated cost of ₹ 8.40 lakh and work was awarded (April 2011) to M/s H. Ikishe Sukhalu. As per entries made in

³⁹ (i) M/s Hi-tech Constructions (10% above item rate), (ii) M/s I. Lima Ao (15% above item rate) and (iii) M/s Solo Engineering (at par with item rate).

the MB, the work was certified to have been completed in May 2011 and payment of ₹ 8.04 lakh was made to the contractor in July 2011. It was, however, seen during joint physical verification (07 September 2012) that the work was not executed and only one water tank (Sintex-1000 litres) was fitted on the roof of the Guest House building. Thus, payment of ₹ 8.04 lakh was made to the contractor on the basis of fictitious entries made in the MB.

(ii) Construction of overhead water tanks for Slaughter House at Khopanala

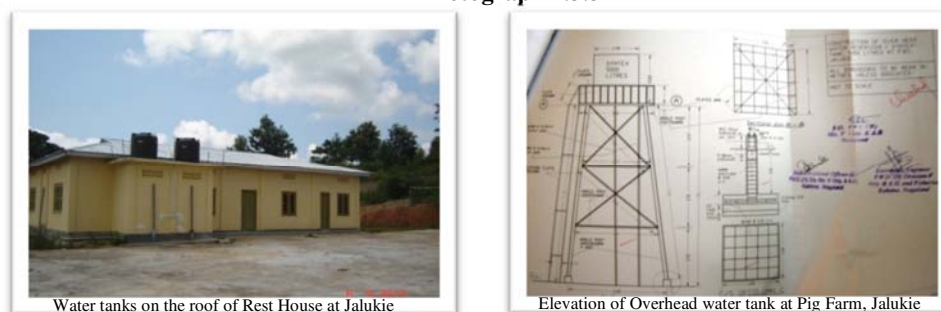
NIT was issued (28.03.11) for construction of two rolled steel unequal angle overhead water tanks with estimated cost of ₹ 8.38 lakh after splitting up the work into two equal groups and work was awarded (April 2011) separately to M/s H.B. Enterprises. As per entries made in the MB, the work was certified to have been completed in August 2011 and payment of ₹ 8.03 lakh was made to the contractor in August 2011. It was, however, seen during joint physical verification (21.08.12) that the work was not executed and two water tanks (2 Sintex tanks of 2000 litres each) were fitted on the roof of the Rest House building.

Thus, payment of ₹ 8.03 lakh was made to the contractor on the basis of fictitious entries made in the MB.

(iii) Construction of overhead water tanks for Rest House for NCPP at Jalukie

NIT was issued (07.03.11) for construction of two rolled steel unequal angle overhead water tanks with estimated cost of ₹ 8.38 lakh after splitting up the work into two equal groups and work was awarded (April 2011) separately to M/s H. Ikshe Sukhalu. As per entries made in the MB, the work was certified to have been completed in June 2011 and payment of ₹ 8.04 lakh was made to the contractor in July 2011. It was, however, seen during joint physical verification (07.09.12) that the work was not executed and two water tanks were fitted on the roof of the Rest House building as can be seen from the photograph below.

Photograph 2.3.3



Thus, payment of ₹ 8.03 lakh was made to the contractor on the basis of fictitious entries made in the MB.

The Department stated (November 2012) that it was decided to place water tanks on top of the buildings as it was felt that steel structure will be less durable due to heavy iron content in the water available at the site. However, the fact remains that

measurements for work not executed were recorded in the MBs and payment made to the contractor on that basis.

(d) Construction of godown for Slaughter House at Khopanala

Though an amount of ₹ 0.30 crore was earmarked for construction of godown, technical estimates for only an amount of ₹ 0.26 crore was prepared by the EE and approved by the CE (Housing). Thereafter, NIT was issued (24.05.11) with approximate cost of ₹ 0.17 crore. NIT was not advertised or given wide publicity as required under Rules. Bids were received from 3 contractors and work was awarded (17.08.11) to M/s Ruokuo Angami on the basis of recommendation of a VVIP. The work was certified to have been completed and payment of ₹ 0.15 crore was made (25.11.11) to the contractor on the basis of entries made in the MB which was exactly as per the estimates.

Joint physical verification (21.08.12) revealed that the actual execution was not as per the estimates or the measurements recorded in the MB. Though two doors and 7 windows were shown as executed, it was seen that only one door with shutter on one side was made without any windows as shown in the photograph below:

Photograph 2.3.4



Thus, entries made in the MB, on the basis of which payments were made to the contractor, were fictitious.

The Department stated (November 2012) that the two small doors were replaced by one big door with shutter for the sake of convenience and that windows were avoided for safety reasons and proper ventilation had been provided. The fact, however, remains that measurements recorded in the MB were not consistent with the work actually executed.

(e) Payments made against works not executed under NABARD

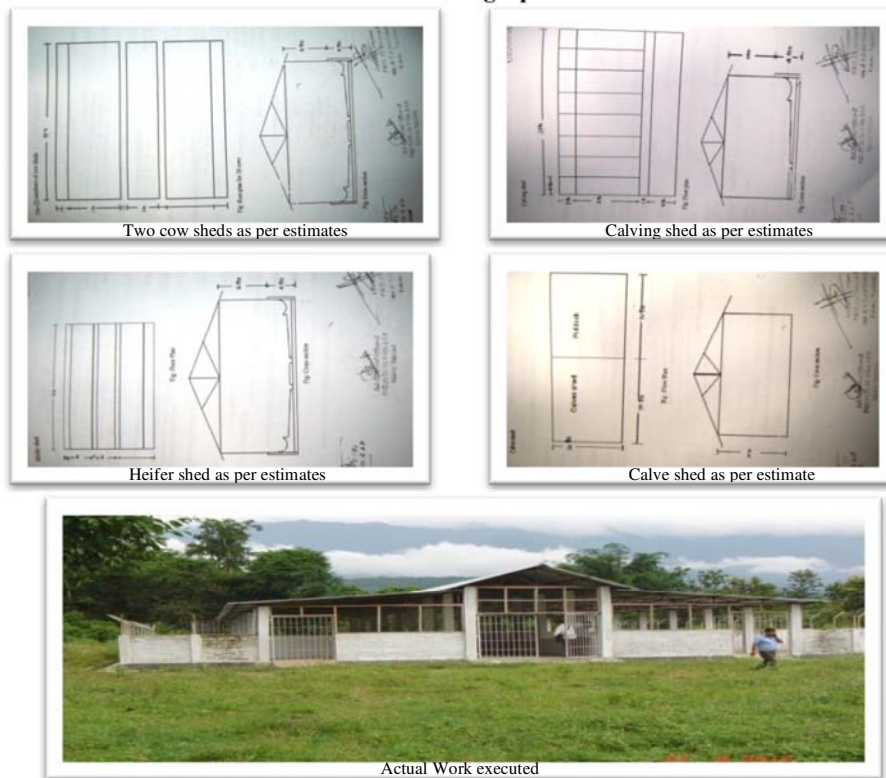
The major component of the scheme was strengthening of infrastructure of the farms i.e., renovation of existing sheds and construction of new ones. Scrutiny of records relating to works executed under the scheme and joint physical verification in 7 State farms (4 Pig Farms⁴⁰ and 3 Cattle Farms⁴¹) revealed that works valued at ₹ 3.71 crore shown as executed as per entries in the MBs were not actually taken up as detailed in

⁴⁰ Merangkong, Lerie, Jalukie and Medziphema
⁴¹ Lerie, Medziphema and Jalukie

Appendix-2.3.4. Payments were also released to the contractors based on fictitious entries in the MBs for works not executed.

Further, it was seen that estimates were framed for construction of four separate sheds at an estimated cost of ₹ 0.78 crore during 2010-11 at Cattle Breeding Farm, Medziphema. Entries were also made in the MBs as per the estimates and payments released to the contractor. Joint physical verification, however, revealed that only one combined shed was constructed instead of four separate sheds as can be seen from the photograph below:

Photograph 2.3.5



Thus, actual execution was not commensurate with the expenditure incurred and inconsistent with the records maintained by the EE.

The Department stated (November 2012) that the sheds were combined to avoid wastage of land and that there was no deviation in the area and specifications. The fact, however, remains that the measurements entered in the MB were not consistent with the actual work executed.

(f) Fictitious expenditure under NEC

During 2009-10, ₹ 0.18 crore was shown as spent for construction of pen caging in two pig sheds (1 & 2) at Pig Breeding Farm, Jalukie. However, the same work had already been completed during 2009-10 under NABARD at a cost of ₹ 0.52 lakh. Thus, payment of ₹ 0.18 crore was made on the basis of fictitious entries recorded in the MBs and needs further investigation.

Thus, the process of award of works was not transparent and consistent with the estimates/entries in the MBs resulting in excess payments to the contractors. Further, the possibility of the investment of ₹ 22.25 crore⁴² for setting up the Veterinary College at Jalukie and the Nagaland Composite Pig Farm (Khopanala and Jalukie) becoming infructuous and idle cannot be ruled out as the projects have not taken off even after a lapse of four years after it was initiated. The expenditure incurred towards creation of infrastructure for the projects had only benefitted the contractors.

2.3.10.9 Procurement of livestock and poultry feeds

Scrutiny of records in the Directorate revealed that an amount of ₹ 5.92 crore was spent on procurement of livestock and poultry feed during 2008-12. The funds received and expenditure incurred for procurement of livestock and poultry feed during 2008-12 was as shown in the table below:

Table 2.3.17: Funds released and expenditure

(₹ in crore)				
Year	State plan	Non-plan	Total	Expenditure
2008-09	0.65	0.35	1.00	1.00
2009-10	0.80	0.35	1.15	1.15
2010-11	1.57	0.35	1.92	1.92
2011-12	1.50	0.35	1.85	1.85
Total:	4.52	1.40	5.92	5.92

The major findings of audit regarding procurement of livestock and poultry feeds are discussed in the following paragraphs:

(i) Avoidable excess expenditure and undue favour to supplier

Scrutiny of records revealed that a VVIP had directed (March 2010) the Department to award supply order to a firm⁴³ for supply of various items of feeds. It was also seen that the Department had approached (June 2010) the Government with a proposal to procure the feeds directly from the market at prevailing market rates with the justification that cost would be reduced by almost 40 to 50 per cent with better quality of feeds. However, the Government rejected (July 2010) the proposal of the Department and issued Administrative Approval reiterating that supply order be issued to the firm recommended by the VVIP. Accordingly, the Department issued (03 August 2010) supply order to the firm with the terms and conditions that the feed should be delivered to the respective farms and transportation of the feeds to the farms shall be the sole responsibility of the supplier. Further, it was also stated that the approved rates of the feeds shall remain effective till March 2011 and no enhancement of rate will be entertained under any circumstances. These terms and conditions were also accepted by the supplier (03 August 2010).

However, it was seen that the supplier had approached (August 2010) the Department to incorporate transportation cost for delivery of feeds to the farms and that ₹ 0.31 crore was subsequently paid to the firm against transportation cost.

⁴² Veterinary College: ₹ 12.25 crore and Nagaland Composite Pig Project: ₹ 10 crore.

⁴³ M/s Vikiye Sema, Dimapur

Though the supplier had applied (23 August 2010) for enhancement of rate by 15 per cent, it was rejected (October 2010) by the Department. It was, however, seen that the Department had subsequently allowed (December 2010) enhancement of rate by 30 per cent with the approval of a VVIP and had made an excess payment (February 2011) of ₹ 0.27 crore to the supplier.

Thus, there was undue favour in selection of the supplier and an excess payment of ₹ 0.58 crore was also made to the supplier due to allowance of transportation cost and enhancement of rates.

The Department stated (November 2012) that enhancement of rate could not be avoided due to the abrupt increase in the price of feed items and fuel.

2.3.10.10 Entrepreneur Development

The project 'Integrated Livestock Development for Piggery and Poultry Production through peoples' participation' was implemented at a cost of ₹ 2 crore during 2008-09 with the objective of enhancing production of pork and chicken, providing direct and indirect employment and preventing rural migration to urban areas. The beneficiaries of the project were to be progressive piggery and poultry farmers, educated unemployed youth and self help groups.

Records relating to the implementation of the project under 'Poultry Development' were scrutinised in audit. 16 beneficiaries (*Appendix-2.3.1 (h)*) under the project in the four selected districts were also taken up for joint physical verification.

As per the proposal, a total of 800 Low Input Technology birds, 40-50 days old, were to be given to 50 beneficiaries in the State for production of chicken. The total expenditure for the poultry project was ₹ 0.53 crore as shown in the table below:

Table 2.3.18: Component-wise expenditure

Sl No.	Particulars	Amount (₹ in lakh)
1.	Cash component (poultry shed, equipments & feeds) @ ₹27,587 per beneficiary	13.79
2.	Low input technology growers (Kurioler) 40-50 days old including transportation	34.80
3.	Transit cost (feeds & feed supplements, medicines etc.)	4.17
Total:		52.76

The important audit findings in respect of implementation of the Scheme are discussed in the paragraphs that follow:

(i) Selection of beneficiaries

The beneficiaries for the project were to be selected through conducting interviews from amongst 143 applicants. However, it was seen that 38 out of the 50 beneficiaries were selected on the basis of recommendations received from VVIPs/VIPs. Thus, the selection of beneficiaries was not on the basis of feasibility or capability of the candidates.

(ii) Non-achievement of targets

The Department intended to produce 2160 chickens in 3 production cycles per annum at 750 chicks per cycle through implementation of the Scheme. The target set was to produce 90 tonnes of chicken meat worth ₹ 0.99 crore per annum. Joint physical verification, however, revealed that most of the beneficiaries had either abandoned the project altogether or had shifted over to piggery as detailed in *Appendix 2.3.5*.

Thus, the objectives of implementing the Scheme or the targets set by the Department could not be achieved.

The Department stated (November 2012) that the poultry farms could not succeed due to increase in feed prices and most of the beneficiaries had shifted to piggery.

2.3.11 Joint Physical Verification of institutions under the Department

Results of joint physical verification of selected major projects/schemes executed under Mithun Project, White Revolution, Establishment of Veterinary College, Nagaland Composite Piggery Farm, Entrepreneur Development, NABARD and NEC have been incorporated in the respective paragraphs. Joint physical verification of the State Farms, Veterinary Hospitals, Dispensaries, Disease Diagnostic Laboratories, Quarantine Check Posts and Stockman Centres/Veterinary Outposts/Veterinary Health Centres in the selected districts was also carried out along with the departmental officers. It was found that many of these units were either defunct or functioning from very old and dilapidated buildings as discussed in the following paragraphs.

2.3.11.1 State Cattle Breeding Farms

There were 10 State run Cattle Breeding/Dairy Farms in Nagaland. The farms were functioning with the objective of disseminating superior germplasm of high yielding breeds of cattle to dairy farmers through artificial insemination and also to produce quality heifers. Joint physical verification of six⁴⁴ farms in the selected districts, however, revealed that they were in very poor condition despite an amount of ₹ 8 crore being spent for strengthening during 2010-12 under NABARD.

Information could not be collected from SCBF, Medziphema as only an attendant was present during physical verification and it was stated that the post of Farm Manager was lying vacant since 2010.

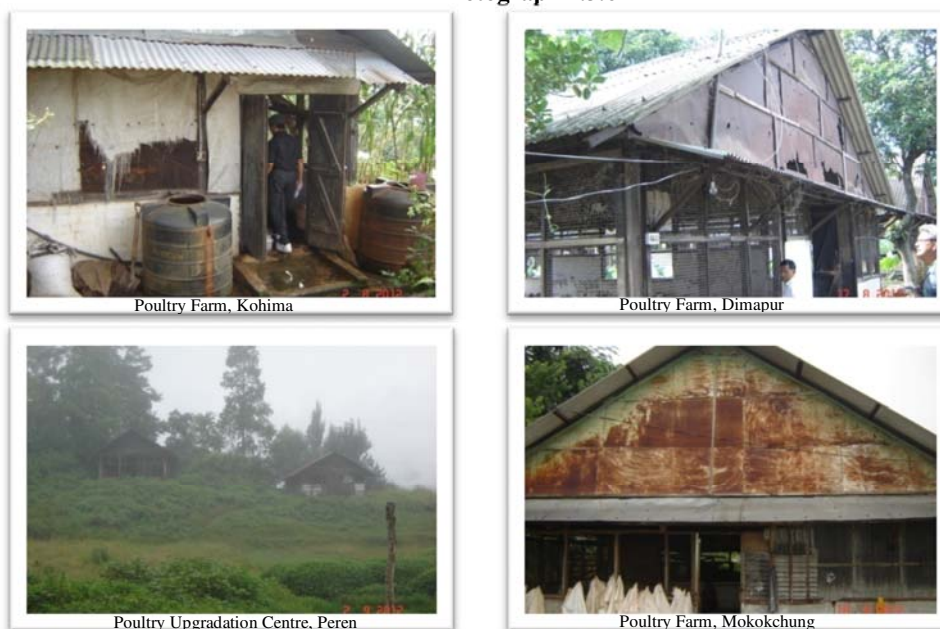
Further, it was seen during joint physical verification that the farms, with the exception of SCBF, Lerie was not involved in any breeding activity but were functioning as dairy farms with very negligible production/revenue generation as detailed in *Appendix-2.3.3 (a)*.

⁴⁴ (i) SCBF, Lerie; (ii) SCBF, Medziphema, Dimapur; (iii) SCBF, Aliba, Mokokchung; (iv) Dairy Upgradation Centre, Peren; (v) Regional Brown Swiss Cattle Breeding Farm, Jalukie, Peren; (vi) Surti Buffalo Farm, Jalukie, Peren.

2.3.11.2 State Poultry Farms/Hatchery Units

There were 13 State run poultry farms/hatchery units/chick rearing centres in Nagaland. The farms were to play a major role in providing quality chicks to poultry entrepreneurs and also upgrade the local birds through crossing. Joint physical verification of six⁴⁵ farms in the selected districts, however, revealed that the infrastructure of these farms were very old and dilapidated as can be seen from the photographs below.

Photograph 2.3.6



All the farms physically verified were found to be functioning independently on self sustaining basis with negligible output/revenue generation as detailed in **Appendix-2.3.6 (b)**. Thus, the objectives of the Department in running the farms were not achieved.

Further, the Poultry Farm shown as functioning at Jalukie, Peren in the records of the Department could not be physically verified as it was non-existent.

2.3.11.3 State Pig Breeding Farms

There were 9 State Pig Breeding Farms in Nagaland. The main aim of these farms was to produce and supply quality breeding stock for the rural farmers with a view to enhance pork production. These farms were to supply piglets to farmers under various piggery development schemes. Joint physical verification of four⁴⁶ farms in the selected districts, however, revealed that they were functioning from very old and dilapidated buildings, especially Merangkong, despite an amount of ₹ 11.75 crore

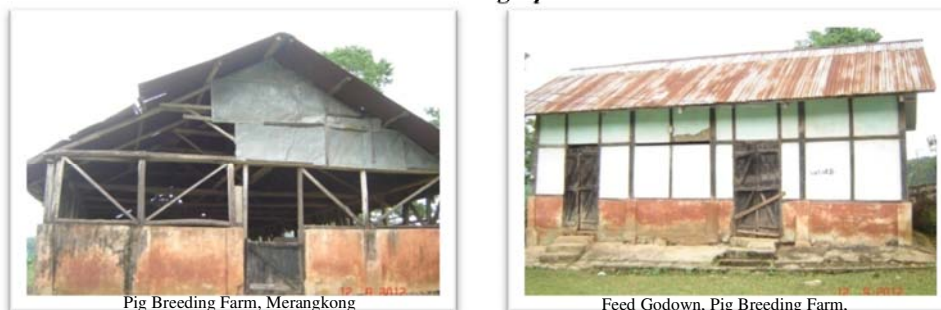
⁴⁵ (i) Poultry farm, Kohima; (ii) Poultry farm, Dimapur; (iii) Chick Rearing Centre, Medziphema, Dimapur; (iv) Poultry farm, Mokokchung; (v) Poultry Upgrading Centre, Peren; (vi) Poultry farm, Jalukie, Peren

⁴⁶ (i) PBF, Lerie, Kohima; (ii) PBF, Medziphema, Dimapur; (iii) PBF, Jalukie, Peren; and (iv) PBF, Merangkong, Mokokchung.

being spent for strengthening under NABARD and ₹ 2.49 crore under NEC (Medziphema and Jalukie).

It was also noticed that the infrastructure of these farms, especially in Merangkong, were very old and dilapidated as can be seen from the following photographs.

Photograph 2.3.7



It was seen that the total number of pigs at present was only 33 and the revenue generated during 2007-11 was only ₹ 5.91 lakh and 'nil' during 2011-12. Further, it was seen that 15 staff were posted against the farm.

2.3.11.4 Veterinary Hospitals

There were 11 Veterinary Hospitals in the State as per departmental records. Joint physical verification of three (*Appendix-2.3.1 (i)*) hospitals in the selected districts revealed that all, except Kohima, were poorly equipped with number of cases attended being very low as detailed in *Appendix-2.3.6 (c)*.

The Veterinary Hospital shown as functioning at Peren in the records of the Department was found to be only a Dispensary and it was stated by the Doctor in-charge that it was yet to be upgraded.

2.3.11.5 Veterinary Dispensaries

Out of 17 Veterinary Dispensaries in the State, six (*Appendix-2.3.1 (j)*) were selected for joint physical verification. Joint physical verification of the five dispensaries revealed that all of them were poorly equipped. It was further seen that the Dispensary in Changtongya, Mokokchung was in very poor condition and abandoned as can be seen from the photographs below.

Photograph 2.3.8





The Dispensary shown as functioning at Khuzama in Kohima District in the records of the Department could not be traced by the departmental officers during physical verification and its existence is doubtful. Further, most of the dispensaries were without medicines/equipment and number of cases attended was also very low as detailed in *Appendix-2.3.6 (d)*.

2.3.11.6 Disease Diagnostic Laboratories

Out of 14 DDLs in the State, five (*Appendix-2.3.1 (k)*) were selected for joint physical verification. It was found that all of them, except DDL, Peren, were located in new buildings and had few laboratory equipment as seen from the photographs below.

Photograph 2.3.9



It was, however, seen that these labs were non-functional despite an amount of ₹ 0.45 crore spent on their maintenance during 2007-12 under ASCAD due to absence of staff as detailed in *Appendix-2.3.6 (e)*.

The Department stated (November 2012) that the DDLs were not fully functional due to lack of manpower and assured that efforts would be made to deploy trained personnel in all the DDLs.

2.3.11.7 Quarantine Check Posts

Quarantine Check Posts in the State were established under provisions of the Nagaland Contagious Disease Act, 1980 to provide for the prevention and spread of contagious diseases of livestock including poultry birds. The duties and function of the QCPs include detention of animals at quarantine for the purpose of inspection, vaccination and marking, issue of vaccination certificate and reporting any contagious disease detected to the authority. For this purpose, facilities for feeding and caring for the animals in quarantine have to be in place.

Out of 16 QCPs in the State, five (*Appendix-2.3.1 (m)*) were selected for joint physical verification. It was seen that three of them were functioning from temporary thatched accommodation on the roadside and a new building constructed for QCP, Kedima was abandoned and covered with vegetation as can be seen from the photographs below.

Photograph 2.3.10



It was also seen that the only activity carried out in the QCPs were collection of entry/token fees and facilities for quarantining the animals or conducting tests etc. were non-existent as detailed in *Appendix-2.3.6 (f)*. Thus, the purpose of establishing the QCPs i.e., prevention of spread of contagious diseases of livestock in the State was not achieved.

Further, it was seen that there was no system for proper monitoring of the working of the QCPs and the revenue collected by them. Receipt books were collected from the Directorate by the officers in-charge of the QCPs. However, stock register of receipt books or other records showing receipt and utilization of the receipts books were not maintained by them. There was also no mention of receipt and utilisation of receipt books in the monthly/yearly progress reports submitted to the Directorate through the DVOs (District Veterinary Officers).

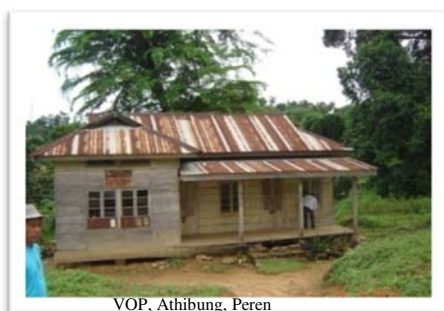
Further, receipt book No.451 was shown as not issued and 472 shown as issued to Dimapur as per records furnished by the Directorate. However, it was seen both these receipt books were used in Tuli QCP during September 2009 and April 2010 respectively.

Thus, in the absence of proper monitoring of the QCPs by the DVOs and the Directorate, the possibility of pilferage of Government revenue cannot be ruled out.

2.3.11.8 Stockman Centres/Veterinary Outposts/Veterinary Health Centres

Out of 121 SMCs/VOPs/VHCs in the State, 13 (*Appendix-2.3.1 (l)*) in the selected districts were taken up for joint physical verification. It was found that most of the centres/posts were defunct with very old and dilapidated buildings as can be seen from the photographs below.

Photograph 2.3.11



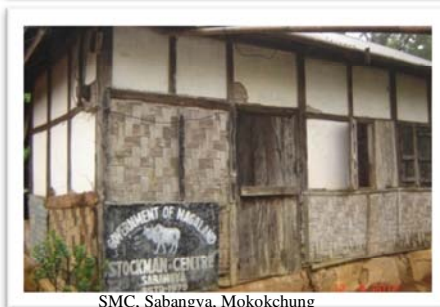
VOP, Athibung, Peren



VHC, Mhainamtsi, Peren



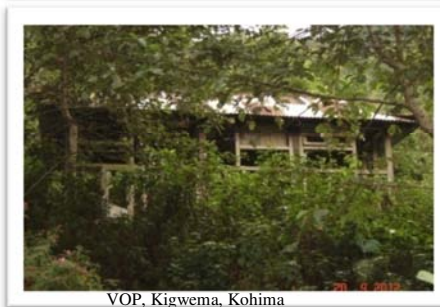
VOP, Merangkong, Mokokchung



SMC, Sabangya, Mokokchung



SMC, Longnak, Mokokchung



VOP, Kigwema, Kohima

It was further seen that the centres were non-functional despite staff being posted against them as detailed in *Appendix-2.3.6 (g)*.

2.3.12 Monitoring

The Department could not furnish information regarding system in place to monitor the effective implementation of schemes/projects despite requisition (April 2012) and several reminders. Thus, audit was not able to study the effectiveness of the monitoring mechanism in the Department.

The NABARD Consultancy Services (NABCONS) had been appointed by the Planning Commission as a Third Party Monitoring Agency to assess effective implementation of projects funded under Special Plan Assistance (SPA) in the State. However, except of asking for some reports from the Department, the Agency had not conducted any monitoring of the projects implemented by the Department under SPA viz., Mithun Project, Integrated Livestock Development and White Revolution, Setting up of Veterinary College and Setting up of Nagaland Composite Pig Project. No system also existed in the Department for monitoring the activities of the veterinary institutions.

Thus, lack of proper monitoring, both by NABCONS and the Department, opened the system to several gaps in implementation of the schemes which ultimately culminated in frauds and mis-appropriation as detailed in the paragraphs above. Therefore, the objectives of the schemes could not be fully achieved.

2.3.13 Internal control

Internal controls in a Department are intended to give reasonable assurance that its operations are carried out according to laid down rules and regulations in an economic, efficient and effective manner. A built-in internal control system and adherence to codes and manuals minimise the risk of errors and irregularities and help the Department to achieve its objects with optimum use of its resources.

The Department could not furnish any information on internal control system despite requisition (April 2012) and several reminders. Thus, audit could not study the effectiveness of internal control system in the Department.

However, it was seen that no Departmental Manual had been prepared indicating lack of accountability at various levels. Further, no internal audit either by the Department or the Directorate of Treasuries and Accounts had been carried out in the Directorate or in any of the districts during the period covered by Audit.

2.3.14 Human Resource Management

The Department could not furnish information on demarcation of functional responsibilities of various categories of staff, the procedure followed for their deployment and training conducted despite requisition (April 2012) and several reminders. Thus, audit could not study the effectiveness of human resource management in the Department.

It was, however, seen that 36 staff were deployed in SMCs/VOPs/VHCs which were non-functional.

2.3.15 Vulnerability to fraud and corruption

2.3.15.1 Drawal of funds from Government Account

According to Rule 290 of the Central Treasury Rules (CTRs) Vol-I, no money shall be drawn unless required for immediate disbursement. Also, as per the said Rule, no money should be drawn at the fag end of the financial year to avoid lapse of budget grants.

It was, however, seen that the Department had been drawing most of the funds at the fag end of the year and parking it in Bank Account or Civil Deposit and utilising it during the subsequent year or in some cases, after several years. Further, all the funds were drawn through Fully Vouched Contingent (FVC) bills enclosing fictitious bills/actual payee receipts. Test-check of the bills amounting to ₹ 10.64 crore drawn by the Department during March 2012 revealed that most of the vouchers enclosed were fictitious and were used with the sole intention of drawing funds from Government Account as detailed in *Appendix 2.3.7*.

It was further seen that works were not actually executed as per the work orders and bills (First & Final and Running Account Bills) enclosed along with the FVC bills through which the amount were drawn. Scrutiny revealed that NITs were issued at a later date, work orders with different value of work were awarded to different contractors and work was actually completed at a later date as detailed in *Appendix 2.3.8*. Thus, it is evident that work orders and bills certifying that the works were completed were fabricated and enclosed with the FVC bills with the sole intention of drawing funds from Government Account.

2.3.15.2 Suspected misappropriation of Government Revenue

Scrutiny of records maintained by the EE, V&AH Division revealed that an amount of ₹ 18.51 lakh was shown as collected (16.05.2009) from contractors against Sales Tax, Forest Royalty and Work Contract Tax in the receipt side of the Cash Book without including the amount in the total. The same amount was shown as deposited into treasury on the payment side but was seen to be erased using correction fluid. The amount was also reflected in the Monthly Accounts (June 2009) as revenue deposited into treasury.

Scrutiny also revealed that the closing cash balance as per Monthly Accounts of April 2009 was ₹ 1,96,99,300 but the opening cash balance was shown as ₹ 1,95,47,080 in the Monthly Accounts of May 2009 resulting in shortfall of ₹ 1.52 lakh. Further, as per Schedule of Deposits attached with the Monthly Accounts of August 2009, the closing balance of revenue was ₹ 7,28,441 whereas the opening balance in the Monthly Accounts of September 2009 was shown as ₹ 72,841 resulting in shortfall of ₹ 6.56 lakh. Thus, Government revenue amounting to ₹ 26.59 lakh is suspected to have been misappropriated and needs further investigation.

2.3.16 Conclusion

Planning was unrealistic and formulated without proper study or analysis as was evident from the major variations in the activities envisaged in the 11th Plan with the

Annual Plans and the activities actually taken up. Targets set for production of meat, milk and eggs in the 11th Plan with projected expenditure of ₹ 64 crore could not be achieved despite plan expenditure of ₹ 149.99 crore during the period. Monthly balances in the bank account operated by the Directorate and Executive Engineer, V&AH Division were lower than the monthly closing balance recorded in their Cash Books pointing to misappropriation/misuse of Government money. Targets set for the Schemes/Projects could not be achieved due to deficiencies in actual implementation and payments were made against fictitious works. The process of awarding works was not transparent and works were awarded to a few select contractors. Further, works were not executed as per estimates/entries in the MBs resulting in excess payments and undue favour to contractors. The investment of ₹ 22.25 crore for setting up the Veterinary College at Jalukie and the Nagaland Composite Pig Project proved to be idle as these projects had not taken off even after four years after it was initiated. The institutions under the Department were in very poor condition and several of them were non-functional.

2.3.17 Recommendations

- The activities of the Department should be planned after proper study/analysis of ground realities and should also be consistent with the overall five year plans of the Department;
- The discrepancies between Cash Books and bank accounts should be reconciled forthwith in order to avoid the possibility of frauds taking place;
- The probable instances of fraud and mis-appropriation mentioned in the Report should be investigated at the earliest and responsibility fixed ;
- Monitoring mechanisms and internal controls prevalent in the Department should be reviewed and strengthened; and
- Proper control systems should be introduced in the Department to reduce vulnerability to fraud and corruption.

DEPARTMENTS OF AGRICULTURE/LAND RESOURCES/SOIL AND WATER CONSERVATION AND NAGALAND EMPOWERMENT OF PEOPLE THROUGH ECONOMIC DEVELOPMENT (NEPED)

2.4 Implementation of Watershed Development Programmes in Nagaland

Watershed⁴⁷ Development programmes aimed to achieve sustained growth in agriculture productivity through prevention of drought and soil degradation and by bringing about improvement in soil fertility. Reduction in shifting cultivation practice was also an objective of the programme. The success in these initiatives was expected to improve living conditions of people dependent on agriculture and allied activities.

A Performance Audit of the Watershed Development Schemes in the State revealed that the stated objectives could not be achieved due to lack of effective planning,

⁴⁷ Watershed is a geo-hydrological unit or an area that drains at common point

paucity of funds and absence of infrastructure to ensure proper maintenance and operation of the assets created. Impact of the activities under the programmes was not assessed to determine the extent of change in socio-economic environment and need for mid-course correction. The major audit findings noticed in implementing the programmes are as follows:

Highlights

Expenditure to the tune of ₹ 9020.20 lakh was incurred on account of treating land already treated under other programmes.

(Paragraph 2.4.7.1.1)

An amount of ₹ 259.43 lakh claimed to have been disbursed by the Programme Implementing Agencies to the Watershed Committees were not actually received by the WCs.

(Paragraph 2.4.7.2.4)

Payments of ₹ 133.42 lakh were released against works not executed.

(Paragraph 2.4.7.3.4)

2.4.1 Introduction

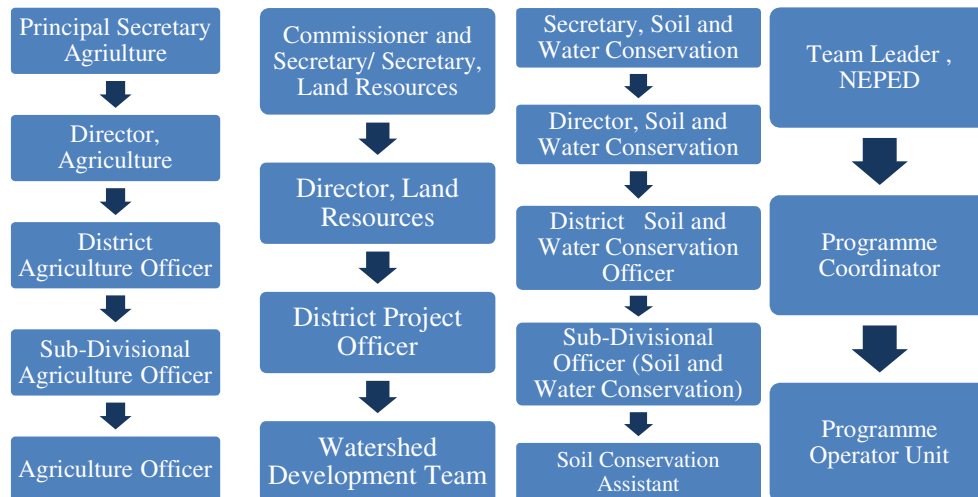
The State of Nagaland has an area of 16,579 sq. km. with a total population of 20 lakh (2011 census) and more than 60 *per cent* of population is engaged in agriculture. In view of the hilly terrain, terrace farming and shifting cultivation (jhum) is widely practiced.

Implementation of Watershed Development Programmes was to improve rural livelihood through participatory watershed development with focus on integrated farming systems for enhancing income, productivity and livelihood security in a sustainable manner. In order to overcome the problems of drought, land degradation and to improve the socio-economic condition of economically weaker sections, following Watershed Development Projects were taken up in the State: (i) Watershed Development Projects in Shifting Cultivation Areas (WDPSCA) implemented by Department of Soil and Water Conservation (DSWC) and Nagaland Empowerment of People through Economic Development (NEPED), (ii) National Watershed Development Programme for Rainfed Areas (NWDPR) implemented by Department of Agriculture (DA), (iii) Integrated Watershed Development Programme (IWDP) and (iv) Integrated Watershed Management Programme (IWMP) implemented by Department of Land Resources (DLR). The primary objectives of the programmes *inter-alia* included conservation of soil, water and other natural resources through watershed approach with the help of low cost and locally accessible technologies such as *insitu* soil and moisture conservation, afforestation, pasture development etc.

2.4.2 Organisational setup

In the State, no Department was created for implementation or coordination of Watershed Management Programmes. All the three Departments mentioned at

paragraph 1 above were functioning independently from each other and were having separate Administrative Heads of Department (AHOd). A diagram depicting the organisational set up of each of the Department is given below:



At the Government level, each of the Departments were headed by Principal Secretary/ Commissioner and Secretary/ Secretary to the Government of Nagaland (GoN). The NEPED is headed by Team Leader (TL) who is also a serving Commissioner and Secretary to the Government of Nagaland.

The Director of Department of Agriculture (DoA) is the Head of the Department (HoD) of DA and is assisted by 8⁴⁸ District Agriculture Officers (DAO) and 21 Sub-Divisional Agriculture Officers (SDAO). At the project level, Agriculture Officers (AO) were in-charge of individual projects.

The Director of Department of Soil and Water Conservation (DoSWC) is the HoD of DSWC and is assisted by 11 District Soil and Water Conservation Officers (DSCO) and 21 Sub Divisional Soil and Water Conservation Officers (SDO). At the project level, Soil Conservation Assistants (SCA) were entrusted with the responsibility of individual projects.

The Director of Land Resources (DoLR) is the HoD of DLR and is assisted by 11 District Project Officers (DPO) who were discharging the functions of Project Implementing Agency (PIA) in their respective districts. DPO was assisted by Watershed Development Team (WDT) in each of the project.

The Team Leader, NEPED is assisted by one Programme Coordinator & Administrator in Headquarter and a 10 member Programme Operator Unit (POU). NEPED projects were implemented in 10 Districts of Nagaland except Dimapur. Members of the POU were entrusted with the responsibility of implementation of the Projects in a District.

District level officers of the Departments discharged the functions of Programme Implementing Agency (PIA) in respect of projects in the district.

⁴⁸ Three Districts viz. Peren, Longleng and Kiphire did not have sanctioned posts of DAOs

2.4.3 Scope of Audit

The implementation of the Watershed Development Programmes (Programmes) during 2007-12 was reviewed through a test-check (May- September 2012) of the records maintained by the DoLR, DoSWC, DoA and TL, NEPED and four⁴⁹ out of 11 District level functionaries of the three Departments. A total of 323 projects⁵⁰ with a total expenditure of ₹ 272.76 crore were implemented in the State during the period covered by audit.

Records of four out of 11 Districts covering 139 projects in the State involving an expenditure of ₹ 117.03 crore (42.90 *per cent*) were covered in the Performance Audit. Out of 139 projects in the test checked districts, 40 projects (6 IWDP⁵¹, 8 IWMP⁵², 13 WDPSA⁵³ and 13 NWDPA⁵⁴) were taken up for physical verification.

2.4.4 Audit objectives

The performance audit was carried out to assess whether:

- The project formulation and process of selection of watershed projects were done in accordance with the laid down guidelines and after carrying out required studies and analysis.
- Adequate funds were released in time and were properly utilised.
- The projects were implemented in an economic, efficient and effective manner.
- Post project operations were properly organised for continued operation and maintenance of assets created.
- Adequate and effective mechanisms at different levels were available for monitoring the project implementation and evaluation of the outcomes

2.4.5 Audit Criteria

Audit conclusions were benchmarked against criteria derived from the following sources:

- Receipt and Payment Rules and General Financial Rules
- Guidelines issued by the Government of India (GoI) for implementation of various watershed projects.
- Circulars and orders issued by GoN
- Detailed Project Reports (DPRs) prepared for implementation of the projects
- Perspective Plan and Annual Action Plans of the implementing Departments
- Prescribed monitoring and evaluation mechanism

⁴⁹ Kohima, Mokokchung, Tuensang and Dimapur

⁵⁰ 35 IWDP, 61 IWMP, 107 WDPSA and 120 NWDPA

⁵¹ Kohima VII & VIII, Dimapur III, Tuensang IV & VI, Mokokchung III (projects ended during 2009-10)

⁵² Kohima I & II, Dimapur I & II, Tuensang II & III, Mokokchung, II & III (projects started in 2009-10)

⁵³ Muliangza, Aomao, Narolengdeng, Atashinu, Azukediwa, and Chanhie under DSWC; Dzuleke, Nadichieva, Nyenshwenru, Makutongzong, Mutungwong, Arimen and Ompamg under NEPED

⁵⁴ Tsulalu, Teyongko, Thangpang, Dzuvaru, Pughubo, Hekharu, Kechetang, Sangro, Boktowong, Mezaru, Baru, Dzonzon and Sanuoru

2.4.6 Audit methodology

An entry conference was held on 19 May 2012 with the AHoDs, HoDs and senior officers of DLR, DA, DSWC and NEPED, wherein the audit objectives, criteria, scope of audit and methodology were explained. The performance audit was carried out by collecting information through questionnaires, examination of records and conducting joint physical verification of selected projects. An exit conference was held with the Departments concerned on 26 November 2012 wherein audit findings were discussed. The report was finalised after incorporating the replies and views of the Departments.

2.4.7. Audit findings

2.4.7.1 Project formulation

Guidelines stipulated that the watershed area of the projects should not overlap with any other developed/ongoing watershed projects funded by any Government agency. Further, areas irrigated under various Irrigation schemes were not eligible for selection under watershed projects.

The District Planning and Development Boards (DPDB) were the apex bodies in the Districts for preparation of developmental plans in the district. The DPDBs were not consulted in planning and selection of watershed areas. District Perspective Plans were not prepared for implementation of watershed projects. Apart from strategic plan the DPR did not contain details of works to be executed with location, beneficiary details etc.

Audit scrutiny revealed that none of the three Departments test-checked had complete data or information about developmental activities undertaken by other Departments in the same area. This resulted in the Programmes being implemented in ineligible villages and duplication of works.

A few illustrative cases in this regard are discussed in the succeeding paragraphs.

2.4.7.1.1 Duplication of works

(i) Watershed Development Programmes were to be implemented on land available for cultivation only. Major components⁵⁵ were same in all the Programmes.

Details of land already treated under Watershed Development Programmes or were command areas of earlier irrigation projects as of 2009-10 were as follows:

⁵⁵ (i) Construction of contour bunds, bench terraces, water harvesting and irrigation structures, (ii) Afforestation, (iii) Plantation, (iv) Livelihood activities such as piggery, poultry, goat rearing, bee keeping, carpentry etc., (v) Horticulture

Table No. 2.4.1: Net area available for cultivation and gross area developed/ being taken up for development in the State of Nagaland as of 2009-10

Sl. No.	Particulars	Area (ha)
1.	Geographical area of the State	1657900
2.	Forest area	862930
3.	Area not available for cultivation (including land put on non-agriculture uses and barren and uncultivable land)	89470
4.	Net area available for cultivation (Sl. No. 1-(2+3))	705500 (A)
5.	Developed under NWDPRA Upto X th Plan	90308
6.	Developed under WDPSCA Upto X th Plan	88300
7.	Developed under IWDP	380430
8.	Total area developed (Sl No. 5+6+7)	559038 (B)
9.	Taken up for development under NWDPRA (XI th Plan)	56378
10.	Taken up for development under WDPSCA (DSWC) (XI th Plan)	35000
11.	Taken up for development under WDPSCA (NEPED)	18112
12.	Total area being developed (Sl. No. 9+10+11)	109490 (C)
13.	Under schemes implemented by Department of Irrigation and Flood Control	127379 (D)
14.	Gross area developed/ being developed/ command area of irrigation schemes (B+C+D)	795907 (E)
15.	Net area available for development (A-E)	(-) 90407

(Source: Statistical hand book of Nagaland and Departmental data)

As could be seen from the table above, only 7,05,500 ha of cultivable land was available for treatment under Watershed Development Programmes in the State of Nagaland. Against this, 7,95,907 ha of land were treated or being treated under various watershed development programs or under command areas of earlier irrigation projects as of 2009-10. Thus, as of 2009-10, 90,407 ha (7,95,907-7,05,500) of land was treated in excess of total land available for cultivation. Thus, there was a likelihood of programmes being implemented in ineligible areas and duplication of works.

(ii) The Scheme IWMP was first introduced in Nagaland during 2008-09. The project activities and preparation of DPRs in the State were started during 2009-10. As per the DPRs for the implementation of IWMP, Gross area targeted for development was 2,74,810 ha.

As could be seen from the table No. 2.4.1 above, as of 2009-10 there were no cultivable land left in the State for development under new watershed development projects. However, DLR prepared DPRs which were approved by State Level Nodal Agency (SLNA), for development of 2,74,810 ha under 61 projects at a cost of ₹ 41221.60 lakh. During 2009-12 DLR had incurred an expenditure of ₹ 9020.20 lakh on account of implementation of IWMP.

Works taken up under IWMP were similar to works executed under other watershed development programmes. There was no scope of implementing the Scheme without

overlapping with the already developed land. Thus, due to defective planning, projects were taken up on land which was already developed resulting in expenditure of ₹ 9020.20 lakh on duplication of work.

The DLR in its reply (January 2012) stated that IWMP could be implemented in all areas except permanent plantation areas and structures. However, the fact remains that as of 2009-10, all available land in the State had already been treated under various watershed development programmes or under irrigation schemes.

2.4.7.1.2 Selection of project villages

(i) As per instruction contained in Ministry of Agriculture, GoI, letter dated 13 December 2005, villages falling under NEPED projects should not be covered under any other similar programmes.

Audit scrutiny revealed that 14 villages selected for implementing NWDPRAs and WDPSCAs projects (2007-12) were already selected for implementing WDPSCAs implemented by NEPED during 2006-12 as detailed below:

Table No. 2.4.2: List of villages where expenditure was incurred by both NEPED and under NWDPRAs

(₹ in lakh)

Sl. No.	District	Name of village	Programme under which the village was selected	Expenditure incurred
1	Kohima	Sendenyu (N)	NWDPRAs	42.70
2	Kohima	Tuophema	NWDPRAs	42.73
3	Kohima	Touphema	WDPSCAs	74.44
4	Mokokchung	Chungliyimsen	NWDPRAs	42.97
5	Mokokchung	Merankong	NWDPRAs	43.66
6	Mokokchung	Mangmetong	WDPSCAs	68.27
7	Tuensang	Kuthur	NWDPRAs	43.92
8	Tuensang	Chimonger	WDPSCAs	41.27
9	Phek	Thetsümi	NWDPRAs	43.66
10	Phek	Wuzu	NWDPRAs	43.70
11	Mon	Wangti	NWDPRAs	43.91
12	Wokha	Okotso	WDPSCAs	63.08
13	Zunheboto	Khukiye	WDPSCAs	66.75
14	Longleng	Kanching	WDPACA	67.62
	Total			728.68

Since these villages were already selected for implementation of WDPSCAs projects under NEPED, these were not eligible for implementation of WDPSCAs implemented by DSWC and NWDPRAs. Expenditure to the tune of ₹ 728.68 lakh was incurred by DSWC and DA for implementation of NWDPRAs and WDPSCAs in these villages. Thus, lack of coordination between the implementing Departments resulted in faulty

selection of project villages resulting in expenditure to the tune of ₹ 728.68 lakh for implementation of NWDPR in ineligible villages.

ii) Remote areas where no department had ever taken up similar projects, was adopted as one of the norms for selection of villages for implementation of WDPSCA by NEPED.

Audit scrutiny of the similar projects implemented by the GoN, DLR, under the scheme IWDP revealed that 19 villages were selected by NEPED for implementation of the Projects though they were already covered under IWDP (2002-10) as detailed below:

Table No.2.4.3: Projects implemented by NEPED already covered by IWDP

(₹ in lakh)

Sl. No.	District	Name of village	Reference to IWDP Project number	Expenditure incurred by NEPED
1.	Kohima	Meriema	IV	35.44
2.	Kohima	Tuophema	IV	36.96
3.	Mokokchung	Mangmetong	II	37.35
4.	Wokha	Hanku	V	24.72
5.	Wokha	Yimpang	I	35.36
6.	Wokha	Okotso	II	38.20
7.	Mon	Phuktong	I	26.75
8.	Mon	Yuching	I	26.05
9.	Mon	Chen Wetnyu	I	38.14
10.	Phek	Thetsumi	II	36.74
11.	Zunheboto	Lukikhe	I	21.51
12.	Tuensang	Sangsomong	I	24.60
13.	Tuensang	Litem	I	25.84
14.	Tuensang	Yemrup	VI	21.23
15.	Tuensang	Kuthur	I	34.99
16.	Tuensang	Chimonger	I	35.22
17.	Tuensang	Yakhao	II	20.24
18.	Tuensang	Chessore	I	35.41
19.	Longleng	Kanching	I	39.03
Total				593.78

As could be seen from the table above, 19 Project Villages selected by NEPED, involving an expenditure of ₹ 593.78 lakh, were already watershed development works undertaken under IWDP. Thus, these 19 villages were not eligible to be selected for implementation of WDPSCA.

Thus, due to lack of coordination between various Departments, 33 ineligible villages were selected for implementation of the schemes resulting in incurring an expenditure of ₹ 1322.46 lakh on the same villages where schemes under other programmes had already been taken up which was in violation of extant orders of the Government of

India. Besides, the possibility of incurring expenditure twice on the same scheme cannot be ruled out.

2.4.7.2 Financial Management

Watershed Development Project in Shifting Cultivation Areas (WDPSCA) and National Watershed Development Programme for Rainfed Areas (NWDPR) were hundred *per cent* funded by Government of India (GoI) through Additional Central Assistance to the State Budget. Expenditure for Integrated Watershed Development Programme (IWDP) and Integrated Watershed Management Programme (IWMP) was shared between GoI and GoN on a 90:10 basis. Position of expenditure incurred on implementation of watershed projects for the period covered by audit is given below:

Table No. 2.4.4: Position of expenditure incurred on implementation of watershed projects during 2007-12

(₹ in lakh)

Year	WDPSCA (NEPED)	WDPSCA (DSWC)	NWDPR	IWDP	IWMP	Total
2007-08	300.00	500.00	881.72	3827.85	0	5509.57
2008-09	250.00	550.00	900.00	2731.21	0	4431.21
2009-10	240.00	480.00	950.00	996.17	858.69	3524.86
2010-11	275.00	575.00	1460.00	60.15	2997.64	5367.79
2011-12	350.00	800.00	1030.00	0.00	6262.26	8442.26
Total	1415.00	2905.00	5221.72	7615.38	10118.59	27275.69

(Source: Departmental figures)

Proper financial management through budgetary controls and adherence to financial rules are essential for optimal utilisation of resources. Audit findings related to availability of funds, timely release etc are discussed in the following paragraphs.

2.4.7.2.1 Delay in release of funds by GoN resulting in short receipt of funds from GoI

(i) For implementation of WDPSCA, the GoI releases the funds to the GoN which releases it to the DoSWC. The DoSWC releases the funds to the DSCOs. The DSCOs in turn releases it to the Watershed Committees (WC) at the project level.

As per para 5.1 of the Operational Guidelines for WDPSCA issued by GoI, funds would be released to States from GoI, preferably in two installments (April and October). The State Government should release funds to the implementing agency within two weeks from the date of release by GoI.

Position of requirement of funds as per DPRs and funds received by DSWC under WDPSCA during 2007-12 is given in the following table:

Table No. 2.4.5: Position of requirement and receipt of funds under WDPSCA during 2007-12

(₹ in lakh)

Year	Funds required as per DPR	Funds received	Short (-)/ excess (+) receipt compared to requirement for the year
2007-08	500.00	500.00	00.00
2008-09	800.00	550.00	(-) 250.00
2009-10	800.00	480.00	(-) 320.00
2010-11	700.00	575.00	(-) 125.00
2011-12	700.00	800.00	(+) 100.00
Total	3500.00	2905.00	(-) 595.00

(Source : DSWC figures)

As could be seen from the table above, against the requirement of ₹ 3500.00 lakh only an amount of ₹ 2905.00 lakh was released to DSWC for implementation of WDPSCA during 2007-12. There was a shortfall to the tune of ₹ 595.00 lakh in the WDPSCA Projects implemented by the DSWC.

Audit scrutiny revealed that there were delays ranging from 1 month to 8 months (**Appendix -2.4.1**) in releasing the fund by the GoN to the DSWC. Besides, delay in release of funds affected the timely submission of UCs to the GoI resulting in short receipt of funds to the tune of ₹ 595.00 lakh by the DSWC.

In reply (December 2012) the DSWC stated that shortfall of funds was due to non-release of fund by the GoI. The fact, however remains that the non-release of fund by GoI was due to failure of the DSWC to furnish UCs for the funds released by the GoI.

(ii) After receipt of funds from the Finance Department there was also delay in release of funds by the DoSWC to DSCOs ranging from 1 month to 3 months (**Appendix -2.4.1**).

While accepting the facts (December 2012) the DSWC stated that delay in submission of completion certificates by the DSCOs resulted in delay in release of funds to the DSCOs. The fact however, remains that GoI had set clear time schedules for release of fund to the implementing agencies and these schedules were not adhered to.

2.4.7.2.2 Short release of State share

GoI had during 2007-12 released ₹ 16610.02 as its share for IWDP and IWMP. The share of GoN due to be released and amount actually released is given in the following table:

Table No. 2.4.6 Short release of state share under IWDP ad IWMP

(₹ in lakh)

Schemes	Year	Funds released by GoI	Share of GoN due to be released	Funds released by GoN	Less released(-)/ excess released (+)
IWDP	2007-08	3527.85	391.98	300.00	(-) 91.98
	2008-09	2616.21	290.69	115.00	(-) 175.69
	2009-10	952.02	105.78	44.15	(-) 61.63
	2010-11	44.00	4.89	16.15	(+) 11.26
Total		7140.08	793.34	475.3	(-) 318.04
IWMP	2009-10	856.41	95.16	0.00	(-)95.16
	2010-11	2671.24	296.80	325.46	(+) 28.66
	2011-12	5942.29	660.25	317.71	(-) 342.54
Total		9469.94	1052.21	643.17	(-) 409.04
Grant Total		16610.02	1845.55	1118.47	(-) 727.08

As could be seen from the table, against a total amount of ₹ 1845.55 lakh, GoN released only ₹ 1118.47 lakh during 2007-12. Thus, there was a short release of State share to the tune of ₹ 727.08 lakh which is likely to adversely affect the implementation of the Programmes to that extent.

2.4.7.2.3 Suspected misappropriation

DoA was disbursing funds partially in cash and partially through bank drafts. Similarly DAOs were disbursing funds to the WCs partially in cash and partially through Bank.

DoA had incurred an expenditure of ₹ 112.80 lakh towards honorarium to Secretary of WC against 120 projects during the 11th five year plan (2007-12) in the State. Out of this, an amount of ₹ 9.36 lakh was shown as paid to the 13 NWDPRAs projects. However, scrutiny of records of the projects revealed that no honorarium was received by the WC.

Since payments made to the DAOs by DoA and subsequently by DAOs to the WC in selected Districts were released partially in cash, chances of the amount of ₹ 9.36 lakh being misappropriated could not be ruled out. Besides, genuineness of the payment of ₹ 103.44 lakh towards honorarium to the WC secretaries, in the remaining 107 projects in the State also remains doubtful and requires further investigation.

In reply the DA stated that due to improper maintenance of records at WC level, the Secretary of the WC could not reply to audit about the receipt of honorarium.

2.4.7.2.4 Short receipt of funds by WCs

Under IWMP payments to the WCs were released in cash in all test checked projects. An amount of ₹ 200.34 lakh was released by PIAs to 12⁵⁶ WCs whose accounts were

⁵⁶ (i) Chingmilen, (ii) Chare, (iii) Yajang, (iv) Molongyimsen/Loyong, (v) Changtongyayimsen, (vi) Longkong, (vii) Singrijan, (viii) Sochunuma, (ix) Pherima, (x) Medziphema, (xi) Kidima and (xii) Kezoma.

test checked. Position of funds received by the WCs whose accounts were test checked, in each of the four districts are given below:

Table No. 2.4. 7: Short receipt of funds under IWMP

(₹ in lakh)

District	Funds disbursed as per PIA records	Funds received as per WC records	Difference
Tuensang	26.81	2.00	24.81
Mokokchung	80.26	9.56	70.70
Dimapur	63.48	15.99	47.49
Kohima	29.79	4.10	25.69
Total	200.34	31.65	168.69

As could be seen from the table No.8 above, against ₹ 200.34 lakh released to WCs, only ₹ 31.65 lakh (15.80 per cent) was received by them. Thus, there was a short receipt of funds to the tune of ₹ 168.69 lakh by the WCs. Since the funds were disbursed in cash, chances of the same being misappropriated/diverted could not be ruled out.

In response to audit query the DoLR stated that the WCs had declared or showed in their records only the cash received by them whereas the balance amount which was utilised for purchase of planting materials had not been indicated. The DoLR added that in fact the planting material was to be raised by the beneficiaries themselves, but since most of them did not have nurseries, they entrusted the field staff to arrange material at negotiated rate/ market rate from the available nurseries. In the absence of vital information such as quantity and rate of procurement of planting material, audit could not assess the expenditure involved in procurement of planting material.

2.4.7.3 Project implementation

As per guidelines, the targeted areas were to be treated on a watershed basis with various measures to protect and develop the hill slopes of jhum areas and to reduce further land degradation process, within a period of five years. The activities include measures to reduce soil erosion, irrigation and ground water re-charging.

Position of watershed projects implemented during the period covered by Audit is given below:

Table No. 2.4.8: Position of projects implemented during 2007-12.

Name of Scheme	Ongoing as of April 2007	New projects taken up during 2007-12	Total	Completed projects as of March 2012	Incomplete projects
NWDpra	0	120	120	120	0
WDPSca	63	44	107	107	0
IWDP	35	0	35	35	0
IWMP	0	61	61	0	61
Total	98	225	323	262	61

Out of 323 projects taken up during 2007-12, 262 projects were completed as of March 2012. The incomplete projects were under IWMP and were started during 2009-12 with a stipulated completion period of five years from the date of starting.

Audit findings on implementation of various watershed development projects are discussed in the following paragraphs.

2.4.7.3.1 Achievement of targets

(a) Out of 35000 hectares (ha) targeted for treatment by DSWC under WDPSCA, at a cost of ₹ 3500 lakh, only 25590 ha involving an expenditure of ₹ 2905 lakh, could be treated during 2007-12. Thus, the area treated was 26.89 *per cent* less than targeted. Short receipt of funds from the GoI as discussed in *Paragraph 2.4.7.2.1*, and change of cost ceiling from ₹ 10000 to ₹ 12000 during 2009-10 were the reasons for underachievement. The DSWC also did not take any effective steps to ensure availability of additional funds to achieve the target within the project period. As there was no assurance of additional funds, achievement of the targets remained doubtful.

(b) Out of 60,700 hectares (ha) targeted for treatment under NWDPR, at a cost of ₹ 5,260.50 lakh, 56,378 ha incurring an expenditure of ₹ 5,221.72 lakh, could be treated during 2007-12. Thus, not only was the area treated less than what was targeted by 7.12 *per cent* but the treatment cost also increased to ₹ 9,262 per ha. from ₹ 8,666 per ha projected in the strategic plan. The DA did not take any effective steps to ensure availability of additional funds to achieve the target.

2.4.7.3.2 Adoption of ridge to valley strategy

Watershed projects were to be implemented over a period of five years by adopting ridge to valley strategy. In the first year soil and water conservation activities were to be carried out in the upper reaches of the watersheds. In the second and third year water conservation works and other activities were to be carried out in lower reaches. Activities carried out in the first year in the lower reaches, would have limited effectiveness as these would be susceptible to damage and choking due to soil flowing downwards with rain water from the top as soil conservation works on upper reaches had not been carried out earlier.

The sequence of activities was neither properly provided in the project plans nor were there any evidence to establish that this was being followed. Hence, the projects implemented without following the adopted strategy resulted in non-achievement of the desired objectives. Illustrative examples (i) WHS constructed at lower reaches in the Atashinu (WDPSCA) Project, Mokokchung District choked with soil. and (ii) WHS near Chathe river, in the lower reaches of the watershed constructed under IWDP Domukhiya Village noticed during a joint physical verification (August 2012) are given in the following photographs:



Photograph No.2.4.1



Photograph No.2.4.2

WHS constructed in the lower reaches choked with soil. Atashinu (WDPSCA) Project, Mokokchung District. Photograph taken during August 2012

WHS near Chathe river, in the lower reaches of the watershed constructed under IWDP Domukhiya Village. Photograph taken during August 2012

2.4.7.3.3 Idle expenditure due to abandoned project area

One of the main objectives of the watershed development programmes was enhancement of both agriculture productivity and production in a sustainable manner and also to provide sustainable livelihood to beneficiary farmers. The DA incurred an expenditure of ₹ 29.12 lakh (2007-12) under NWDPR in Boktowong Project under Tuensang District.

Photograph No.2.4.3



Photographs showing land developed under NWDPR (Bokotwang project) in Tuensang District abandoned due to shifting cultivation. (Photograph taken during August 2012)

As could be seen from the photographs above, during a joint physical verification (August 2012) by audit and the DA officials it was observed that the project nursery and farm land where land development activities were carried out were abandoned and the farming activities were shifted to a new location due to Jhum practice. Expenditure of ₹ 29.19 lakh remained idle due to shifting of cultivation from the project area.

2.4.7.3.4 Payment made without actual execution

Beneficiaries under Watershed Development Programmes were provided with subsidy for works executed by them. Under WDPSCA and NWDPR, funds were drawn by DDOs of DSWC and DA respectively on the basis of certified bills submitted by PIAs

against completed works. Under IWMP, funds were released to PIAs as per allocation and the PIA's in turn release the funds to the WCs on the basis of spot verification and work completion certificate issued by the WDT Member in-charge of the WC.

(a) Records maintained by DoSWC showed payment of ₹ 36.29 lakh under Development Component pertaining to six test-checked projects. However, joint physical verification (July –August 2012) of the project by audit and the DSWC officials revealed discrepancies between bill drawn and actual work executed in six components as detailed below:

Table No.2.4.9: Payment released on unexecuted works - WDPSCA

(₹ In lakh)

Name of component	Bill drawn by DoSWC		Actually executed		Difference between bill drawn and actual execution	
	Quantity	Money value (MV)	Quantity	MV	Quantity	MV
Piggery	255 unit	10.20	42 unit	1.68	213 unit	8.52
Poultry	11 unit	0.77	7 unit	0.49	4 unit	0.28
GBS	262 unit	3.93	14 unit	0.21	248 unit	3.72
Homestead garden	105 unit	4.20	5 unit	0.20	100 unit	4.00
Water harvesting structure	44 unit	6.60	29 unit	4.35	15 unit	2.25
Drainage	105930 metres	10.59	19300 metres	1.93	86630 metres	8.66
Grand total		36.29		8.86		27.43

As could be seen from the table above, against works valuing ₹ 36.29 lakh claimed to have been executed only works valuing ₹ 8.86 lakh were actually executed and works valuing ₹ 27.43 lakh remained unexecuted. Thus, it is evident that the amount was drawn from the Government account on the basis of false completion certificates. Since the payments were made in cash, audit could not ascertain the recipients of ₹ 27.43 lakh paid against the unexecuted works. As such, the chances of the amount being misappropriated cannot be ruled out.

(b) Similarly, scrutiny of bills and vouchers of the DoA showed that payment of ₹ 100.43 lakh was made to 12 projects in the four districts test-checked, against five sub-components under development component. Results of cross check of the records maintained at the project level while conducting joint physical verification in the 12 projects are as shown in the following table:

Table No 2.4.10: Payments released on unexecuted works - NWDPR

(₹ in lakh)

Name of component	As per Bill draw by DoA		Actually Implemented		Difference	
	Physical (in Units)	Money Value	Physical (In units)	Money Value	Physical (In units)	Money Value
Water Harvesting Structure (WHS)	184	20.64	43	4.92	141	15.72
Dug out pond	1085	19.53	0	0	1085	19.53
Dug out ponds for fish culture	143	42.90	41	11.70	102	31.20
Small livestock	61	3.66	50	3.00	11	0.66
Total	1473	86.73	134	19.62	1339	67.11

As could be seen from the table No. 10 above, out of payment against 1473 units under 4 sub-components 1339 units involving an amount ₹ 67.11 lakh were not actually executed (*Appendix 2.4.2*). Thus, the bills prepared and drawn for payment at the Directorate level were not commensurate with actual execution of works at project level and 77.38 per cent of funds drawn against those works were actually not utilised for execution of work. As the amounts were transferred partially through bank and partially in cash, chances of the amount being misappropriated cannot be ruled out.

The DA in reply stated that situation and circumstances compelled the Department to alter the components and sub-components and hence all the works were not executed as per bills. The fact however, remains that the bills were prepared certifying the works as completed and therefore there was no scope for any variation.

(c) Joint physical verification conducted by audit and the PIA officials (July-September 2012) of 221 works under IWMP certified as completed as per records maintained by the PIAs, valuing ₹ 50.34 lakh showed that only 57 works valuing ₹ 11.46 lakh were actually executed. A total of 164 works valuing ₹ 38.88 lakh, were actually not executed (*Appendix 2.4.3*).

Thus, it is evident that the funds were released on the basis of incorrect verification reports. Since the payments were made in cash, audit could not ascertain the recipients of ₹ 38.88 lakh against unexecuted works and the chances of the funds being misappropriated cannot be ruled out.

The DLR in its reply (January 2013) stated that the Self Help Groups (SHGs) were under the process of registration and same were completed now. However, no documentary evidence in support of the claim was made available to Audit. Regarding other items of works, the DLR stated that the names used by the beneficiaries for various works such as Water Harvesting Structure (WHS), Bench Terracing etc. were different from the names used in the records of DLR and therefore, all items of works could not be shown to Audit. However, the fact remains that the officials of the PIA who had verified the works earlier, were also present at the time of joint physical verification and could not identify the work at the time of joint physical verification.

2.4.7.4 Post Implementation Measures

2.4.7.4.1 Non-preparation of project completion reports

Guidelines require that during Consolidation and Withdrawal Phase, project completion reports were to be prepared and the assets created handed over to the WCs/ Village Councils. However, under WDPSCA, NWDPRA and IWDP after completion of the project period, no project completion reports were prepared in any of the projects test-checked.

2.4.7.4.2 Lack of institutional arrangements for post project operations

(a) SHGs and User Groups were essential for continuous maintenance of the assets created. The members would be those who derive direct benefits from the watershed work and activity. The WC with the help of the WDT was to facilitate resource use agreements among the User Groups. Those agreements were to be worked out before the concerned work was undertaken and the User Groups would be responsible for the operation and maintenance of all the assets created. However, no User Groups were formed in any of the projects test-checked under WDPSCA, NWDPRA and IWDP.

(b) Audit enquiries revealed that no arrangements had been made to create revolving fund or watershed development fund under WDPSCA, NWDPRA and IWDP. Arrangements for credit and technical support from external institutions were also not made in respect of already completed projects.

Further, Watershed Development Fund which was mandatory under guidelines, was also not constituted under WDPSCA, NWDPRA and IWDP. The guidelines also provide for levying of user charges against Common Property Resources (CPR) developed under WDPSCA, NWDPRA and IWDP. The user charges thus, collected were to be credited to the watershed development fund. However, there was no evidence to suggest that any efforts were made to identify and document the CPR for levying user charges.

Further it was observed that no arrangements were made to provide credit and technical support from external institutions. In the absence of minimum required infrastructure for sustainable and self sufficient post project operation mechanism, continued maintenance of the assets created remains doubtful under WDPSCA, NWDPRA and IWDP projects. Some illustrative cases in this regard are detailed below:

2.4.7.4.3 Abandoned projects

(a) DSWC had incurred an expenditure of ₹ 3.60 lakh (2007-12) on development of project nursery-cum-demonstration plot at Atashinu Project. The project period was over in March 2012. During a joint physical verification of the project during August 2012 by audit and DSWC officials, the nursery-cum-demonstration plot was found abandoned as can be seen from the following photographs:



Photograph No.2.4.4

Photograph of WDPSCA Atashinu project nursery during 2010-11 (photograph provided by DSWC)



Photograph of WDPSCA Atashinu project nursery during August 2012



Photograph No.2.4.5

Photograph of WDPSCA Atashinu project nursery during August 2012



Photograph No.2.4.6

As could be seen from the photographs above, the project nursery was functional during the project period (photograph-I). However, due to lack of sufficient institutional mechanism for post project operations, the nursery-cum-demonstration plot was abandoned (photographs II, III & IV). The DSWC in its reply (December 2012) admitted the fact.

(b) During physical verification of projects under IWDP by audit and the PIA officials, the following works were found to have been abandoned.



Photograph No.2.4.7

Mokokchung IWDP – III Areca plate unit at Chungtiyayimsen (not functional) : Photograph taken on 9th August 2012



Photograph No.2.4.8

Mokokchung IWDP- III Lemon grass distillation unit (not functional) at Longphayimsen: Photograph taken on 9th August 2012

It could be seen from the photographs above, that the assets were not in use. No reasons were on record for the abandonment of the assets. As per records made

available to audit by the PIAs, the works executed were different from the photographs shown above.

In reply (January 2013) the DLR stated that the projects were abandoned as the same were not profitable. The fact however, remains that the DLR before sanctioning the projects could have analysed the profitability and sustainability of the same



Dimapur IWDP: Abandoned lemon grass distillation unit at Seithekima: Photographed on 21st August 2012

2.4.7.4.4 Impact analysis of the programme

Apart from physical targets to be achieved, no targets were fixed against growth in agriculture productivity, improvement in soil fertility, reduction in jhum practice and other socio-economic parameters, under any of the watershed development programmes.

No impact analysis studies were conducted by any external agency to assess the impact of the projects implemented on the lives of the beneficiaries in the test-checked projects under NWDPR and WDPSCA. Under IWDP, evaluation by external evaluators was carried out in all projects during 2010-12. However, the evaluation reports were yet to be compiled and therefore, could not be verified in audit.

Information such as pre and post observation of ground water level, change in cropping pattern, change in productivity, increase in area of irrigation and reduction in area of wasteland etc. in the project area had not been maintained at any level.

Internal study conducted by NEPED on jhum practicing villages revealed that out of a sample size of 119 villages, 27 per cent of villages had no perceptible change in their practice and 10 per cent villages showed increase in area under Jhum.

Thus, the programme WDPSCA which was focused on reducing jhum practice had no impact on 37 per cent of the villages surveyed by NEPED.

2.4.7.5 Monitoring and evaluation

Guidelines require that regular monitoring of the projects were to be carried out at each stage and the PIA was to submit quarterly progress reports duly countersigned by the Watershed Committee president for further submission to the SLNA. Further, the SLNA was to ensure that the system of internal monitoring by project teams, progress monitoring, self monitoring by communities and social audit were followed at the appropriate levels.

None of the 40 projects test-checked could furnish any records to show that the self monitoring and social audit were conducted. However, WC of Chingmilen village under IWMP Tuensang- III, had nominated a team for social audit and the team was auditing the accounts of the WC and SHGs under the WC. Except this village no other

WCs test-checked could furnish any records to show that self monitoring and social audits were conducted. No quarterly progress reports countersigned by the WCs were submitted to the PIAs. Similarly, no such reports were submitted to the State level nodal officers/SLNA/SLSC by the PIAs.

DoSWC was supplying planting materials to the beneficiaries. However, there was no mechanism to ascertain quality of the planting materials supplied. There were no records regarding mortality and replacement of planting materials supplied by the DoSWC.

Further, bills were passed and payments were released without actually verifying the works. In response to an audit query, the DSWC stated that only 30 to 40 *per cent* of the works were verified by the DSWC. No evaluation of the programme implementation was done at any point of time.

Thus, there was a deficiency in monitoring mechanism. A few illustrative cases are discussed below:

2.4.7.5.1 Verification of works

(a) Under NWDpra a strategic plan indicating cost ceilings against each item of work, was prepared. However, detailed specifications of the works were not recorded in the strategic plan. As per instructions, all works executed should be measured and details of measurement should be recorded in the Measurement Book (MB) which would form the basis for payments.

However, none of the WCs or DAOs test-checked followed the system of measuring the works nor maintained any MBs. In the absence of recorded measurements of works, actual execution or works as per requirement and specification as well as correctness of payment in respect of works amounting to ₹ 314.32 lakh spent on works relating to (i) arable land, (ii) non-arable land and (iii) drainage lines, under development component could not be ascertained in audit.

In reply the DA accepted (December 2012) the fact and stated that the MBs and detailed estimates would be maintained in future.

(b) Under IWMP Audit scrutiny of the records and a joint physical verification by audit and the PIA officials in test-checked WCs revealed that the Entry Point Activities (EPA) as envisaged in the DPR were actually not taken up in the following cases.

Table No. 2.4.11 Discrepancies between works certified in the verification report and actually executed

Sl. No.	Name of the Village	EPA as per			Amount paid (₹ in lakh)
		Verification report/ payment register of the PIA	DPR	Joint physical verification by audit and PIA officials	
1	Razaphe/ Khiamnok	Water Harvesting Structure (WHS)	Water Harvesting Pond	Culvert	2.10
2	Sochunuma	WHP	WHP	Water pipe line	2.40
3	Pherima	Waiting shed	Water reservoir tank	Water reservoir tank	2.20

As could be seen from the table above, EPAs executed were different from DPR. The DPR did not indicate the same though they were prepared at a later date than the date of execution of EPA. Photographs of the EPAs in respect of three test-checked WCs are given below:



Culvert constructed under EPA Razaphe village



Water Reservoir constructed under EPA-Pherima village



Water pipeline constructed under EPA Sochunuma village

As could be seen from the photographs the EPAs executed in Razaphe and Sochunuma were different from both verification report/payment register and DPR. In the case of Pherima, EPA executed was different from verification report/payment register

The above discrepancy is an indicator of deficiencies in the monitoring mechanism. In the absence of detailed estimate for the EPA executed, audit could not assess the financial implication due to the change in the scope of work. In its reply, the DLR admitted (January 2013) the facts.

Thus, the monitoring mechanism was insufficient to ensure proper implementation of the Programmes.

2.4.7.6 Conclusion

Watershed management programmes implemented by all the four agencies were implemented in an isolated manner. Selection of project villages was not done in consultation with other departments executing watershed management programmes. Funds were not released in time and were not sufficient. Even though there was no land left out in the State for undertaking Watershed Development, the Departments continued approving projects on land which had already been taken up earlier instead of concentrating on continued operation and maintenance of assets created. This not only resulted in created assets becoming defunct over the years due to lack of

maintenance but also resulted in release of payments for works which were not executed. Monitoring mechanism under the programmes was also inadequate. There was no system to carry out any impact analysis of the Programmes.

Recommendations

- A nodal Department/ Agency which shall maintain complete data on watershed activities carried out in the State, may be entrusted the work of coordination of watershed development activities in order to avoid overlapping of activities and to ensure only eligible areas are selected for implementation of the Programmes;
- Before taking up projects, timely and adequate availability of funds should be ensured so that the projects once started would be completed in time and reduce chances of cost escalation;
- Assets created under the programmes may be documented and their proper maintenance and utilisation ensured by handing over the completed projects to WCs and channelising funds for operation and maintenance;
- There should be an institutional mechanism to ensure collection and maintenance of pre and post- project data/ information of various parameters relevant for impact analysis of the programme and for future planning;
- Monitoring mechanism may be strengthened at grass root level, by encouraging the practice of social audit adopted by Chingmilen village in all other similar projects for better monitoring and transparency in implementation of the programmes.

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.5 Suspected misappropriation of Stores

Improper inventory control and non-observance of the provisions of NPWD code resulted in stores valuing ₹ 198.07 lakh remaining out of Government Account. The possibility of misappropriation of the materials cannot be ruled out. This matter therefore, needs further investigation.

The Nagaland Public Works Department Code (NPWD Code) lays down the procedures to be followed in respect of inventory control in the departments, which inter-alia provides that as soon as any discrepancy is noticed in stock during annual physical verification, the same should be set right in the books of accounts.

Test-check (February 2010) of the Annual Stock Return for the period ending September, 2009 in the Public Health Engineering Department (PHED), Rural

Division, Kohima showed that there was closing balance of four items of G.I. pipes⁵⁷ valued at ₹ 198.07 lakh which were brought forward from the previous year without any issue. Audit therefore, conducted a Joint Physical verification of the Stores to ascertain the actual existence of those items. During joint physical verification (February 2010) by audit along with the Executive Engineer (EE) and the Sub Divisional Officer in-charge of Store at Kohima, it was noticed that those four items were not physically available in the store, though there was no issue of those items till February 2010.

The EE in reply stated (July 2012) that pipes of two different sizes valued at ₹ 38.37 lakh were utilised for emergency works, pipes valued at ₹ 46.30 lakh were given as loan and the remaining G.I pipes valued at ₹ 113.39 lakh were not received from the PHED Central Store, Dimapur. The EE also forwarded the Annual Stock Returns for the period ended September 2010 and 2011 wherein the stock of the said pipes were brought forward as it is without any change.

The reply of the Department is not acceptable as the materials were shown as received by the Division from Central Store, Dimapur and accounted for in the stock and therefore, the contention that the pipes were not received from the Central Store does not hold good. Further, issue of some of the pipes for emergency works and on loan could neither be substantiated with records nor were entered in the stock register.

Thus, improper inventory control and non-observance of the provisions of NPWD code resulted in stores valuing ₹198.07 lakh remaining out of Government Account. The possibility of misappropriation of the materials cannot be ruled out. This matter therefore, needs further investigation.

The matter was reported to the Government (August 2012), reply had not been received (February 2013).

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Sl No.	Particulars	Per Unit/ Per Mtrs	Closing Balance	Issue Rate (in Rs.)	Total Value (in Rs.)
1	15 mm G.I Pipe (H)	Per Unit	17806.80	149.26	2657843
2	25 mm G.I Pipe (H)	Per Unit	18180	241.94	4398469
3	40 mm G.I Pipe (H)	Per Unit	24491.56	283.40	6940908
4	65 mm G.I Pipe (H)	Per Unit	10973.53	529.45	5809935
TOTAL					1,98,07,155

CHAPTER III

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

3.1 Introduction

3.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The state PSUs are established to carry out activities of commercial nature keeping in view the welfare of people. In Nagaland there were six State PSUs (all Government companies) of which, one Government company was non-working¹. The state working PSUs registered a turnover of ₹ 5.36 crore as per their latest annual accounts finalised as on 31 October 2012. The turnover was 0.04 *per cent* of State Gross Domestic Product. The state working PSUs incurred an overall loss of ₹ 2.50 crore in the aggregate for 2011-12 as per their latest finalized accounts. The five working PSUs had 618 employees as on 31 March 2012. During 2011-12, neither any new PSU was established nor was any existing PSUs closed down.

3.2 Audit Mandate

3.2.1 Audit of Government Companies is governed by Section 619 of Companies Act, 1956. As per Section 617 of the Companies Act 1956, a Government company is one in which not less than 51 *per cent* of paid up capital is held by Government. A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act. However, there was no 619-B company in Nagaland.

3.2.2 The accounts of the State Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditor, who is appointed by Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

¹ The accounts of non-working Company viz., Nagaland Sugar Mills Company Limited are in arrears for the last 34 years.

3.3 Investment in State PSUs

3.3.1 As on 31 March 2012, the investment of State and Central Government (Capital and long term loans) in six PSUs was ₹ 82.67 crore as per details given below:

Table No. 3.1

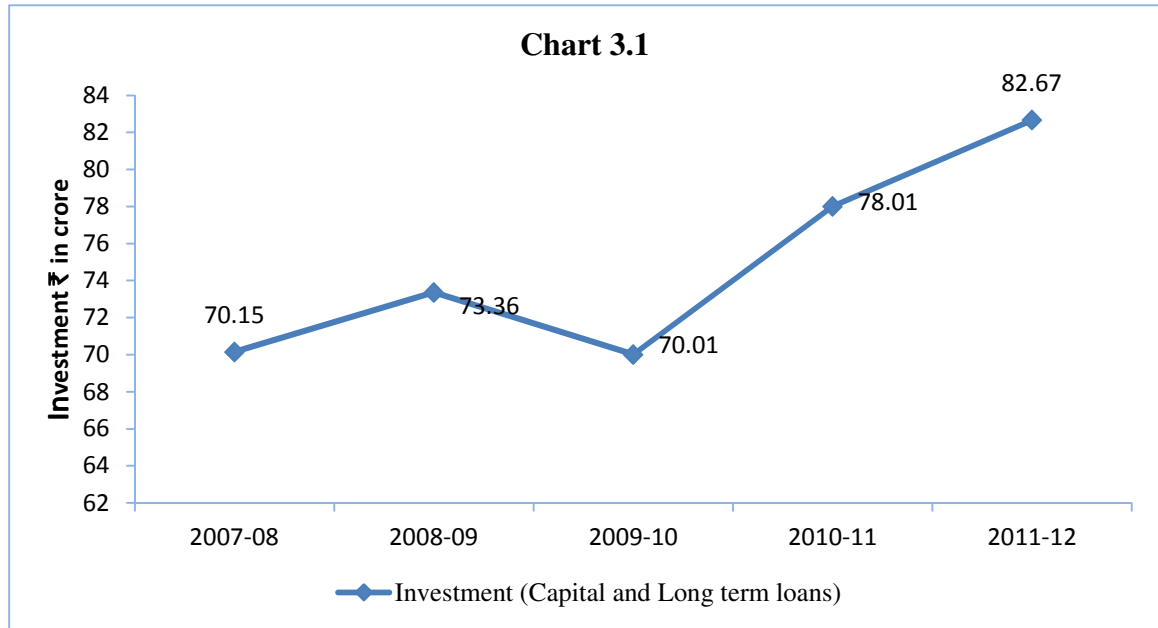
(₹ in crore)

Type of PSUs	Government Companies		
	Capital	Long term loans	Total
Working PSUs	30.02	47.69	77.71
Non-working PSUs	4.96	0	4.96
Total	34.98	47.69	82.67

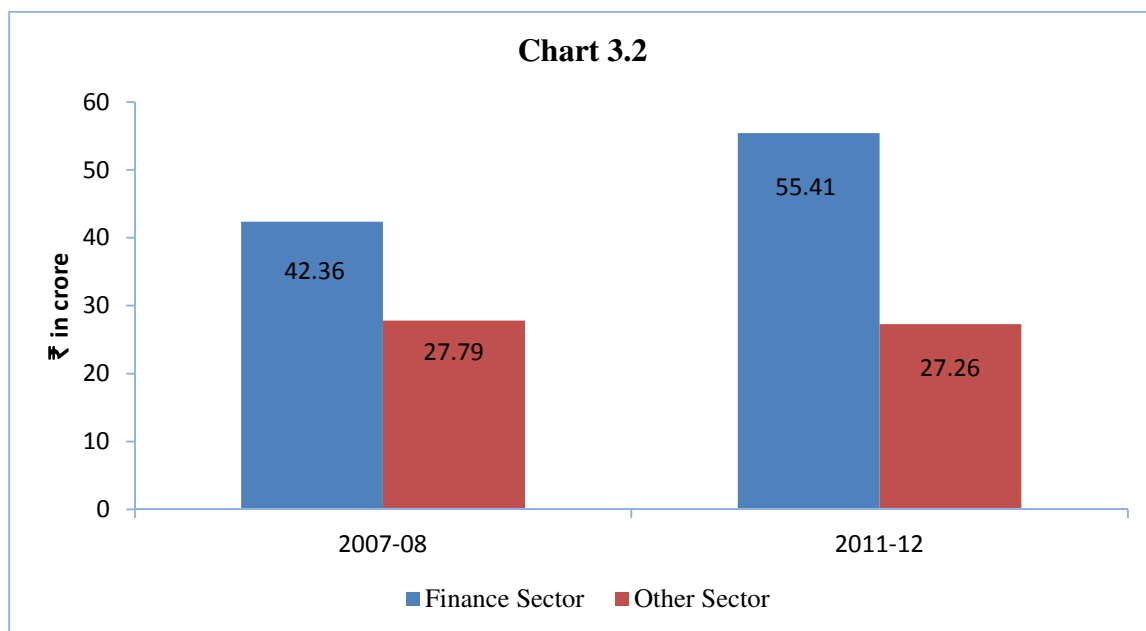
A summarised position of Government investment in State PSUs is detailed, in **Appendix 3.1**.

3.3.2 As on 31 March, 2012 of the total investment in State PSUs, 94 per cent was in five working PSUs and remaining 6 per cent was in one non-working PSU. The total investment consisted of 42 per cent towards capital and 58 per cent in long term loans.

The investment has grown by 17.84 per cent from ₹ 70.15 crore in 2007-08 to ₹ 82.67 crore in 2011-12 as shown in graph below:-



3.3.3 The investments in various sectors at the end of 31st March 2008 and 31st March 2012 are indicated below in the bar chart.



3.4 Budgetary outgo, grants/subsidies, guarantees and loans

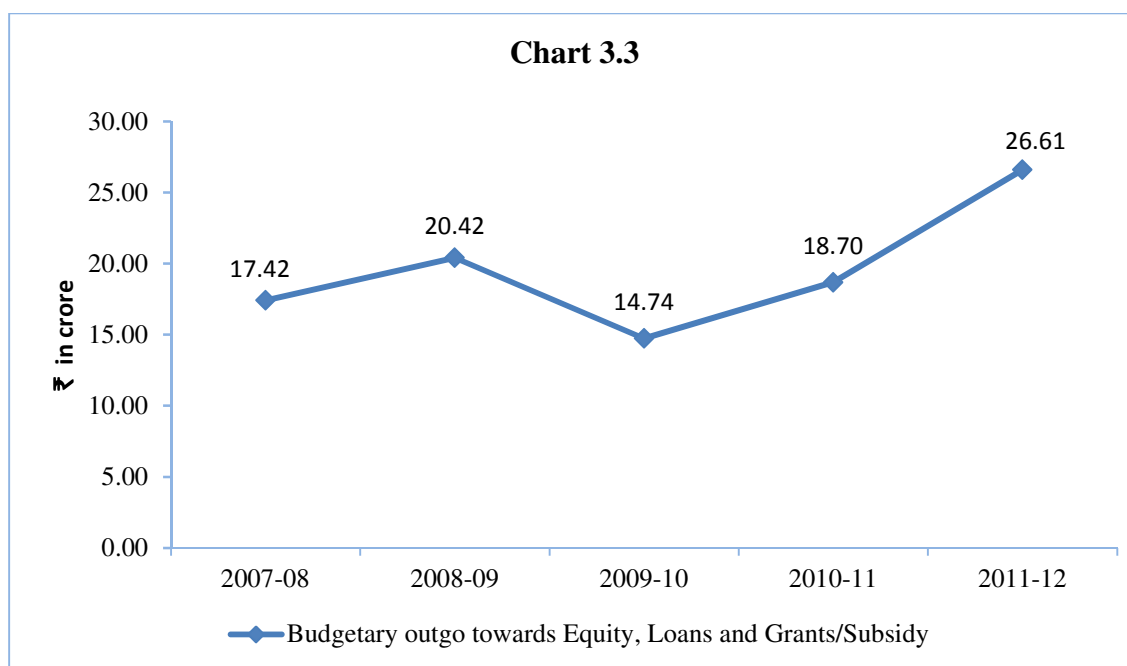
3.4.1 The details regarding budgetary outgo towards equity, loans grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in *Appendix-3.2*. The summarised details for three years ended 2011-12 are given below:

Table No. 3.2

(₹ in crore)

Sl. No	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1	Equity capital outgo from budget	02	1.75	03	1.45	02	1.60
2	Loans outgo from Budget	--	--	--	--	01	7.81
3	Grants/subsidy outgo	04	12.99	04	17.25	05	17.20
4	Total outgo (1+2+3)		14.74		18.70		26.61
5	Loans written off	--	--	--	--	--	--
6	Total waiver (5 above)	--	--	--	--	--	--
7	Guarantees issued	--	--	2	46.24	01	7.81

3.4.2 The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in the following graph:



3.5 Reconciliation with Finance Accounts

3.5.1 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of figures appearing in the Finance Accounts of the State. In case, the figures do not agree, the concerned PSUs and the Finance department should carry out reconciliation and adjust the differences.

The position in this regard as at 31st March 2012 is stated below:

Table No.3.3

(₹ in crore)

Investment in respect of Government of Nagaland	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Share Capital & debentures	160.19	33.84	(+) 126.35
Outstanding Loans & Guarantees	Not Available	47.69	(-) 47.69
Total	160.19	81.53	78.66

3.5.2 Since the accounts of the working companies are in arrears for the period ranging between one to thirteen years, actual amount invested by the State Government is taken on the basis of information provided by the PSUs.

The difference seen above is pending reconciliation for many years. Efforts are needed to be taken to clear the arrears in accounts and ensure reconciliation between Finance Accounts and the accounts/record of PSUs as there is a huge difference in figures of Finance Accounts and records of PSUs.

3.6 Performance of PSUs

3.6.1 The financial results of PSUs, financial position and the working results of PSUs are detailed in *Appendix-3.3*. A ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. Table below provides the details of working PSUs turnover and State GDP for the period 2007-08 to 2011-12

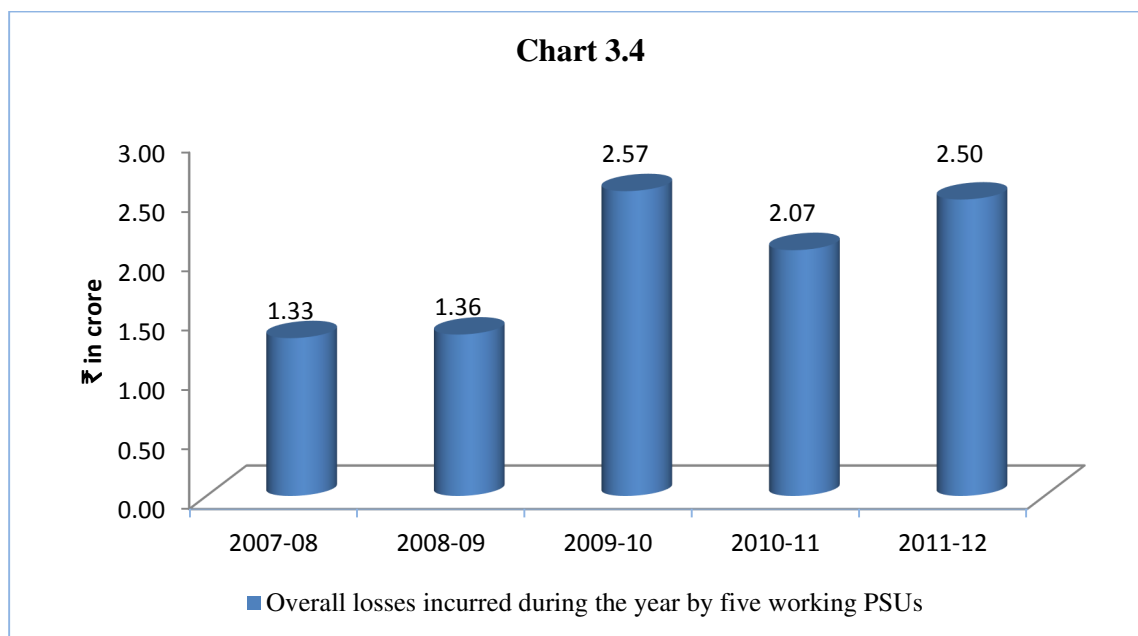
Table No. 3.4

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover	3.70	3.51	4.06	18.06	5.36
State GDP	8075.27	9436.07	10272.88 (P) ²	11121.00 (Q) ³	12064.53 (A) ⁴
Percentage of turnover to State GDP	0.05	0.04	0.04	0.16	0.04

(Source: Information furnished by the Directorate of Economics and Statistics and statements furnished by the companies)

3.6.2 Losses incurred by State working PSUs during 2007-08 to 2011-12 are given below in a bar chart.



3.6.3 Some key parameters pertaining to State PSUs are given in the following table:

² P = Provisional Estimate

³ Q = Quick Estimate

⁴ A = Advance Estimate

Table No. 3.5

Particulars	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Return on capital employed (per cent)	3.65	-	-	--	-
Debt	40.29	44.11	39.09	45.64	47.69
Turnover	3.70	3.51	4.06	18.06	5.36
Debt/Turnover ratio	10.89:1	12.57:1	9.63:1	2.53:1	8.90:1
Accumulated losses	26.95	28.63	34.02	33.62	48.53

From the above it is clear that the accumulated losses are increasing every year. The Government is not getting any return on capital employed. The losses of PSUs are generally attributable to deficiencies in management, planning, running their operations and monitoring.

Thus, steps are needed to be taken for better management, operation and monitoring of the activities of the working State PSUs to arrest the gradual deterioration of their financial results.

3.7 Arrears in finalisation of Accounts

3.7.1 The accounts of the companies for every financial year are required to be finalized within six months from the close of the relevant financial year under section 166, 210, 240, 619 and 619-B of Companies Act, 1956. The table below provides details of progress made by working PSUs in finalisation of accounts by September, 2012.

Table No.3.6

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12
1	No. of working PSUs	5	5	5	5
2	No. of accounts finalized	3	12	15	30
3	No. of accounts in arrears	92	85	75	46
4	Average arrear per PSU (3/1)	18.4	17.0	15	9.4
5	No. of working PSUs with arrears in accounts	5	5	5	5
6	Extent of arrears (in years)	9 to 26	6 to 26	5 to 21	1 to 13

3.7.1 The average number of accounts in arrears per working PSU has decreased from 15 in 2010-11 to 9.4 in 2011-12 which shows a marginal increase in finalisation of accounts but the progress is still at slow pace. All the PSUs need to take effective measures for early finalisation of backlog accounts and make the accounts up-to-date. The PSUs should ensure that the accounts of each year are finalised by 30th September so as to restrict further accumulation of arrears. In the absence of finalisation of accounts and their subsequent audit, it cannot be ensured whether the investment and expenditure incurred have been properly accounted for and the purpose for which the amount was

invested has been achieved or not and the Government investment in state PSUs remain outside the scrutiny of the state Legislature.

3.7.2 In addition to above, the accounts of the only non-working PSU in the state were also in arrears for 34 years. As no purpose is served by keeping this non-working company in existence, Government needs to expedite closing down of this company.

3.7.3 The Administrative departments have responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. During the year 2011-12 the audit office convened meeting with the concerned administrative departments and officials of the Government regarding arrears in finalisation of accounts. However, adequate measures had not been taken by the Government and as a result the present net worth of these PSUs could not be assessed in audit.

3.8 Accounts Comments and Internal Audit

3.8.1 Five working companies forwarded their 41 audited accounts to the Accountant General as on 31st October 2012. Of these 30 accounts were finalized as on 31 October, remaining 11 accounts are pending for selection for supplementary audit/ issue of Non-Review certificate.

3.8.2 Out of 41 accounts received during the year, the Statutory Auditor had given qualified certificates to 8 accounts and 33 accounts received unqualified certificates.

INDUSTRIES AND COMMERCE DEPARTMENT

NAGALAND INDUSTRIAL RAW MATERIALS & SUPPLY CORPORATION LIMITED

3.9 Loss due to non filing of execution petition

Failure on the part of Nagaland Industrial Raw Materials & Supply Corporation Limited, Dimapur to pursue the decree of court verdict resulted in non-recovery and possible loss of ₹ 30.72 lakh.

Nagaland Industrial Raw Materials and Supply Corporation Limited, (NIRMSC-Company engaged (May 1985) M/S ICB and Company (ICBC), Kolkata as agent for supply mining timber (material) to Eastern Coalfields Limited (ECL) and Bharat Coking Coal Limited (BCCL). As per the agreement between the Company and ICBC, ICBC was to sell material on behalf of the Company to the purchaser (ECL/BCCL).The agreement also provided that in case of rejection of any material by the purchaser, the cost of rejected materials shall be borne by ICBC.

During the period from 1985-86 to 1995-96, the company, on the basis of details of sale furnished to it by ICBC, had made a payment of ₹ 296.25 lakh (including sales tax) to ICBC on account of material sold to ECL. However, after reconciliation (August 1996), it was found that the actual value of sale of material to the purchaser amounted to ₹ 277.99 lakh only (net value of rejected material amounting to ₹ 33.83 lakh). Thus, the Company had made an excess payment of ₹ 18.26 lakh to the ICBC which was not refunded by ICBC. ICBC had also not refunded an amount of ₹ 6.76 lakh on account of material rejected by the purchaser viz ECL.

Similarly, the Company had made advance payments to ICBC for supplying mining timber to BCCL during 1985-86 to 1988-89. However, while closing the business with BCCL in 1989, an amount of ₹ 5.70 lakh, being advance payment made to ICBC, remained un-adjusted.

Thus, the amount of ₹ 30.72 lakh remained outstanding against ICBC on account of excess advance payments and material(s) rejected by the purchasers.

The Company requested (July –August 1996), ICBC to settle the outstanding dues but ICBC did not repay the outstanding amount.

For recovery of the outstanding dues, the Company filed suits No28/1997 and 29/1997 against ICBC, in the Court of the Additional Deputy Commissioner (Judicial), Dimapur. The court while disposing of the two money petitions, decreed (4.12.2007) that an amount of ₹ 30.72 lakh be paid by ICBC to the Company within 60 days from the date of the order.

During audit (April 2012), it was observed that the Company had not pursued the Court order to ensure recovery of its dues from the defaulting party, as it had neither recovered outstanding amount within 60 days of the date of the Court order nor had filed execution petition in the Court of Additional Deputy Commissioner (Judicial) so far (January 2013). The reasons for not filing execution petition for recovery of outstanding dues were neither found on record nor explained by the management. The Management confirmed (October 2012) that no petition was made for execution of the decree.

Moreover, inaction by the management in pursuing its outstanding claim, despite court verdict in its favour, tantamounted to giving undue favour to the defaulting party. Further delay in taking appropriate action may lead to the claim becoming time barred resulting in the loss of the claim.

The Management confirmed (October 2012) that no petition been made for execution of the decree.

Thus, failure of the Company to pursue the decree of Court verdict has resulted in no-recovery and possible loss of ₹ 30.72 lakh.

CHAPTER - IV

REVENUE SECTOR

4.1 General

4.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Nagaland during the year 2011-12, the State's share of net proceeds of divisible Union taxes and grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

Table No.4.1.1

(₹ in crore)

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
I	Revenue raised by the State Government					
	• Tax revenue	131.37	156.02	180.51	227.32	303.88
	• Non-tax revenue	119.48	180.55	126.35	183.14	232.95
	Total I	250.85	336.57	306.86	410.46	536.83
II	Receipt from the Government of India					
	• States share of net proceeds of divisible Union taxes	399.77	421.84	434.03	689.46	803.20
	• Grants-in-aid	2345.40	2642.48	2978.87	3900.07	4246.35
	Total II	2745.17	3064.32	3412.90	4589.53	5049.55
III	Total receipts of the State Government (I+II)	2996.02	3400.89	3719.76	4999.99	5586.38
	Percentage of I to III	8	10	8	8	10

The above table indicates that during the year 2011-12, the revenue raised by the State Government (₹ 536.83 crore) was ten per cent of the total revenue receipts against eight per cent in the preceding year. The balance ninety per cent of receipts during 2011-12 was from the Government of India.

4.1.2 The following table presents the details of tax revenue raised during the period 2007-08 to 2011-12.

Table No.4.1.2

(₹ in crore)

Sl No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+) or decrease (-) in 2011-12 over 2010-11
1	Sales Tax/VAT	94.79	114.70	132.22	167.22	231.12	(+)38
2	State Excise	2.83	3.34	3.13	3.00	3.36	(+)12
3	Stamps and Registration Fees	1.02	1.01	1.19	1.35	1.85	(+)37
4	Taxes and duties on Electricity	0.02	0.03	0.11	0.05	0.04	(-)20
5	Taxes on vehicle	12.30	14.14	16.73	23.92	34.58	(+)45
6	Taxes on Goods and Passengers	2.19	2.34	3.96	6.62	4.85	(-)27
7	Other taxes on Income and expenditure	17.72	19.86	22.54	24.57	27.03	(+)10
8	Other taxes and duties on Commodities and Services	0.00	0.00	0.00	0.00	0.37	(+) 100
9	Land Revenue	0.50	0.60	0.63	0.59	0.68	(+)15
	Total	131.37	156.02	180.51	227.32	303.88	(+)34

The following reasons for variations were reported by the concerned two departments:

Taxes on Vehicles: Mainly due to increase under other receipts.

Taxes on Goods and Passengers: Due to less collection under other receipts.

4.1.3 The following table presents the details of Non-tax revenue raised during the period from 2007-08 to 2011-12.

Table No.4.1.3

(₹ in crore)

Sl, No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+) or decrease (-) in 2011-12 over 2010-11
1	Interest Receipts	5.66	11.57	10.02	14.35	9.62	(-)33
2	Housing	2.11	2.97	3.43	3.63	4.38	(+) 21
3	Water Supply & Sanitation	1.07	0.98	0.94	1.29	1.62	(+) 26
4	Forestry and Wildlife	4.81	4.78	7.70	10.18	8.87	(-) 13
5	Education, Sports Art and Culture	0.48	0.55	0.43	8.74	12.16	(+)39
6	Miscellaneous General Services	19.44	28.05	7.04	12.43	29.01	(+) 133
7	Power	69.47	111.49	75.17	74.01	94.28	(+) 27
8	Medical & Public Health	0.16	0.17	0.09	0.09	0.21	(+)133
9	Co-operation	0.17	0.79	3.15	0.34	3.54	(+) 941
10	Public Works	0.10	0.10	0.54	0.72	0.69	(-) 4
11	Police	2.73	0.61	0.44	34.21	30.65	(-) 10
12	Other Administrative Services	1.93	1.21	1.42	2.90	2.38	(-) 18
13	Crop Husbandry	0.12	0.11	0.13	0.16	0.20	(+) 25
14	Others	11.23	17.17	15.85	20.09	35.34	(+) 76
	Total	119.48	180.55	126.35	183.14	232.95	

The reasons for variation were not stated by the Departments.

4.1.4 Variation between the budget estimates and actuals

The variation between the budget estimates and actuals of revenue receipts under the principal heads of Tax and Non-Tax revenue for the year 2011-12 are mentioned in the following table:

Table No.4.1.4

Sl. No.	Head of revenue	Budget Estimates (₹ in crore)	Actuals Receipts (₹ in crore)	Variation Increase (+) Decrease (-)	Percentage Of variation
Tax Revenue					
1	Sales Tax/VAT	185.50	231.12	(+) 45.62	25
2	State Excise	3.91	3.36	(-) 0.55	(-)14
3	Stamps and Registration fees	1.26	1.85	(+) 0.59	47
4	Taxes on vehicles	27.86	34.58	(+) 6.72	24
5	Taxes on Goods and Passengers	2.74	4.85	(+) 2.11	77
6	Land revenue	0.87	0.68	(-)0.19	(-)22
Non-Tax Revenue					
7	Interest Receipts	12.02	9.62	(-) 2.40	(-)20
8	Other Administrative Service	4.43	2.38	(-) 2.05	(-)46
9	Medical & Public Health	0.22	0.21	(-) 0.01	(-)5
10	Public Works	0.68	0.69	(+) 0.01	1
11	Forestry & Wildlife	10.80	8.87	(-) 1.93	(-)18
12	Education, sports, art and culture	0.35	12.16	(+) 11.81	3374
13	Power	110.00	94.28	(-) 15.72	(-)14

Source: Receipt Budget and Finance Account for the year 2011-12.

4.1.5 Cost of Collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the period from 2009-10 to 2011-12 along with the relevant all India average percentage of expenditure on collection to gross collection for the year 2009-10 are as mentioned in the following table.

Table No.4.1.5

Sl. No	Head of revenue	Year	Collection (₹ in crore)	Expenditure on collection of revenue (₹ in crore)	Percentage of Expenditure on collection of revenue	All India average percentage for the previous year
1	Sales Tax/VAT	2009-10	132.22	4.18	3.16	0.88
		2010-11	167.22	5.59	3.34	0.96
		2011-12	231.12	6.10	2.64	0.75
2	Taxes on Vehicles	2009-10	16.73	2.24	13.39	2.93
		2010-11	23.92	3.20	13.38	3.07
		2011-12	34.58	3.70	10.70	3.71
3	Stamps and Registration Fees	2009-10	1.19	0.16	13.45	2.77
		2010-11	1.35	0.25	18.52	2.47
		2011-12	1.85	0.25	13.51	1.60

Source: Finance Accounts

4.1.6 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012 in respect of principal Heads of Revenue as reported by the Departments was ₹ 21.72 crore of which ₹7.47 crore (34.39 per cent) were outstanding for more than five years as per details mentioned in the following table:

Table No.4.1.6

(₹ in crore)

Sl. No	Head of Revenue	Amount outstanding as on 31 March 2012	Amount outstanding for more than for five years	Remarks
1	Taxes/ VAT on Sales, Trades etc.	21.72	7.47	-
2	Taxes on vehicle	Information awaited		
3	Taxes on Goods and Passengers			
4	Other Taxes on income and Expenditure	NIL	NIL	NIL

4.1.7 Arrears in assessment

The details of Sales tax/ VAT assessment cases pending at the beginning of the year 2011-12, cases which were due for assessment during the year, cases disposed of during the year and number of cases pending at the end of the year 2011-12 as furnished by Deputy Commissioner of Taxes are mentioned in the following table:

Table No.4.1.7

Head of Revenue	Opening Balance as on 31 st March 2011	New cases due for assessment during 2011-12	Total assessment due	Cases disposed of during 2011-12	Balance at the end of the 31 st March 2012	Percentage of disposed to the total assessment
1	2	3	4	5	6	7 (5 to 4)
Taxes /VAT on Sales, Trades etc.	1206	2086	3292	2611	681	79.31

4.1.8 Evasion of Taxes

The details of cases of evasion of tax detected, cases finalised and demands for additional tax raised in 2011-12 in respect of Taxation Department was reported as nil. However, the information in respect of taxes on Vehicles and taxes on Goods and Passengers was not furnished by the Transport and Communication Department.

4.1.9 Response of the Departments/Government towards audit

Transactions and maintenance of important accounts and other records of the departments are test checked and Inspection Report containing audit findings is issued to the Head of the Office so audited for comments and/or compliance. Audit findings of serious nature are processed into draft paragraph and forwarded to the Administrative Head of the concerned Department through demi-official letter drawing their attention to the audit findings with a request to furnish their response within six weeks. The response of the Departments /Government towards audit is discussed in succeeding paragraphs.

4.1.10 Failure of senior officials to enforce accountability and protect the interest of the State Government

The Accountant General (Audit), Nagaland (AG) conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued upto December 2011 disclosed that 300 paragraphs involving ₹ 51.78 crore relating to 85 IRs remained outstanding at the end of June 2012 as mentioned in the following table along with the corresponding figures for the preceding two years.

Table No.4.1.8

	June 2010	June 2011	June 2012
Number of outstanding IRs	82	80	81
Number of outstanding audit observations	317	306	295
Amount involved (₹ in crore)	52.18	51.93	51.78

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2012 and the amount involved are mentioned in the following table:

Table No.4.1.9

Sl. No.	Name of Department	Name of Receipts	No. of outstanding IRs	No. of Outstanding Audit Observations	Money Value Indicated (₹ in crore)
1	Finance	Taxes / VAT on Sales, Trade etc	23	125	32.25
2	Finance	Miscellaneous General Services/Lottery	2	9	0.34
3	Transport	Taxes on Vehicles /Taxes on Goods & Passengers	26	73	13.04
4	Forest & Environment	Forest & Wildlife	30	88	6.15
Total			81	295	51.78

Even the first replies required to be received from the Heads of Offices within one month from the date of issue of the IRs were not received for four IRs issued upto December 2011. This large pendency of IRs due to non-receipt of replies is indicative of the fact that the heads of Offices and heads of Departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by us in the IRs.

It is recommended that the Government takes suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as takes action against officials / officers who fail to send replies to IRs /paragraphs as per prescribed time schedules and also fail to take action to recover loss / outstanding demand in a time bound manner.

4.1.11 Departmental Audit Committee Meetings

In order to expedite settlement of the outstanding audit observations contained in the IRs, Departmental Audit Committees are constituted by the Government. These Committees are chaired by the Secretaries of the concerned Administrative Department and attended by the concerned officers of the State Government and

officers of the Accountant General (AG). The audit committees need to meet regularly in order to expedite clearance of the outstanding audit observations. During 2011-12, no audit committee meeting was convened to clear the outstanding audit observations.

The Government may ensure holding of frequent meetings of these committees for ensuring effective action on the audit observations leading to their settlement.

4.1.12 Response of the Departments to the draft audit paragraphs

One draft paragraph proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India for the year ending March 2012 was forwarded (October 2012) to the Secretary/Commissioner of the Department through demi-official letter. The Administrative Secretary/Commissioner furnished replies (November 2012) in respect of the draft paragraph.

4.1.13 Follow up on Audit reports – summarised position

As per the recommendations made by the High Powered Committee (HPC) which were also accepted by the State Government in October 1993, *suo moto explanatory* notes on corrective remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by Accountant General to PAC in three months from the date of placing of Audit Reports in the Legislature.

However, *suo moto* explanatory notes were not received either from the Departments or through the Nagaland Legislative Assembly Secretariat in respect of paragraphs/reviews appeared in the Audit Reports.

4.1.14 Compliance with the earlier Audit Reports

In the Audit Reports 2001-02 to 2010-11, cases of under assessments, evasion / non/short levy of taxes / penalty, loss of revenue, failure to raise demands etc., involving ₹ 17.23 crore were reported. As of March 2012, the Departments concerned have accepted observations of ₹ 6.26 crore and recovered ₹ 0.66 crore. Audit Report wise details of cases accepted and recovered are given in the following table:

Table No.4.1.10

(₹ in crore)

Year of Audit Report	Total Money Value	Accepted money value	Recovery made
2010-11	0.43	0.43	No intimation on recovery received from the Department.
2009-10	0.97	0.16	0.16
2008-09	0.22	0	0
2007-08	3.59	0	0
2006-07	1.56	0.81	0.37
2005-06	0.47	0.47	0.12
2004-05	1.47	1.10	0
2003-04	2.78	0.43	0.01
2002-03	1.12	1.12	0
2001-02	4.62	1.74	0
Total	17.23	6.26	0.66

4.1.15 Analysis of mechanism for dealing with the issues raised by Audit

In order to analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Department/Government the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last 10 years in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 4.3.1 to 4.3.2.2 discuss the performance of Taxation Department in dealing with the cases detected in the course of local audit conducted during the last 10 years and also the cases included in the Audit Reports for the years 2001-02 to 2010-11.

4.1.16 Position of Inspection Reports

A summarised position of Inspection Reports issued during the last 10 years, paragraphs included in these Reports and their status as on 30th June 2012 are given in the following table.

Table No.4.1.11

Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
	IRs	Paras	Money Value (₹ in crore)	I Rs	Paras	Money Value (₹ in crore)	IRs	Paras	Money Value (₹ in crore)	IRs	Paras	Money Value (₹ in crore)
2003-04	10	25	10.66	6	20	1.75	-	-	-	16	45	12.41
2004-05	16	45	12.41	6	27	2.37	-	-	-	22	72	14.78
2005-06	22	72	14.78	3	33	8.02	1	10	0.09	24	95	22.71
2006-07	24	95	22.71	4	31	1.65	0	3	0	28	123	24.36
2007-08	28	123	24.36	5	43	0.25	0	0	0	33	166	24.61
2008-09	33	166	24.61	2	27	13.73	0	4	0.03	35	189	38.31
2009-10	35	189	38.31	0	0	0	1	2	0.06	34	187	38.25
2010-11	34	187	38.25	1	2	0	3	14	0.62	32	175	37.63
2011-12	32	175	37.63	1	1	0	0	0	0	33	176	37.63
Upto June 2012	33	176	37.63	1	2	0.03	0	10	0.22	34	168	37.44

We reminded the Department periodically to furnish the replies to the outstanding audit observations.

4.1.17 Assurances given by the Departments/Government on the issues highlighted in the Audit Reports

4.1.17.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years and those accepted by the Departments and the amount recovered are mentioned in the following table:

Table No.4.1.12

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs (₹ in crore)	No. of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year (₹ in crore)	Cumulative position of recovery of accepted cases
2001-02	0	0	0	0	0	0
2002-03	0	0	0	0	0	0
2003-04	0	0	0	0	0	0
2004-05	2	0.28	2	0.28	0	0
2005-06	0	0	0	0	0	0
2006-07	1	0.59	0	0	0	0
2007-08	2	0.44	0	0	0	0
2008-09	1	0.03	0	0	0	0
2009-10	0	0	0	0	0	0
2010-11	0	0	0	0	0	0
Total	6	1.34	2	0.28	0	0

From the above table it is seen that during the last ten years out of the accepted amount of ₹ 0.28 crore, zero *per cent* has been recovered by the Department by the end of this year.

The Department needs to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

4.1.18 Action taken on the recommendations accepted by the Departments/Government

The draft Performance Audit (PAs) conducted by the AG are forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These PAs are also discussed in the Exit Conference and the Department's/Government's views are included while finalising the PAs for the Audit Reports.

The following table shows the number of recommendations in the review on the Taxation Department featured in the last 10 Audit Reports and action taken by the department on the recommendations accepted by it as well as the Government.

Table No.4.1.13

Year of Audit Report	Name of the review	No. of recommendations	Details of the recommendations accepted
2001-02	-	-	-
2002-03	-	-	-
2003-04	-	-	-
2004-05	-	-	-
2005-06	-	-	-
2006-07	-	-	-
2007-08	-	-	-
2008-09	Transition from Sales Tax to Value Added Tax	7	-
2009-10	-	-	-
2010-11	Performance Audit on 'Utilisation of declaration forms in interstate trade'	5	-

4.1.19 Results of audit

4.1.19.1 Position of local audit conducted during the year

Test check of the records of 17 units of Transport, Forest and Finance (Taxes) Departments conducted during the year 2011-12 revealed underassessment/short levy/loss of revenue/non-realisation of outstanding revenue aggregating ₹ 37.54 crore in 129 cases. Of these the Departments recovered ₹ 0.08 crore in one case.

4.1.19.2 This Report

This Report contains one paragraph (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) involving financial effect of ₹ 0.28 crore. The Departments/Government have accepted audit observation, out of which ₹ 0.08 crore has been recovered.

TAXATION DEPARTMENT

4.2 Evasion of Tax

Assessing Authority did not take into account records of utilisation of Form 'C' while passing Assessment Order which resulted in probable evasion of tax to the tune of ₹ 10.90 lakh and non-levy of interest on tax amounting to ₹ 9.32 lakh

As per subsection (1) of Section 9 of Nagaland Value Added Tax (NVAT) Act, 2005 tax shall be levied on a dealer based on his taxable turnover of sales. Further as per Section 29 of the Act *ibid*, interest at 2 *per cent* per month is payable from the date the tax payable had become due to the date of its payment or to the date of order of assessment, whichever is earlier.

During audit (March 2011) of utilisation of Form ‘C’ by dealers as maintained by Assistant Commissioner of Taxes (ACT), Dimapur it was seen that dealer A¹ purchased goods amounting to ₹ 17608243 during 2005-08. Against this, only ₹ 4914761 was shown as total purchases for the same period in the Trading Account of the dealer based on which the Assessing Authority (AA) passed Assessment Order (AO) which resulted in concealment of Taxable Turn Over (TTO) amounting to ₹ 12693482 and resultant evasion of tax to the tune of ₹ 1586685. Further, an amount of ₹ 1220510 was also leviable as interest @ 2 per cent of the tax amount payable, per month from the last date for filing the return², till the date of the passing the AO, as per provisions contained in section 29 of the NVAT Act as indicated in the table below:

Table No.4.2.1

(Amount in ₹)

Year	Date of assessment	Purchases as per utilization of Form ‘C’	Purchases as per Trading Account	TTO escaped assessment	Tax leviable on TTO escaped assessment (@12.5 %)	Number of months for which interest is payable	Interest leviable on the tax amount @ 2 % per month
2005-06	30/11/2010	4345179	1047554	3297625	412203	55 (05/06 to 11/2010)	453423
2006-07	30/11/2010	2544516	1247554	1296962	162120	43 (05/07 to 11/2010)	139423
2007-08	30/11/2010	10718548	2619653	8098895	1012362	43 (05/07 to 11/2010)	627664
Total		17608243	4914761	12693482	1586685		1220510

On being pointed out (October 2012) that the dealer had evaded payment of tax to the tune of ₹ 15.87 lakh and interest of ₹ 12.21 lakh due to inaction of the AA to consider all material information available about the transactions of the dealer, the Department stated (October 2012) that the AA conducted further verification of the relevant documents and found that goods valued at ₹ 87.75 lakh were purchased by the dealer by utilising four ‘C’ forms during 2003-04 and 2004-05 and 10 ‘C’ forms were utilised during 2005-06 to 2007-08 for purchase of goods valued at ₹ 88.34 lakh . For the years 2005-06 and 2006-07, the dealer was reassessed (October 2012) by the AA and additional amount of ₹ 3.41 lakh and ₹ 4.45 lakh respectively was levied and deposited to Government account in the same month. However, the claim of the department that the dealer had purchased goods valued at ₹ 87.75 lakh by utilising four ‘C’ forms during 2003-04 and 2004-05 were not supported by documentary evidence.

To ascertain the veracity of the claim that four ‘C’ forms were utilised during 2003-04 and 2004-05, records such as Trading Account, Assessment order for 2003-04 and 2004-05, Re-assessment order for the year 2005-06 to 2007-08, copy of the “C” forms and relevant records were called for (February 2013).

¹ M/s Dimapur Diesels, Dimapur.

² 30th April of the succeeding year

The Department while furnishing the Re-assessment orders for the years 2005-06 and 2006-07 stated (February 2013) that assessment orders and trading account for the years 2003-04 and 2004-05 had been misplaced during shifting of the office in 2007 and therefore could not be traced.

The reply of the Department that the records were misplaced and could not be traced is not acceptable and devoid of truth as the Department in their earlier reply (October 2012) had stated that further verification of documents relating to utilisation of four 'C' forms were conducted by the AA in October 2012.

The fact however, remains that the Department failed to provide documentary proof in respect of four 'C' forms worth ₹ 87.75 lakh stated to have been utilised during the years 2003-04 and 2004-05, which resulted in probable evasion of tax to the tune of ₹ 10.90³ lakh and interest of ₹ 9.32⁴ lakh.

³ Amount of tax leviable on escaped turnover ₹ 15.87 lakh-Tax amount recovered by AA ₹ 4.97 lakh

⁴ Interest ₹ 12.21 lakh-2.89 lakh (charged during reassessment)= ₹ 9.32 lakh

CHAPTER - V

GENERAL SECTOR

5.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2012 deals with the findings on audit of the State Government units under General Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under General Sector during 2011-12 are given below:

Table No.5.1.1

(₹ in crore)

Name of the departments	Total Budget allocation	Expenditure
State Legislature	40.18	40.18
Head of State	3.86	3.70
Council of Ministers	8.15	8.10
Law & Justice	48.30	37.30
Election	11.64	11.24
Public Service Commission	3.59	3.59
Civil Secretariat	110.05	107.83
District Administration	167.28	102.02
Treasuries and Accounts	28.84	28.17
Police	796.23	791.37
Police Engineering Project	84.58	72.16
Village Guards	37.00	36.91
Jails	24.31	24.32
Stationery & Printing	14.55	14.26
Public Works(Housing)	107.96	76.61
CAWD	74.75	55.29
Mechanical Engineering	29.88	29.87
Home Guards	15.93	15.77
Vigilance Commission	4.22	4.15
Administrative Training Institute	4.33	3.41
Fire and Emergency Services	19.54	18.95
State Guest Houses	10.73	10.16
State Information Commission	1.70	1.68
Finance Department	1867.08	1831.97
Land Revenue	0.69	0.58
State Excise	14.66	14.57
Sales Tax	13.77	13.32
Taxes on Vehicles	38.71	34.44
State Lotteries and Small savings	1.83	1.80
Total number of departments=29	3584.34	3393.72

5.2 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stake holders.

After completion of audit of each unit on a test check basis, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the auditee for compliance. Some of the important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit reports, which are submitted to the Governor of State under Article 151 of the constitution of India for laying on the table of the Legislature.

During the year, test-check of audits involving expenditure of ₹ 1192.75 crore (including funds pertaining to previous years audited during the year) of the State Government under General sector were conducted. The chapter contains three transaction audit paragraphs as given below:

HOME (GENERAL ADMINISTRATION) DEPARTMENT

5.3 Excess Payment

Executive Engineer, Civil Administration Works Division made excess payment of ₹ 128.24 lakh by allowing enhanced rate on the items of work already executed and paid for earlier in respect of two works.

Scrutiny of records of the Executive Engineer (EE), Civil Administration Works Division (CAWD) in December 2010 revealed the following:-

A. The EE, CAWD issued (March 2007) Notice Inviting Tender (NIT) at an estimated cost of ₹ 6.57 crore (SOR 2004) for construction of Deputy Commissioner's Office Complex at Dimapur and the work was awarded (September 2007) to the lowest bidder¹ for ₹ 7.75 crore who quoted 18 *per cent* above SOR 2004. The work was scheduled for completion in September 2008 i.e. within 12 months from the date of issue of work order.

Though the contractor commenced the work in September 2007, the work was not completed within the stipulated period. However, the contractor sought (October 2008) enhancement of rate from 18 *per cent* to 60 *per cent* above SOR 2004 stating escalation of market rate of construction material during the period. Government approved (February 2009) the revised estimates and enhanced the rate to 48 *per cent* above SOR 2004, increasing the cost from ₹ 7.75 crore to ₹ 9.72 crore.

¹ M/s Guolhoulie Rio & Sons, Kohima

Scrutiny of records (December 2010) revealed that the revised estimate was prepared by the EE, CAWD including the work valued at ₹ 2.09 crore which had already been executed and payment made (May 2008) to the contractor through first Running Account (RA) bill. Subsequently, the EE paid ₹ 4.96 crore to the contractor through second and third RA bills (in April 2009 and June 2010) at the enhanced rate of 48 *per cent* for the entire work.

Irregular application of enhanced rate for the entire work including portions of works which were already executed and paid for resulted in excess payment of ₹ 53.23 lakh².

The EE in reply stated (August 2012) that the revised estimate was prepared including the items of work already executed and regularised in Running Bills, as the market rate of all building materials, labour charges and transportation charges had substantially increased between the period of issue of work order and the execution of the work.

The reply is not tenable as the contractor commenced the work immediately after issue of work order and executed works valued at ₹ 2.09 crore by April 2008 (within 7 months) and the enhancement of rate was sought only on the basis of the market rate of October 2008.

B. Commissioner & Secretary, Law and Justice Department entered into an Agreement (December 2003) with a contractor for construction of nine staff quarter's³ for Department of Law and Justice Department which inter alia provided that the contractor⁴ shall not demand for enhancement of rates beyond what is specified in the work order.

Subsequently, the EE, CAWD issued (March 2004) Notice Inviting Tender (NIT) and the work was awarded (June 2004) to the above contractor who lowest bidder⁵ who quoted 147 *per cent* above SOR 1995 at the cost of ₹ 238.50 lakh for civil works with a stipulation to complete the work by June 2006 i.e. within 24 months from the date of issue of work order.

The rate for civil works was enhanced (May 2006) to 7.50 *per cent* above SOR 2004 by switching over from SOR 1995 increasing the cost of civil works from ₹ 238.50 lakh to ₹ 336.38 lakh in line with the contractor's representation. Further, based on the contractor's second representation (April 2008) the rate for civil works was enhanced from 7.50 *per cent* to 35 *per cent* above SOR 2004 (February 2009) increasing the cost of civil works from ₹ 336.38 lakh to ₹ 422.42 lakh. The work was completed (November 2009) at a cost of ₹ 422.46 lakh.

² 18 *per cent* above SOR 2004: ₹ 209.36 lakh; 30 *per cent* (48 *per cent* - 18 *per cent*) above SOR 2004 paid in excess for the work which was already executed in second RA bill (₹ 209.36 lakh/1.18) *1.48 - ₹ 209.36 lakh = ₹ 53.23 lakh.

³ Type IV-3 Units; Type III-3 Units and Type I-3 Units

⁴ Shri Tsukjem Jamir

⁵ Shri Tsukjem Jamir

Scrutiny of records (December 2010) revealed that revised estimate *inter alia* included the part of civil works amounting to ₹ 293.21 lakh at the enhanced rate of 7.50 per cent above SOR 2004 which was already executed and paid in three Running Account (RA) bills⁶. The contractor was paid ₹ 121.39 lakh⁷ (March 2009 and January 2010) after completion of the work at the enhanced rate of 35 per cent above SOR 2004 including the work which had already been executed and paid for in second, third and fourth RA bills resulting in excess payment of ₹ 75.01⁸ lakh.

Thus, irregular application of enhanced rate for the entire work including the portion of works which were already executed and paid for before the approval of enhanced rate resulted in excess payment of ₹ 75.01 lakh. Besides, the action of the EE by allowing enhanced rate violated the terms of agreement.

The EE in reply stated (August 2012) that the revised estimate was prepared including the items of work already executed and regularised in Running Bills, as the market rate of all building materials, labour charges and transportation charges were substantially increased between the period of issue of work order and the execution of the work.

The reply is not acceptable as the work already executed, measured and paid should be deducted while determining the revised estimates for enhancement.

In sum, the EE CAWD made excess payment of ₹ 128.24 lakh (₹ 53.23 + ₹ 75.01 lakh) on the two works by allowing enhanced rate on the items of works already executed and paid for earlier.

The matter was reported to the Government (July 2012) but their reply had not been received (January 2013).

HOME (FIRE AND EMERGENCY SERVICES) DEPARTMENT

5.4 Diversion of Funds

An amount of ₹ 1 crore sanctioned by GOI for construction of Fire Station at State Capital Complex under Special Plan Assistance was diverted by the Directorate of Fire and Emergency Services for execution of seven other works not covered by the sanction.

According to sub-clause (i) of clause 3 of the terms and condition of sanction, the Special Plan Assistance (SPA) shall be utilised by the Government of Nagaland only for the purpose for which it was approved and it stands earmarked for the same.

⁶ 2nd RA bill ₹ 84.73 lakh (paid in April 2007), 3rd RA Bill ₹ 107.55 lakh (paid in December 2007) and 4th RA Bill ₹ 100.93 lakh (paid in December 2008)

⁷ ₹ 79.46 lakh in 5th RA bill and ₹ 41.93 lakh in 6th and final RA bill

⁸ Amount paid in 2nd, 3rd and 4th RA bills @ 7.5 per cent above SOR 2004: ₹ 293.21 lakh; 27.5 per cent (35 per cent - 7.5 per cent) above SOR 2004 paid in excess for the work which was already executed and paid in 2nd, 3rd and 4th RA bills (₹ 293.21 lakh/1.075) * 1.35 - ₹ 293.21 lakh = ₹ 75.01 lakh.

Government of India (GOI) sanctioned ₹ 3 crore for construction of fire station buildings, security fencing, water reservoir, etc in four District Headquarters and construction of Fire Station building at State Capital Complex, Kohima under SPA during 2010-11 as shown in the *Appendix – 5.1*.

Scrutiny of records (February 2012) of the Directorate of Fire & Emergency Services revealed that the Department executed 7(seven) items of works involving ₹ 2 crore through the Project Engineer (PE), Police Engineering Project (PEP), Kohima. The remaining funds of ₹ 1 crore meant for construction of Fire Station at State Capital Complex was diverted for execution of 7 (seven)⁹ other works without prior approval of the GOI. However, the Department submitted (August 2011) Utilisation Certificate (UC) to GOI, certifying that the full amount of ₹ 3 crore was utilised for the purpose for which it was sanctioned.

Thus, the Department diverted SPA funds amounting to ₹ 1 crore for works not covered in the sanction. Besides, the Department also submitted false UC indicating utilisation of ₹ 3 crore. This had also resulted in non-execution of construction of Fire Station Building at Capital Complex defeating the objective for which the funds were sanctioned by GOI.

The matter was reported to the Government (September 2012) but their reply had not been received (January 2013).

HOME DEPARTMENT

5.5 Fraudulent drawal

The Deputy Commandant Village Guard, Kiphire fraudulently drew ₹ 39.96 lakh being ration allowance twice for the same period in respect of 2049 Village Guards

Rule 34 of Receipts and Payments Rules provides that a Bill Register should be maintained by all Heads of Offices who are authorised to draw money on bills signed by them. To prevent presentation of fraudulent bills to the Treasury, a Bill Transit Register is to be maintained by the DDO and cross checked with the Bill Register. Further, the aforesaid registers should be reviewed by a Gazetted Officer and the result of the review recorded thereon. Treasury Rules, in addition to prescribing various checks to be exercised by the Treasury Officer, also require that he shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it.

The Deputy Commandant Village Guard, Kiphire drew ₹ 43.32 lakh as ration allowances in five bills between October 2010 and December 2010 in respect of 2051

⁹ Staff Quarters Barrack), Dimapur ₹ 17.50 lakh, Security Fencing at FS Dimapur-₹ 5.00 lakh, Water reservoir tank Dimapur-₹ 15 lakh, Staff quarters and toilet at Chemukedima-₹ 17.50 lakh, Water reservoir at Chemukedima FS- ₹ 15 lakh, Staff Qtrs at Kohima-₹ 15 lakh, Water reservoir tank Chemukedima-₹ 15 lakh

Village Guards for 83 days¹⁰.for the period May 2010 and August 2010 to October 2010.

Again in March 2011, the Deputy Commandant drew ₹ 62.50 lakh as ration allowance for 122 days in respect of 2049 Village Guards for the period from May 2010 to October 2010 in two bills.

Cross verification (April 2012) of these vouchers revealed that out of ₹ 62.50 lakh drawn in March 2011, ration allowance for 78 days in respect of 2049 Village Guards amounting to ₹ 39.96 lakh had already been drawn between October 2010 and December 2010 (***Appendix -5.2***)

Thus, the Deputy Commandant, Village Guard, Kiphire fraudulently drew ₹ 39.96 lakh in March 2011 as ration allowance for 78 days in respect of 2049 Village Guards.

Failure of the Treasury Officers to exercise the prescribed checks as envisaged in rules and procedures allowed the Deputy Commandant Village Guard to fraudulently draw ration allowance of ₹ 39.96 lakh.

The matter was reported to the Government (May 2012). Reply had not been received (February 2013).

¹⁰ May 2010 from 13-05-2010 to 28-05-2010= 16 days; August 2010 from 02-08-2010 to 26-08-2010=25 days; September 2010 from 03-09-2010 to 12-09-2010=10 days; September 2010 from 13-09-2010 to 24-09-2010=12 days and October 2010 from 09-10-2010 to 28-10-2010= 20 days.

CHAPTER – VI

FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Response of the departments to the recommendations of the Public Accounts Committee (PAC)

Finance Department issued instructions to all departments to submit Action Taken Notes (ATNs) on various suggestions, observations and recommendations made by PAC for their consideration within 15 days of presentation of the PAC Reports to the Legislature. The PAC Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executives to the Legislature and it is appropriate that they elicit timely response from the departments in the form of ATNs.

As of December 2012, out of 1323 recommendations of the PAC, made between 1990-91 and 2011-12, 1280 ATNs in respect of the recommendations had been submitted to the PAC and discussed.

6.2 Monitoring

The following Committees had been formed at the Government level to monitor the follow up action on Audit related matters:

State Level Audit and Accounts Committee: State Audit and Accounts Committee (SLAAC) had been formed (June 2008) at the State level under the Chairmanship of the Chief Secretary to monitor the response and corrective action on the findings reported by audit, to review and oversee the working of Departmental Audit and Accounts Committee and also to hold meetings once in six months.

As of December 2012, only one meeting was held (May 2010) by the SLAAC wherein the necessity of formation of Departmental Audit and Accounts Committees, training of departmental officers and issues relating to the accumulation of pending Inspection Reports and the ways to reduce pendency were discussed.

6.3 Outstanding Inspection Reports

The Accountant General (Audit), Nagaland conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the higher authorities for

taking prompt corrective action. The Heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Accountant General (AG) within one month from the date of the issue of the IRs. Serious irregularities are reported to the Heads of the departments and the Government.

The position of outstanding IRs pertaining to Civil (Expenditure audit including that of Works and Autonomous Bodies), Revenue (Audit of Revenue departments) and Commercial (Audit of Public Sector Undertakings) audit as of December 2012 is shown below:

Table 6.1

Year	Civil (including works, Forest and autonomous bodies)		Revenue		Commercial	
	No. of IRs	Paragraphs	No. of IRs	Paragraphs	No. of IRs	Paragraphs
Upto 2007-08	1406	8584	65	223	11	101
2008-09	148	1014	08	43	02	18
2009-10	109	783	07	14	02	14
2010-11	58	504	02	13	0	0
2001-12	107	751	08	07	04	40
Total	1828	11636	90	300	19	173

This large pendency of IRs is indicative of absence of adequate action to rectify the defects, omissions and irregularities pointed out through IRs by the Heads of offices and Heads of the departments.

It is recommended that the Government look into the matter and streamline the system to ensure proper response to audit observations. Action may be taken against the officials who fail to send replies to IRs/paragraphs as per prescribed time schedule and the losses/outstanding advances/overpayments may be recovered in a time bound manner.

6.4 Departmental Audit Committee Meetings

In order to expedite the settlement of the outstanding audit observations contained in the IRs, departmental audit Committees have been constituted by the Government. These Committees are chaired by the Secretaries of the concerned administrative departments and their meetings are attended by the concerned officers of the State Government and officers from the office of the AG.

During 2011-12, no audit committee meeting was convened to clear the outstanding audit observations.

**Kohima
the**

**(R. Naresh)
Accountant General (Audit), Nagaland**

Countersigned

**New Delhi
the**

**(Vinod Rai)
Comptroller and Auditor General of India**

Appendix-1.1 (a)
(Reference to Paragraph.1.3.10.7; page 24)
FUND FLOW STATEMENT IN RESPECT OF DPC, DIMAPUR.

(₹ in Lakh)

year	Opening balance	Release of fund			Interest	Others	Total (col 2+5 +6+7)	Expenditure				Total	Closing balance	Man days achieved in lakh
		GOI	GON	Total				Programme Expenditure			Administrative expenditure			
								Dhansiri par	Mdziphe ma	Other 2 blocks				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007-08	0	54.5	0	54.5	0	0	54.5	0	0	0	19.10	19.1	35.4	0
2008-09	35.4	3422.15	111	3533.15	1.06	0	3569.61	532.64	1662.61	1194.05	147.31	3536.61	33	20.34
2009-10	33	4068.07	134	4202.07	10.49	33.2	4278.76	546.95	2128.78	1244.49	290.46	4210.68	68.08	23.75
2010-11	68.08	8029.07	140.98	8170.05	40.97	22.32	8301.42	1181.10	3947.32	2635.58	437.12	8201.12	100.3	37.36
2011-12	100.3	6920.10	550.66	7470.76	22.21	30	7623.27	1063.04	3627.69	2508.27	346.0	7545.00	78.27	41.57
TOTAL		22493.89	936.64	23430.53	74.73	85.52	23827.56	3323.73	11366.4	7582.39	1239.99	23512.51		123.02

Appendix-1.1 (b)
(Reference to Paragraph 1.3.10.7; page 24)
FUND FLOW STATEMENT IN RESPECT OF DPC, MON

(₹ in Lakh)

Year	Opening balance	Release of fund			Interest	Others	Total (2+5+6+7)	Expenditure					Total	Closing balance	Man days achieved in lakh
		GOI	GON	Total				Programme Expenditure			Administrative expenditure	Transfer to other units			
								Chen	Tobu	Others					
1	2	3	4	5	6	7	8	9	10	11	13	14	15	16	17
2007-08	143.13	855.08	32.00	887.08	6.24	1.00	1037.45	237.58	220.78	499.18	43.83	1.00	1002.37	35.08	55.75
2008-09	35.08	400.00	174.00	574.00	0.53	0	609.62	149.11	114.61	289.05	42.65	10.10	605.52	4.1	3.32
2009-10	4.1	8092.60	174.00	8266.60	6.97	0	8277.67	2040.98	1579.54	4155.41	318.60	1.00	8095.55	182.12	46.66
2010-11	182.12	5503.43	0	5503.43	5.57	16.47*	5707.59	1435.45	1086.24	2855.32	308.82	0	5685.83	21.76	32.26
2011-12	21.76	5178.76	605.47	5784.23	8.13	10.69	5824.81	1442.24	1144.73	2863.00	313.78	0	5772.77	52.04	27.71
TOTAL		20029.87	985.47	21015.34	27.44	18.82	21457.14	5305.36	4145.9	10661.96	1027.68	12.1	21162.04		165.70

*Convergence with Horticulture Department, GON

Appendix 1.1 (c)
(Reference to Paragraph 1.3.10.7; page 24)
FUND FLOW STATEMENT IN RESPECT OF DPC, TUENSANG.

(₹ in Lakh)

Year	Opening balance	Release of fund			Interest	Others	Total (2+5+6+7)	Expenditure						Total	Closing balance	Man days achieved in lakh
		GOI	GON	Total				Programme Expenditure				Administrative expenditure	Transfer to other units			
								Sangsangyu	Noklak	Chessore	Others					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2007-08	0	890.12	82.0	972.12	14.66	35.90*	1022.68	135.97	107.78	123.91	441.22	33.08	34.27	876.23	146.45	8.09
2008-09	146.45	2273.00	147.46	2420.46	5.07	0	2571.98	442.55	572.45	343.49	1101.43	88.11	0	2548.03	23.95	24.60
2009-10	23.95	4416.25	139.00	4555.25	4.88	0	4584.08	676.00	1040.00	699.87	1857.24	261.60	0	4534.71	49.37	42.73
2010-11	49.37	6299.42	281.97	6581.39	23.29	8	6662.05	1022.75	1541.22	1014.00	2711.35	362.56	0	6651.88	10.17	62.89
2011-12	10.17	5953.64	427.32	6380.96	11.01	0	6402.14	1071.05	1422.5	908.27	2611.27	376.46	0	6389.55	12.59	50.96
TOTAL		19832.43	1077.75	20910.18	58.91	43.90	21242.93	3348.32	4683.95	3089.54	8722.51	1121.81	34.27	21000.4	12.59	189.27

*Rs 34.53lakh (SGRY) and Rs 1.37 lakh Misc Receipt

Appendix 1.1 (d)
(Reference to Paragraph 1.3.10.7; page 24)
FUND FLOW STATEMENT IN RESPECT OF DPC, PEREN

(₹ in Lakh)

Year	Opening balance	Release of fund			Interest	Others	Total (col 2+5+6+7)	Expenditure				Total	Closing balance	Man days achieved in lakh
		GOI	GON	Total				Programme Expenditure			Administrative expenditure			
								Peren	Tening	Jalukie				
1	2	3		5	6	7	8	9	10	11	12	13	14	15
2007-08	0	0.54	0	0.54	0	0	0.54	0	0	0	0.07	0.07	0.47	0
2008-09	0.47	23.50	0.89	24.39	0.01	0	24.87	8.66	7.63	7.09	1.49	24.87	0.00	18.53
2009-10	0.00	40.11	1.24	41.35	0.02	0	41.37	13.73	12.78	12.44	2.40	41.35	0.02	20.66
2010-11	0.02	38.53	1.06	39.59	0.05	0.11	39.77	13.08	12.07	11.56	2.33	39.04	0.73	22.02
2011-12	0.73	48.33	2.12	50.45	0.08	0	51.26	16.30	15.01	14.01	2.67	47.99	3.27	23.05
TOTAL		151.01	5.31	156.32	0.16	0.11	157.81	51.77	47.49	45.1	8.96	153.32		84.26

Appendix 1.2

(Reference to Paragraph 1.3.10.8; page 26)

Statement showing the release of funds and expenditure in respect of 71 VDBs under nine blocks in four test checked DPCs during 2007-2012

(₹ in lakh)

Name of the sample district	Name of sample Block	Name of the selected Village	Average no. of job card	Fund Allocated during 2007-08 to 2011-12		Total	Mandays generated	Actual receipt during 2007-08 to 2011-12				Expenditure during 2007-08 to 2011-12		Total	CB
				Wages	Material			Wages	Material	Interest receipts	Total (4+9+10+11)	Wages	Material		
1	2	3	4	5	6	7	8	9	10	11	13	14	15	16	17
Dimapur	Dhansiriapar	Keyeto	230	79.95	56.51	136.46	0.76	30.9	0	0.01	30.91	30.88	0	30.88	0.03
		Razaphe	165	69.35	45.48	114.83	0.65	22.18	0	0.02	22.2	22.17	0	22.17	0.03
		Disagaphu	119	36.48	24.93	61.41	0.35	11.66	0	0.02	11.68	10.7	0	10.7	0.98
		Khekiho	234	96.71	63.42	160.13	0.90	42.71	0	0	42.71	42.69	0	42.69	0.02
		Toshezu	158	64.98	38.48	103.46	0.62	19.42	0	0.01	19.43	19.41	0	19.41	0.02
		Singrijan	256	62.76	43.65	106.41	0.61	26.77	0	0.15	26.92	26.77	0	26.77	0.15
		Doyapur	329	77.78	45.42	123.2	0.75	35.37	0	0.05	35.42	35.36	0	35.36	0.06
		RazapheBasa	74	25.74	17.53	43.27	0.24	8.48	0	0.01	8.49	8.46	0	8.46	0.03
	Total		1565	513.75	335.42	849.17	4.88	197.49	0	0.27	197.76	196.44	0	196.44	1.32
	Medziphema	Aoyimti	439	141.66	94.6	236.26	1.33	55.76	0	0.2	55.96	55.79	0	55.79	0.17
		Diphupar	1984	562.77	368.55	931.32	5.3	256.59	0	1.37	257.96	257.83	0	257.83	0.13
		Darogapathar	381	79.66	51.4	131.06	0.77	50.8	0	0.38	51.18	50.9	0	50.9	0.28
		Thilixu	911	324.34	210.92	535.26	3.02	113.16	0	0.33	113.49	113.41	0	113.41	0.08
		Phaipijang	154	40.77	22.59	63.36	0.38	22.76	0	0.1	22.86	22.76	0	22.76	0.1
		Nagarjan	1663	247.28	159.66	406.94	2.35	194.96	0	1.66	196.62	194.97	0	194.97	1.65
		Paglapahar	180	81.44	52.16	133.6	0.79	31.48		0.11	31.59	31.58	0	31.58	0.01
		Sodzholhou	147	25.28	17.82	43.1	0.25	16.51	0	0.06	16.57	16.57	0	16.57	0
		Samaguri	98	29.36	19.57	48.93	0.35	15.04	0	0.1	15.14	15.08	0	15.08	0.06
		Tolui	272	45.9	29.68	75.58	0.44	37.25	0	0.14	37.39	37.26	0	37.26	0.13
		Bungsang	141	44.43	24.25	68.68	0.42	26.37	0	0.03	26.4	24.97	0	24.97	1.43
		Molvom	179	65.9	43.73	109.63	0.62	28.04	0	0.03	28.07	28.07	0	28.07	0
Hekeshe		119	30.31	19.87	50.18	0.29	16.38	0	0.09	16.47	16.46	0	16.46	0.01	
Sovima	552	155.84	101.97	257.81	1.49	57.87	0	0.44	58.31	58.07	0	58.07	0.24		
Khriezephe	190	57.65	39.28	96.93	0.53	22.75		0.11	22.86	22.75	0	22.75	0.11		
Khopanalala	80	23.5	14.69	38.19	0.23	13.83	0	0.08	13.91	13.83	0	13.83	0.08		
Industrial Village	513	179.4	117.29	296.69	1.7	74.4		0.67	75.07	72.63		72.63	2.44		
Seithekiema A	248	73.04	53.89	126.93	0.71	21.51	0	0.12	21.63	21.59	0	21.59	0.04		
Total		8251	2208.53	1441.92	3650.45	20.97	1055.46	0	6.02	1061.48	1054.52	0	1054.52	6.96	

Audit Report for the year ended 31st March 2012

Appendix 1.2 (Contd.)

Name of the sample district	Name of sample Block	Name of the selected Village	Average no. of job card	Fund Allocated during 2007-08 to 2011-12		Total	Mandays generated	Actual receipt during 2007-08 to 2011-12				Expenditure during 2007-08 to 2011-12		Total	CB	
				Wages	Material			Wages	Material	Interest receipts	Total (4+9+10+11)	Wages	Material			
1	2	3	4	5	6	7	8	9	10	11	13	14	15	16	17	
Mon	Chen	Chenloisho	669	276.97	146.69	423.66	2.64	264.41	0	0.07	264.48	264.4	0	264.4	0.08	
		Choknyu	253	90.14	45.78	135.92	0.88	82.46	0	0.04	82.5	82.46	0	82.46	0.04	
		Wangti	393	193.92	104.14	298.06	1.83	137.37	0	0.05	137.42	137.33	0	137.33	0.09	
		ChaohaChingnyu	440	165.45	89.32	254.77	1.58	111.19	0	0.06	111.25	111.18	0	111.18	0.07	
		Jakphang	642	250.98	123.77	374.75	2.41	248.17	0	0.11	248.28	248.16	0	248.16	0.12	
		Ngangching	313	141.05	81.67	222.72	1.35	138.08	0	0.06	138.14	138.08	0	138.08	0.06	
	Total			2710	1118.51	591.37	1709.88	10.69	981.68	0	0.39	982.07	981.61	0	981.61	0.46
	Tobu	Monyakshu	672	301.65	144.75	446.4	2.9	252.65	0	0.42	253.07	252.64	0	252.64	0.43	
		Pessao	633	279.74	127.98	407.72	2.72	234.17	0	0.39	234.56	234.16	0	234.16	0.4	
		Yakshu	463	204.31	99.73	304.04	1.98	176.19	0	0.29	176.48	176.16	0	176.16	0.32	
Ukha		381	176.53	87.08	263.61	1.71	139.29	0	0.26	139.55	139.27	0	139.27	0.28		
Total			2149	962.23	459.54	1421.77	9.31	802.3	0	1.36	803.66	802.23	0	802.23	1.43	
Tuensang	Sangsangnyu	Hakchang	435	182.21	110.11	292.32	1.74	143.88	0	0	143.88	122.69	0	122.69	21.19	
		Saoshou	113	47.05	29.54	76.59	0.45	44.24	0	0	44.24	40.36	0	40.36	3.88	
		Momching	123	47.45	29.87	77.32	0.45	41.11	0	0	41.11	35.17	0	35.17	5.94	
		Sangsangnyu	250	156.72	56.03	212.75	1.12	84.32	0	0	84.32	73.27	0	73.27	11.05	
		Maksha	174	80.77	46.56	127.33	0.77	63.39	0	0	63.39	52.43	0	52.43	10.96	
		Helipong	140	56.87	34.51	91.38	0.51	45.99	0	0	45.99	39.6	0	39.6	6.39	
	Total			1235	571.07	306.62	877.69	5.04	422.93	0	0	422.93	363.52	0	363.52	59.41
	Noklak	Ekhao	112	42.96	32.42	75.38	0.41	29.97	0	0	29.97	29.24	0	29.24	0.73	
		Yakhao	190	72.26	46.33	118.59	0.69	54.17	0	0	54.17	52.88	0	52.88	1.29	
		Kengnyu	224	83.17	55.31	138.48	0.79	60.16	0	0	60.16	59.87	0	59.87	0.29	
		Nokyan	375	138.15	91.06	229.21	1.31	107.61	0	0	107.61	105.36	0	105.36	2.25	
		Taknyu	115	44.14	26.46	70.6	0.43	31.74	0	0	31.74	29.35	0	29.35	2.39	
		Pangsha	666	223.59	147.16	370.75	2.11	181.69	0	0	181.69	172.465	0	172.465	9.22	
		Panso B	516	225.89	144.24	370.13	2.17	195.44	0	0	195.44	185.96	0	185.96	9.48	
Yimpang		112	38.19	25.02	63.21	0.36	31.18	0	0	31.18	28.99	0	28.99	2.19		
Total			2310	868.35	568	1436.35	8.27	691.96	0	0	691.96	664.115	0	664.115	27.84	

Appendix 1.2 (Concl.)

Name of the sample district	Name of sample Block	Name of the selected Village	Average no. of job card	Fund Allocated during 2007-08 to 2011-12		Total	Mandays generated	Actual receipt during 2007-08 to 2011-12				Expenditure during 2007-08 to 2011-12		Total	CB
				Wages	Material			Wages	Material	Interest receipts	Total (4+9+10+11)	Wages	Material		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Tuensang	Chessore	Chessore	914	364.36	218.86	583.22	3.48	286.68	0	0	286.68	254.52	0	254.52	32.16
		Kiutsukiur	181	91.38	57.09	148.47	0.88	78.13	0	0	78.13	76.3	0	76.3	1.83
		Kuthur	779	326.63	201.76	528.39	3.09	266.89	0	0	266.89	266.89	0	266.89	0
		Shiponger	363	154.57	92.52	247.09	1.49	130.28	0	0	130.28	130.04	0	130.04	0.24
	Total		2237	936.94	570.23	1507.17	8.94	761.98	0	0	761.98	727.75	0	727.75	34.23
Peren	Tenning	Old Tesen	410	161.60	108.18	269.78	1.64	156.71	0	0.17	156.88	154.1	0	154.1	2.78
		Nkialwa	346	168.65	112.91	281.56	1.69	163.01	0	0.19	163.2	160.35	0	160.35	2.85
		Azilong	398	171.26	114.70	285.96	1.71	166.04	0	0.21	166.25	166.04	0	166.04	0.21
		Tenning	649	273.52	183.21	456.73	2.73	264.64	0	0.2	264.84	260.03	0	260.03	4.81
		Mbaupungchi	272	114.10	76.45	190.55	1.14	110.36	0	0.12	110.48	108.73	0	108.73	1.75
		Ntu	423	177.82	119.12	296.94	1.77	166.59	0	0.14	166.73	166.59	0	166.59	0.14
		NzauNamsan	241	97.61	65.36	162.97	0.98	105.17	0	0.11	105.28	103.5	0	103.5	1.78
	Total		2739	1164.56	779.93	1944.49	11.66	1132.52	0	1.14	1133.66	1119.34	0	1119.34	14.32
	Jalukie	Samzuiram	797	321.91	214.61	536.52	3.08	348.98	0	0.29	349.27	338.07	0	338.07	11.20
		Old Jalukie	575	242.83	161.89	404.72	2.32	235.35	0	0.27	235.62	231.23	0	231.23	4.39
		New Jalukie	582	258.80	172.53	431.33	2.47	251	0	0.26	251.26	241.78	0	241.78	9.48
		Inbung	150	61.01	40.66	101.67	0.58	62.69	0	0.05	62.74	60.40	0	60.40	2.34
		Jalukie B	516	213.47	142.31	355.78	2.04	206.88	0	0.21	207.09	203.23	0	203.23	3.86
		New Besuimpui	216	91.29	60.86	152.15	0.87	88.22	0	0.08	88.30	86.66	0	86.66	1.64
Besumpuikam		523	222.77	142.55	365.32	2.12	217.46	0	0.18	217.64	213.57	0	213.57	4.07	
Phanjang		101	42.96	28.64	71.6	0.41	41.56	0	0.04	41.60	39.93	0	39.93	1.67	
Bongkolong	238	100.49	60.66	161.15	0.86	97.12	0	0.08	97.20	93.55	0	93.55	3.65		
Lilen	186	76.56	51.04	127.6	0.73	74.18	0	0.06	74.24	71.26	0	71.26	2.98		
Total		3884	1632.09	1075.75	2707.84	15.48	1623.44	0	1.52	1624.96	1579.68	0	1579.68	45.28	
Grand Total			27080	9976.03	6128.78	16104.81	95.24	7669.76	0	10.7	7680.46	7489.21	0	7489.21	191.25

Appendix 1.3 (i)

(Reference to Paragraph 1.3.13.6; page 39)

STATEMENT SHOWING UN EXECUTED WORKS UNDER 4 DPCs

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Estimated cost (₹in lakh)	Amount released for works execution (₹in lakh)
1.	Dimapur	Medzipheme	Aoyimti	2011-12	Constrn. of terrace at village	10 Hac	5.0	5.0
2.			Aoyimty	2011-12	Up-gradation of village road	1 KM	20.00	20.00
3.			Hekeshe	2010-11	Constrn. irrigation channel	2KM	2.00	2.00
4.			Pagalapahar	2008-09	Con. Of village road – GB Khel to T Khel	0.02 Km	0.46	0.46
5.			Pagalapahar	2008-09	Con. Of village road – GB Khel to T Khel	0.17 Km	3.00	3.00
6.			Pagalapahar	2009-10	Con. Of village road – GB Khel to T Khel	0.115 Km	2.00	2.00
7.			Pagalapahar	2010-11	Con. Of village road – GB Khel to T Khel	0.27Km	4.74	4.74
8.			Kuda (Nagarjan)	2010-11	Nallah treatment for regulating water flow	1.272 Km	3.00	3.00
9.			Kuda (Nagarjan)	2010-11	Repair of village road	0.162 km	2.00	2.00
10.			samaguri	2009-10	Con. Hume pipe culvert	1 No	1.00	1.00
11.			samaguri	2008-09	Con. Village approach road to community hall	0.562Km	0.45	0.45
12.			Khriezephe	2008-09	Con. Village A/road- singrijan-khrizephe	1 Km	8.00	8.00
13.			Khriezephe	2008-09	Con. Village A/road- singrijan-khrizephe& 1 H/P culvert	0.625 Km	5.00	5.00
14.			Khriezephe	2008-09	Extn. Of a/ road	0.27 Km	2.00	2.00
15.			Khriezephe	2011-12	Renovation of village road	0.684 Km	5.00	5.00
16.			Khriezephe	2011-12	Land development	12.5 Hac	10.00	10.00
17.			Bhumsang	2011-12	Agri foot path	2.336Km	5.00	5.00
18.			Bhumsan g	2011-12	Agri foot path	1.121 Km	2.40	2.40
19.			Bhumsang	2011-12	Con. Terrace	4 Hac	2.00	2.00
20.			Diphupar	2009-10	Jungle clearance – Referel hospital	10 Hac	2.00	2.00
21.			Diphupar	2010-11	Con. Village A/road -metalling & soiling	0.81 Km	10.00	10.00
22.			Diphupar	2010-11	Conillage A/road. Metalling & soiling	0.41 Km	5.00	5.00
23.			Diphupar	2011-12	Renovation of Village road	0.487 Km	6.00	6.00
24.			Diphupar	2011-12	Con. o f terrace	50 Hac	25.00	25.00
25.			Diphupar	2011-12	Con. Village road	0.171 Km	3.00	3.00
26.			Diphupar	2011-12	Con. Drainage C &D khel	0.363 Km	20.00	20.00
TOTAL (A)							154.05	154.05

Appendix 1.3 (i) (contd.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Estimated cost (₹in lakh)	Amount released for works execution (₹in lakh)
27.	Dimapur	Dhanisripar	Kiyeto	2010-12	Village road	0.7 Km	7.53	7.53
28.			Kiyeto	2008-09	Improvement of road	4.74 Km	8.40	8.40
29.			Kiyeto	2011-12	Nallah treatment	6.5 Km	20.00	20.00
30.			Kiyeto	2010-11	Repairing of Irrigation cannal	9.0 Km	8.00	8.00
31.			Doyapur	2009-10	Repair of irrigation channel	2Km	2.00	2.00
32.			Doyapur	2010-11	Construction of drainage	8Km	15.00	15.00
33.			Doyapur	2010-11	Construction of drainage	5.4 Km	8.00	8.00
34.			Doyapur	2011-12	Construction of ring wells	1 unit	0.50	0.50
35.			Toshezu	2009-10	Pineapple plantation	2Hac	5.00	5.00
36.			Toshezu	2010-11	Social forestry	7 Hac	5.00	5.00
37.			Toshezu	2011-12	Constrn. Agri link road	2Hac	10.00	10.00
38.			Toshezu	2011-12	Constrn. Agri link road	2Km	2.95	2.95
39.			Toshezu	2011-12	Constrn. Agri link road	2Km	5.00	5.00
40.			singrijan	2010-11	Village road – primary School to D. Khel	1.7 Km	34.06	34.06
41.			Singrijan	2011-12	Village road – primary School to D. Khel	1.7 Km	2.65	2.65
42.			Singrijan	2008-09	Constrn. of Agri link road	2.55 Km	15.00	15.00
43.			singrijan	2009-10	Improvement of village approach road	1Km	10.00	10.00
44.			Singrijan	2011-12	Constrn. Village approach Road	2.5 Km	20.71	20.71
45.			singrijan	2009-10	Constrn of ring well	2nos	0.50	0.50
46.			Singrijan	2010-11	Constrn of irrigation cannal	9Km	16.00	16.00
47.			Singrijan	2011-12	Constrn of irrigation cannal	2 Km	3.00	3.00
48.			Singrijan	2011-12	Constrn of Agri Link rtoad	0.5 Km	3.00	3.00
49.			disagaphu	2009-12	Plantations/horticulture plantations	37 Hac	11.51	11.51
50.			Disagaphu	2011-12	Constrn of agri link road	0.5 Km	4.00	4.00
51.			Disagaphu	2011-12	Village approach road- ph- III	1.50 Km	5.00	5.00
52.			Disagaphu	2011-12	Const. of Agri link road	0.50Km	4.00	4.00
53.			Razaphe	2010-11	Constrn. Of Agri link road	3Km	10.00	10.00
54.			Razaphe	2010-11	Digging of pond	10 nos	4.00	4.00
55.			Razaphe	2011-12	Village road	1.34 Km	2.37	2.37
56.			Razaphe	2011-12	Renovation / widening of Village approach road	1.876Km	10.00	10.00
57.			Razaphe	2011-12	Village road- Viillage to Agri filed	0.20 Km	1.00	1.00
58.			Razaphe	2011-12	Village road- Village to agri field	0.5Km	3.00	3.00
59.			Razaphe	2011-12	Renovation /widening of the Agri link road Village to Agri field.	1.876Km	10.00	10.00
60.			Razaphe	2011-12	Constrn of drainage- village area	1Km	1.00	1.00
TOTAL (B)							268.18	268.18

Appendix 1.3 (i) (contd.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Estimated cost (₹in lakh)	Amount released for works execution (₹in lakh)	
61.	Mon	Tobu	Yakshu	2011-12	Soiling and Metaling of Village Circular Road	4.72 Km	72.59	72.59	
62.			Pessao	2011-12	Construction of Drainage at Approach Road	0.814 Km	16.28	16.28	
TOTAL (C)							88.87	88.87	
63.	Mon	Chen	Chenloisho	2010-11	Cardamom Cultivation	41.42Hac	20.70	20.70	
64.			Chenloisho	2009-10	Construction of Village Road(WBM)	0.47 Km	11.94	11.94	
65.			Chenloisho	2009-10	Construction of Village Road Soiling	2.54 Km	35.10	35.10	
66.			Choknyu	2008-09	Construction of Agri-link Road	0.07 Km	0.66	0.66	
67.			ChaohaChingnyu	2010-11	Construction of Village Road	0.85 Km	12.78	12.78	
TOTAL (D)							81.18	81.18	
68.	Tuensnag	Chessore	Kuthur	2011-12	Con. Of irrigation canal	8.00 KM	37.06	37.06	
69.		Sangsangnyu		Maksha	2009-10	Cons. Village A/road	2.29Km	11.56	11.56
70.				Helipong	2010-11	Cons. Concrete foot steps	0.056 Km	5.36	5.36
71.				Momching	2010-11	Cons. Village A/road	0.46 Km	7.25	7.25
72.				Momching	2009-10	Land slide protection wall	6.033Km	4.96	4.96
73.				Saochu	2009-10	Nullah treatment	0.18 Km	4.96	4.96
74.				Saochu	2009-10	Afforestation / tree plantation	5 Hac	2.77	2.77
75.				Hakchang	2009-11	Cons. Horti link road to yachung	4.3 Km	4.73	4.73
76.				Hakchang	2009-11	Widening of A/road at wangkhu	4 Km	7.96	7.96
77.				Hakchang	2011-12	Improvement of A/ road	0.49 Km	13.22	13.22
78.				Noklak		Nokyan	2010-11	Cons. Horti link road	-
79.		Nokyan	2099-10			Cons. Horti link road	-	7.83	7.83
80.		Yimpang	2008-09			Cons. Approach Road	-	7.27	7.27
81.		Yimpang	2010-11			Cons. Agri link road	6 Km	23.79	23.79
82.		Toknyu	2010-11			Cons. Agri link road	3.61 Km	28.80	28.80
83.		Ekhao	2011-12			Cons. Foot step	-	2.99	2.99
TOTAL (E)							172.51	172.51	

Appendix 1.3 (i) (concl.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Estimated cost (₹in lakh)	Amount released for works execution (₹in lakh)	
84.	Peren	Jalukie	Inbung	2008-09	Pine apple Cultivation	14.21 Hac	4.55	4.55	
85.			Beisimpui	2011-12	Cons. of terrace	22.69 Hac	11.34	11.34	
86.			Beisumpuikam	2011-12	Repairing of irrigation Channel	18.912 Km	22.69	22.69	
87.			Beisumpuikam	2011-12	Terrace construction	22.69 cum	11.35	11.35	
88.			Lilen	2011-12	Land slide protection wall	110.4 mtr	12.15	12.15	
89.			Old Jalukie	2008-09	Teak plantation	7.78 Ha	2.49	2.49	
90.			Old Jalukie	2010-11	Social forestry	101.5Ha	10.15	10.15	
91.			Jalukie B	2011-12	Community latrine	67 nos	41.54	41.54	
92.			Samjuiram	2011-12	Horticulture plantation	24.49 Ha	7.84	7.84	
93.			Samjuiram	2010-11	Check dam	50.12 cum	26.57	26.57	
94.			Samjuiram	2010-11	Construction of terrace	74.38 cum	37.19	37.19	
95.			Tening	Nkialwa	2009-10	Soiling of agri link road	3.927 Km	21.44	21.44
96.				Mbaupungchi	2009-10	Widening of Village approach road	1.963 Km	20.47	20.47
97.				Ntu	2011-12	Check dam	2 no	19.04	19.04
98.		Ntu		2009-10	Digging of pond	9.416 Km	5.51	5.51	
99.		Ntu		2008-10	Horti Plantation	42.07 Ha	13.46	13.46	
100.		NzauNamzan		2011-12	Village Road & widening of Village Approach Road	4.09 Km	51.13	51.13	
TOTAL (F)							318.91	318.91	
GRAND TOTAL (A toF)							1083.70	1083.70	

Appendix 1.3 (ii)

(Reference to Paragraph 1.3.13.6; page 39)

Statement showing excess expenditure/short in execution/no use of material in the units of Projects under 4 DPCs

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Executed in units	Amount required (₹in lakh)	Excess release (₹in lakh)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
1	Dimapur	Medziphema	Aoyimty	2009-10	Constrn. of drainage	2.98Km	9.0	0.510 Km	1.20	7.80	Calculated @ ₹ 2.36 lakh/ Km as per model estimate – nallah treatment
2			Hekishe	2010-11	Soiling & metalling	0.49 Km	6.00	0.49Kkm	3.60	2.40	Work done was only soiling hence material cost released was excess
3			samaguri	2008-09	Con. Village approach road to community hall	0.562Km	5.09	0.045Km	0.58	4.51	Calculated @ ₹ 12.87 lakh /Km as per model estimate for Dimapur
Total(A)							20.09		5.38	14.71	
4	Dimapur	Dhnasiripar	Doyapur	2010-12	Cons. of irrigation channel	10 Km	26.55	10 Km	15.93	10.62	No material was used in this work and hence release of material cost (40 per cent of col. 6) proved excess
5			Khekiho	2011-12	Agri link road	2.5Km	20.00	0.11Km	0.98	19.02	Calculated @ ₹ 8.91 lakh /Km as per model estimate for Dimapur
6			khekiho	2011-12	Cons. Link road	5.5Km	29.71	2 Km	25.74	3.97	Calculated @ ₹ 12.87 lakh /Km as per model estimate.
Total (B)							76.26		42.65	33.61	
7	Mon	Tobu	Ukha	2009-10	Soiling and Metalling of Approach Road	3.87 Km	57.99	1 Km	14.98	43.01	The total length of road in the village is only 1 Km
8			Ukha	2010-11	Construction of Village Circular Road/Soiling & Metalling	3.01 Km	45.18	1 Km	15.00	30.18	The total length of road in the village is only 1 Km
Total (C)							103.17		29.98	73.19	

Appendix 1.3 (ii) (contd.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Executed in units	Amount required (₹in lakh)	Excess release (₹in lakh)	Remarks
9	Mon	Chen	Chenloisho	2010-11	Cardamom Cultivation	41.42Hac	20.70	12Hac	5.99	14.71	Short in execution. Excess amount calculated on proportionate basis.
10			Wangti	2009-10	Construction of Agri-link Road	3.48 Km	38.83	3.48 Km	24.66	14.17	No material was used in this work and hence release of ₹14.17 lakh being material cost conformed excess
11			Wangti	2010-11	Construction of Agri-link Road	1.76 Km	21.09	1.76 Km	13.72	7.37	No material was used in this work and hence release of ₹ 7.37 lakh being material cost found excess
12			Nganching	2011-12	Construction of Water Tank	198.3Cu m	18.52	62.58Cum	5.76	12.76	Both the tanks constructed during 2011-12 are of the same size.
13			ChaoHaChi ngnyu	2011-12	Renovation of Approach Road	3.94 Km	52.49	0.12 Km	0.62	51.87	Calculated at the rate of ₹ 5.12 lakh /Km
14			Jakphang	2011-12	Construction of Agri-foot Path	3.4 Km	28.16	1 Km	8.28	19.88	Short in execution. Excess amount calculated on proportionate basis.
15			Jakphang	2007-08	Construction of Agri-link Road	3.88 Km	19.44	3.88 Km	13.56	5.88	No materials was used in this work and hence release of ₹5.88 lakh being material cost found excess
Total (D)							199.23		72.59	126.64	
16	Tuensang	Chessore	Kiutsukiur	2007-12	Agri link road from PMGSY road to Tongite	9.805Km	86.47	7 Km	35.84	50.63	Calculated @ ₹ 5.12 lakh /Km as per the model SOR of NREGS for Tuensang.
17		Sangsang nyu	Saochu	2010-11	Cons. of Agri link road	1.8 Km	7.36	1 Km	2.41	4.95	₹ 2.24 lakh due to short execution and ₹ 2.71 lakh due to non use of materials on constructed road.
18			Hakchang	2009-10	Cons. Agri link road - longpa	5.57 Km	19.92	4 Km	12.45	7.47	₹ 7.47 lakh were released as material component to the VDB. However as per the verification no material or works requiring material was executed on the Agri link roadconstructed.
19		Noklak	Kengnyu	2008-12	Cons. A/ road to Panso	6.50Km	128.55	7 Km	60.36	68.19	Excess release of ₹ 16.55 lakh in net release and ₹ 51.64 lakh due to non-use of materials in the work.

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Appendix 1.3 (ii) (contd.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Executed in units	Amount required (₹in lakh)	Excess release (₹in lakh)	Remarks
20	Tuensang	Noklak	Yokhao	2009-12	Cons. Road to Tsuwao	5.905Km	111.73	6.3 Km	56.11	55.62	₹ 10.93 lakh due to excess release and ₹ 44.69 lakh being the material cost as no material was involved in the work.
21			Nokyan	2011-12	Cons. of Sanitary drainage	0.22Km	17.75	0.450 Km	1.39	16.36	Calculated @ ₹ 3.08 lakh per KM
22			Ekhao	2007-10	Cons. A/road	1.18 Km	25.63	2 Km	19.20	6.43	Requirement Calculated at 60 per cent of ₹ 16. lakh cost of Cons. Approach road per Km.
23			Ekhao	2010-11	Reno/widening of A/road	2.09Km	23.54	1.5Km	8.90	14.64	As no material was used , cost for reno/widening is calculated @ 70 per cent of ₹ 8.47 lakh- cost for renovation/widening of village road at Ekhao
Total (E)							420.95		196.66	224.29	
24	Peren	jalukie	New Beisumpui	2009-10	Agri link Road	3.493Km	19.07	2 Km	10.92	8.15	Due to short execution and calculated @ ₹ 5.46 lakh / Km
25			New Beisumpui	2010-11	Agri link Road	7.04 Km	38.50	4 Km	21.84	16.66	Due to short in execution and calculated @ ₹ 5.46 lakh/ Km
26			Inbung	2009-11	Irrigation channel	6.41Km	19.25	5 Km	15.00	4.25	@₹ 3 lakh/ Km
27			Inbung	2011-12	Village approach road.	2.07 Km	31.86	1.50 Km	17.13	14.73	Calculated @ ₹11.42 lakh / Km as the work done was widening of existing Village Approach road.
28			Beisumpikam	2008-12	Cons. Irrigation canal	41.70Km	125.16	30 Km	90.00	35.16	Due to short in execution and calculated @ ₹ 3 lakh/ Km
29			Lilen	2009-12	Cons. Irrigation canal	9.55 Km	28.81	9.55 Km	17.29	11.52	Due to non use of material
30			Old jalukie	2008-09	Cons. Agri link road	10.52Km	57.49	10.52 Km	34.49	23.00	Due to non use of material
31			Jalukie B	2008-09 & 2010-11	Cons. Of irrigation channel	24.82Km	74.46	21.72 Km	65.16	9.30	Due to short in execution
32			New jalukie	2008-09	Cons. Of Village road	3.93 Km	60.37	3.93 Km	40.02	20.35	Due to non- use of materials in part of the road (900 metres) & renovation/widening only was executed in remaining part of road constructed.
33			Samzuiram	2008-09	Cons. Of Agri link road	13.62Km	74.40	9.400 Km	51.32	23.08	Due to short in execution
34	Samzuiram	2011-12	Cons. Of play ground	1 no	47.02	1no	5.15	41.87	As per the model SOR		
Total (F)							576.39		368.32	208.07	

Appendix 1.3 (ii) (concl.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Executed in units	Amount required (₹in lakh)	Excess release (₹in lakh)	Remarks		
35	Peren	Tening	Nkialwa	2009-11	Foot Steps	3.79 Km	23.25	2.050 Km	12.55	10.70	@ ₹ 6.12 lakh/ Km		
36			Nkialwa	2009-10	Soil o A/ road	7.769Km	32.16	2.4 Km	9.94	22.22	@ ₹ 4.14 lakh / Km		
37			Nkialwa	2011-12	Widening of Vill A/ road	4.054Km	42.28	2.2 Km	22.95	19.33	@ ₹ 10.43 lakh/ Km		
38			Nkialwa	2010-11	Agri foot path	3.363Km	16.88	2.200 Km	11.04	5.84	@ ₹ 5.02 lakh / Km		
39			Azailong	2008-09	Vill. Approach Road	3.630Km	55.67	3.630 Km	33.40	22.27	Due to non.use materials, material component released became excess		
40			Azailong	2009-10	Vill. Approach Road	3.660Km	56.14	2 Km	31.32	24.82	@ ₹ 15.66 lakh/ Km		
41			Azailong	2011-12	Open ring well	10 nos	8.46	4 nos	3.39	5.07	@ ₹ 8.46 lakh /Km		
42			Azailong	2009-10	Cons. Of village A/ Road	3.660Km	56.14	2 Km	31.20	24.94	Due to short in execution.		
43			Azailong	2010-11	Widening of Village Approach road	2.474Km	25.80	1 Km	10.43	15.37	@ ₹10.43 lakh/ Km		
44			Azailong	2011-12	Foot step	3 Km	18.60	0.500 Km	3.06	15.54	@ ₹ 6.12 lakh / Km		
45			Mbaupunc hi	2010-11	Cons. Of agri Link road	4.27 Km	23.33	3.500 Km	11.47	11.86	@ ₹5.46 lakh/ Km		
46			Mbaupunc hi	2010-11	Cons. Of irrigation Channel	4.822Km	14.47	1.450 Km	2.62	11.85	Due to non use of material and short execution. @ ₹ 3 lakh/ Km		
47			Ntu	2008-09	Agri link Road	11.26Km	61.45	8.100 Km	44.23	17.22	Due to short execution		
48			Ntu	2011-12	Vill. Approach Road	1.69Km	35.96	1 Km	9.36	26.60	Due to non use of material and short execution		
49			Ntu	2010-11	Agri foot path	5.18 Km	25.98	3 Km	15.06	10.92	Due to short in execution		
50			Ntu	2009-10	Foot Step	3.375Km	20.65	1 Km	6.12	14.53	Due to short in execution		
51			Ntu	2010-11	Vill. Approach Road	1.08 Km	16.60	1 Km	9.20	7.40	Due to short in execution		
52			Ntu	2010-11	Irrigation Canal	14.43Km	17.32	1 Km	1.20	16.12	Due to non use of material and short in execution.		
53			NzauNamza n	2010-11	Widening of Vill. Road	1.920Km	20.0	1.920 Km	12.00	8.00	Due non-use of materials		
54			NzauNamza n	2010-11	Cons. Agri foot path	3.980Km	20.00	3.98 Km	12.00	8.00	Due non-use of materials		
55			Tening	2009-10	Cons. Village A/ Road	3.110Km	48.53	2.000 Km	18.72	29.81	Due to non use of material and short in execution.		
56			Tening	2009-11	Cons. Of foot steps	3.670Km	22.46	1.300 Km	7.96	14.50	Due to non use of material and short in execution.		
57			Tening	2011-12	Cons. Of open well	26 nos	13.77	10 nos	5.30	8.47	Due short in execution		
Total(G)							675.9		324.52	351.38			
Grand total (A to G)							2071.99		1040.10	1031.89			

Appendix 1.3 (iii)

(Reference to Paragraph 1.3.13.6; page 39)

STATEMENT SHOWING THE DIVERSION OF PROJECTS UNDER NON-PERMISSIBLE CATEGORY OF WORKS UNDER 4 DPCs

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Diverted amount (₹in lakh)	Audit comments
1	2	3	4	5	6	7	8	9	10
1	Dimapur	Medziphema	Aoyimty	2008-09	Cons. Village road	1.626 Km	12.05	12.05	Black topping of the vill. road
2			Aoyimty	2011-12	Improvement of village road	2.431 Km	30.00	30.00	Black topping of the vill. road
3			Darogapathar	2010-11	Nallah treatment for regulating water	2.79 Km	6.58	6.58	Black topping of the village road
4			Kuda (nagarjan)	2011-12	Con. Village roads , protection wall	9.95 Km	80.10	80.10	Black topping of different village roads C khel
5			Sovima	2011-12	Improvement of a/road (soiling & metal ling)	0.234 Km	3.00	3.00	Black topping of village approach road C khel
6			Sovima	2011-12	Drainage- nalla treatment	4.24 Km	10.00	10.00	Black topping of village approach road in c khel
7			Sovima	2011-12	Irrigation channel	0.5 Km	2.00	2.00	Black topping of village approach road in C khel
8			Diphupar	2011-12	Con. Village A/road	2.281 Km	2.28	2.28	black topping of village approach road
9			Diphupar	2011-12	Con. Ring well	20 nos	10.00	10.00	Black topping of village road
10			Sovima	2008-09	Improvement of play ground	I No	2.50	2.50	Improvement of play ground
11			Sovima	2010-11	Black topping of A/road	1.2 Km	30.00	30.00	Black topping of approach road
12			Molvum	2009-10	Con. Community hall	1 no	7.00	7.00	Constuction of Community hall
13			sodzulhou	2009-10	Renovation of Village road	0.44 Km	3.75	3.75	Cement concrete of the road
14			Industrial village	2009-10	Improvement of A/road	0.820 Km	7.50	7.50	Black topping of the road
Total (A)							206.76	206.76	

Appendix 1.3 (iii) (Contd.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Diverted amount (₹in lakh)	Audit comments
15	Dimapur	Dhansiriipar	Disagaphu	2011-12	Horticulture plantation	8Hac	1.22	1.22	Utilised for construction of. Council Hall
16			Disagaphu	2011-12	Const. of Agri link road	0.5 Km	4.0	4.0	Utilised for construction of. Council Hall
17			Disagaphu	2011-12	Village approach road ph-III	1.5 Km	3.22	3.22	Utilised for construction of Council Hall
18			Disagaphu	2011-12	Const. of v/app road ph-III	1.5 Km	5.0	5.0	Utilised for construction of Council Hall
19			Disagaphu	2011-12	Const. of v/app road ph-III	1.5 Km	1.59	1.59	Utilised for construction of Council Hall
20			Disagaphu	2011-12	Const. of Agri link road	1.5 Km	5.0	5.0	Utilised for construction of Council Hall
21			Khekhiho	2011-12	Cons. Irrigation canal	10 Km	15.00	15.00	RCC drainage with high pillars
Total (B)							35.03	35.03	
22	Mon	Tobu	Pessao	2009-10	Construction of Approach Road from Monyakshu to Pessao	3.96 Km	61.13	61.13	Fund was diverted for widening the existing PWD road in the same location
23			Pessao	2009-10	Construction of Village Circular Road	2.25 Km	32.22	32.22	Fund was diverted for construction of Protection wall/retaining wall below Village Community Hall cum Guest House.
24			Pessao	2008-09	Construction of Circular Road	3.54 Km	52.84	52.84	Fund was diverted for widening the existing road
25			Monyakshu	2009-10	Construction of Village Circular Road	6.35 Km	95.35	21.00	₹ 30 lakh were spent for construction of Village Guard Barrack at Yangthoang Morung. Out of the total amount, ₹ 9 lakh was meant from BRGF and the remaining ₹ 21 lakh was diverted from NREGA.
26			Monyakshu	2009-10	Construction of Village Circular Road	6.35 Km	95.35	36.96	Material cost amounting to ₹ 36.96 lakh was diverted for construction of Rest House in the Village.

Appendix 1.3 (iii) (Contd.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Diverted amount (₹in lakh)	Audit comments
27	Mon	Tobu	Monyakshu	2011-12	Soiling and Metal ling of Village Circular Road	6.87Km	107.13	32.00	Fund amounting to ₹ 32.lakh was diverted for construction of cemented plastering retention wall on both sides of PWD road towards Pessao village.
28			yakshu	2011-12	Soiling and Metal ling of Village Circular Road	4.72 Km	72.60	10.00	₹ 10 lakh was utilised for renovation of EAC quarter by VDB Yakshu during 2011-12. This work was not in the approved work plan for the year 2011-12.
Total (C)							516.62	246.15	
29	Mon	Chen	Wangti	2009-10	Construction of Approach Road	1.07 Km	16.04	16.04	Fund (Material cost) diverted for construction of Gallery at Church end of play ground.
30			Chenloisho	2011-12	Cons. of water tank at Lemho	803.50 Cum	46.88	46.88	Diverted for single multipurpose water tank
Total (D)							62.92	62.92	
31	Tuensang	Chessore	Kuthur	2009-12	Construction of CC slab for approach road at Langake	1 No	132.93	45.73	Out of total Material component of ₹132.93 lakh of for 6 projects, ₹ 45.73 lakh diverted for CC Sllab
32			Chessore	2009-10	R/R of Approach Road at Alotsuye& widening of A/Road to chessore	4.33 Km	61.52	24.04	Material component amounting to ₹ 24.04 lakh was diverted for construction of Retention wall
33			Chessore	2009-10	Widening of A/Road to Chessore town	3.2 Km	45.52	27.88	Widening of A/road executed on existing PWD road
34			Chessore	2011-12	Construction of Bridge on the river Muksuhke	1 No	67.69	67.69	Material cost of ₹ 67.69 lakh out of total allocation of material cost of ₹ 67.69 lakh pertaining to the year 2011-12 diverted for construction of bridge on PWD road.

Appendix 1.3 (iii) (Contd.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹in lakh)	Diverted amount (₹in lakh)	Audit comments	
35	Tuensang	Sangsangnyu	Maksha	2009-10	Widening of A/road	0.50Km	1.69	1.69	Utilised for constuction. of community Hall	
36			Helipong	2011-12	Widening of A/ road	0.26 Km	5.58	5.58	Utilised for CC steps in front of	
37			Momching	2011-12	Widening of A /Road	2.64Km	22.79	22.79	Utilised for construction of water tank and one retaining wall costing ₹ 0.40 lakh	
38			Saochu	2011-12	Widening of Agri link road 0.99 KM & A/road 0.24 KM	1.23Km	10.19	10.19	Utilised for construction. of water tank in the village	
39			Hakchang	2008-09	Constrn of Agri link road	2.9 Km	15.00	15.00	Utilised for RCC culvert & retaining wall within the village	
40		Noklak	Yimpang	2011-12	Cons. of Sanitary drainage	-	17.76	17.76	Amount intended for sanitary drainage diverted for construction of ground.	
41			New pangsha	2010-12	Cons. Road to Lang	9.63 Km	118.34	85.67	The length of the road constructed is in 5 Km and the requirement was ₹ 80.00 lakh. Culvert/ hume pipe culvert, retention wall, nallah side drain etc were not made on the road. Thus, no material component was was utilised in this work. Entire material utilized for construction of. bridge	
42			Pansho- B	2011-12	Cons. Road to Zinki	1 Km	59.06	59.06	Amount utilized for purchase of pipes to connect to the main source of water.	
43			Pansho. B	2011-12	Cons. Sanitary drain & irrigation channel	-	39.06	39.06	Utilised for construction of PHC & Rest house in the village.	
44			Toknyu	2011-12	Cons. Road to ITC	-	20.51	20.51	Utilised for the maintenance of PMGSY road to the village	
45			Ekhao	2011-12	Cons. Sanitary drain	-	7.77	7.77	Utilised for construction of football ground	
Total (E)							625.41	450.42		

Appendix 1.3 (iii) (Concl.)

Sl. No	Name of the sample district	Name of sample Block	Name of the selected Village	Year of allocation	Name of the work	Unit	Amount released (₹ in lakh)	Diverted amount (₹ in lakh)	Audit comments
46			Phangjang	2011-12	Village Guest house	1 no	13.57	13.57	Guest house is a non-permissible work due to involvement of higher material cost.
47			Jalukie New	2008-10	Pine apple & Horticulture plantation	69.82 Hac	22.34	22.34	This amount had been utilised for construction of two marketing sheds in the village.
48			Jalukie New	2011-12	Renovation & widening of Village Road	7.36 Km	76.82	66.39	Renovation & widening of village road executed in 1 Km (₹ 10.43 lakh) only the remaining amount (₹ 66.39 lakh) utilised for construction of community hall at district HQ New Peren.
Total (F)							112.73	102.30	
49	Peren	Tenin ბო	Old Tesen	2011-12	Horticulture Plantation	26 Hac	8.52	8.52	Diverted for Village approach road – Kiealsia to church. However, this work was not found executed as per MB.
Total (G)							8.52	8.52	
Grand Total (A to G)							1567.99	1112.10	

Appendix – 1.4
(Reference to paragraph 1.4; page 54)
Statement showing the details of fraudulent drawal of pay and allowances in respect of Chief Medical Officer, Zunheboto

(in ₹)

Sl No.	Month	Bill No& Date	TV No. & Date	Gross amount drawn	Actual Gross amount to be drawn	Excess Amount
1	Nov-10	154 of 21/12/10	10 of 31/01/11	151044	101042	50002
2	Dec-10	128 of 21/12/10	2 of 18/01/11	1003356	923402	79954
3	Dec-10	138 of 21/12/10	11 of 31/01/11	198497	158190	40307
4	Jan-11	176 of 25/01/11	113 of 11/03/11	341478	280288	61190
5	Jan-11	175 of 25/01/11	7 of 11/03/11	941456	861827	79629
6	Jan-11	168 of 25/01/11	106 of 11/03/11	1726898	1641617	85281
7	Jan-11	170 of 25/01/11	108 of 11/03/11	703580	644673	58907
8	Jan-11	167 of 25/01/11	105 of 11/03/11	695120	648611	46509
9	Jan-11	172 of 25/01/11	110 of 11/03/11	1975981	1820050	155931
10	Jan-11	171 of 25/01/11	109 of 11/03/11	1480960	1409014	71946
11	Feb-11	188 of 21/02/11	98 of 11/03/11	711226	664717	46509
12	Feb-11	189 of 21/02/11	99 of 11/03/2011	1726898	1641617	85281
13	Feb-11	191 of 21/02/11	101 of 11/03/11	703580	641573	62007
14	Feb-11	192 of 21/02/11	102 of 11/03/2011	1496325	1419729	76596
15	Feb-11	193 of 21/02/11	103 of 11/03/11	1976029	1818845	157184
16	Feb-11	197 of 21/02/11	104 of 11/03/11	348236	283589	64647
17	Feb-11	196 of 21/02/11	6 of 11/03/11	965228	850631	114593
18	Mar-11	46 of 23/03/11	53 of 08/04/11	690671	629571	61100
19	Mar-11	47 of 23/03/11	54 of 08/04/11	1500289	1410187	90102
20	Mar-11	48 of 23/03/11	55 of 08/04/11	1976657	1886696	89961
21	Mar-11	51 of 23/03/11	56 of 08/04/11	280308	216198	64110
22	Apr-11	95 of 25/04/11	74 of 6/5/11	2137548	2013524	124024
23	Apr-11	93 of 25/04/11	76 of 6/5/11	707349	660840	46509
24	Apr-11	94 of 25/04/11	75 of 6/5/11	1613058	1510637	102421
25	May-11	175 of 23/05/11	45 of 3/6/11	1609261	1547261	62000
26	May-11	177 of 23/05/11	46 of 3/6/11	2030445	1904445	126000
27	May-11	174 of 23/05/11	44 of 3/6/11	673249	626749	46500
28	Jun-11	200 of 21/06/11	43 of 4/7/11	2031445	1905445	126000
29	Jun-11	199 of 21/06/11	44 of 4/7/11	1612089	1532295	79794
30	Jun-11	198 of 21/06/11	45 of 4/7/11	673249	626749	46500
31	Jul-11	286 of 21/7/11	23 of 9/8/11	1650969	1586569	64400
32	Jul-11	287 of 21/7/11	24 of 9/8/11	2082396	1999496	82900
33	Aug-11	333 of 24/8/11	60 of 8/9/11	1606578	1558278	48300
34	Aug-11	332 of 24/8/11	59 of 8/9/11	696632	648332	48300
35	Aug-11	334 of 24/8/11	61 of 8/9/11	2048714	2000414	48300
36	Sept.-2011	392 of 21/09/11	20 of 4/10/11	2090566	2010065	80501
37	Sept.-2011	391 of 21/09/11	19 of 4/10/11	1654594	1590374	64220
38	Oct-11	415 of 21/10/11	47 of 4/11/11	1655066	1569141	85925
39	Oct-11	416 of 21/10/11	48 of 4/11/11	2090566	2010387	80179
40	Oct-11	414 of 21/10/11	46 of 4/11/11	698741	637433	61308
Total				50956332	47890501	3065831

Appendix – 1.5
(Reference to paragraph 1.7; page 57 & 58)
Comparison of rates and calculation of excess amount paid by Health & Family Welfare Department

Sl. No.	Item	Rate Comparison of different firms in `.		Excess rate allowed to <i>M/s Neile Enterprises</i>	Quantity purchased from <i>M/s Neile Enterprises as per Bill No.273 dated 27-08-09</i>	Excess Amount paid in ₹ (col 5X6).
		<i>M/s Neile Enterprises as per Bill No.273 dated 27-08-09</i>	<i>M/s Nienu Drugs House as per Bill No.536 dated 19-01-10</i>			
1	2	3	4	5	6	7
1	I.V. Stand	3500	1250	2250	212	477000
2	Examination table	58870	24000	34870	8	278960
3	Dressing trolley	15000	4800	10200	9	91800
4	Instrument trolley	15000	4250	10750	9	96750
5	Centrifuge Machine	200000	9520	190480	4	761920
TOTAL						1706430
Add 4% N.S.T						68257
Excess amount paid to M/s Neile Enterprises due allowing of higher rate (A)						1774687
		<i>M/s Neile Enterprises as per Bill No.273 dated 27-08-09</i>	<i>M/S North East Marketing Company as per Bill No.273 dated 27-08-09</i>	<i>M/S North East Marketing Company</i>	<i>M/S North East Marketing Company as per Bill No.273 dated 27-08-09</i>	
1	Glass slide	60	200	140	250	35000
2	Cover slip	55	200	145	250	36250
3	Slide marker	18	200	182	250	45500
4	Sterile test Tube	700	1000	300	800	240000
5	Methylated Spirit	120	200	80	100	8000
TOTAL						364750
Add 4% N.S.T						14590
Excess amount paid to M/S North East Marketing Company due allowing of higher rate (B)						379340
		<i>M/s Neile Enterprises as per Bill No.273 dated 27-08-09</i>	<i>M/s Nienu Drugs House as per Bill No.536 dated 19-01-10</i>	<i>M/s Nienu Drugs House</i>	<i>Quantity purchased from M/s Nienu Drugs House as per Bill No.536 dated 19-01-10</i>	
1	Glass slide	60	70	10	500	5000
2	Cover slip	55	70	15	500	7500
3	Bed side Locker	4000	8100	4100	400	1640000
4	Cylinder trolley	1450	2350	900	30	27000
TOTAL						1679500
Add 4% N.S.T						67180
Excess amount paid to M/s Nienu Drugs House due allowing of higher rate (C)						1746680
		<i>M/s Kuotsu Enterprises as per Bill No.822 dated 30-03-11</i>	<i>M/S North East Marketing Company as per Bill No.939 dated 28-03-12</i>	<i>M/S North East Marketing Company</i>	<i>M/S North East Marketing Company as per Bill No.939 dated 28-03-12</i>	
1	Mattress, Coir Rubberised	3441	7991	4550	419	1906450
2	Green Blanket	880	1990	1110	3701	4108110
TOTAL						6014560
Add 4% N.S.T						240582
Excess amount paid to M/S North East Marketing Company due allowing of higher rate (D)						6255142
GRAND TOTAL (A to D)						10156049

Appendix 1.6
(Reference to paragraph 1.8; page 59)
**Statement showing the details of fraudulent drawal of pay and allowances in respect of DIS,
Niuland**

(in ₹)

SI No.	Month	Bill No& Date	TV No. & Date	Gross amount drawn	Actual Gross amount to be drawn	Excess Amount
1	March'10	09 of 28/04/10	250 of 30/4/10	1031449	1011449	20000
2	March'10	1 of 28/04/10	242 of 30/4/10	888978	868978	20000
3	March'10	10 of 28/04/10	251 of 30/4/10	472399	452399	20000
4	April'10	13 of 14/5/10	252 of 14/5/10	740789	720535	20254
5	April'10	20 of 14/5/10	245 of 14/5/10	938130	923454	14676
6	April'10	21 of 14/5/10	243 of 14/5/10	1193116	1163116	30000
7	May'10	28 of 31/5/10	102 of 4/6/10	1017186	987186	30000
8	May'10	22 of 31/5/10	101 of 4/6/10	1126252	1096252	30000
9	May'10	25 of 31/5/10	99 of 4/6/10	506766	486512	20254
10	May'10	24 of 31/5/10	98 of 4/6/10	448089	437962	10127
11	May'10	23 of 31/5/10	Nil of 4/6/10	814094	783713	30381
12	June'10	55 of 05/7/10	122 of Nil	891924	861543	30381
13	June'10	56 of 05/7/10	123 of Nil	792413	762032	30381
14	June'10	54 of 05/7/10	121 of Nil	1230052	1199080	30972
15	June'10	53 of 05/7/10	120 of Nil	1249789	1219197	30592
16	July'10	68 of 30/7/10	70 of 03/8/10	892819	862438	30381
17	July'10	71 of 03/8/10	72 of 03/8/10	1270926	1240926	30000
18	July'10	67 of 30/7/10	68 of 03/8/10	861281	830900	30381
19	July'10	70 of 30/7/10	71 of 03/8/10	1338931	1328831	10100
20	Aug'10	97 of 03/9/10	110 of 03/9/10	1275330	1248030	27300
21	Aug'10	98 of 02/9/10	111 of 03/9/10	1299711	1267911	31800
22	Aug'10	100 of 02/9/10	113 of 03/9/10	877176	846795	30381
23	Aug'10	99 of 02/9/10	112 of 03/9/10	890085	859704	30381
24	Sept'10	139 of 12/10/10	340 of 14/10/10	870578	820931	49647
25	Sept'10	140 of 12/10/10	341 of 14/10/10	841269	791622	49647
26	Oct'10	144 of Nil	258 of 08/11/10	1674779	1625336	49443
27	Oct'10	145 of 1/11/10	259 of 08/11/10	838162	823023	15139
28	Oct'10	151 of 1/11/10	265 of 08/11/10	805128	769651	35477
29	Oct'10	150 of 1/11/10	264 of 08/11/10	844378	806770	37608
30	Oct'10	147 of 1/11/10	261 of 08/11/10	553707	537419	16288
31	Nov'10	165 of 2/12/10	150 of 3/12/10	944263	894496	49947
32	Nov'10	166 of 2/12/10	149 of 3/12/10	967393	917446	49767
33	Nov'10	160 of Nil	144 of 3/12/10	1476357	1435808	40549
34	Nov'10	162 of 2/12/10	146 of 3/12/10	914001	883423	30578
35	Nov'10	159 of 2/11/10	143 of 3/12/10	1379629	1339081	40548
36	Dec'10	190 of 3/1/11	6 of 4/1/11	1478737	1437413	41324
37	Dec'10	192 of 3/1/11	5 of 4/1/11	935992	897304	38688
38	Dec'10	194 of 03/1/11	4 of 4/1/11	960753	918173	42580
39	Dec'10	193 of 03/1/11	2 of 4/1/11	956916	914296	42620
40	Dec'10	189 of 03/01/11	1 of 4/1/11	1380667	1339343	41324
41	Jan'11	239 of 2/3/11	17 of 3/2/11	3004521	2923919	80602
42	Jan'11	240 of 2/1/11	18 of 3/2/11	965395	934817	30578
43	Jan'11	244 of 02/01/11	22 of 3/2/11	1003869	961239	42630

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44	Jan'11	245 of 02/01/11	23 of 3/2/11	1253386	1196746	56640
45	Feb'11	254 of 01/03/11	79 of 03/03/11	1022349	979749	42600
46	Feb'11	255 of 01/03/11	80 03/03/11	1244328	1187528	56800
47	Feb'11	252 of 1/3/2011	77 of 03/03/11	925900	894700	31200
48	Feb'11	251 of 02/03/11	76 of 03/03/11	3018661	2922497	96164
49	11-Mar	163 of 8/4/11	289 of 04/7/11	1007967	958020	49947
50	11-Mar	162 of 8/4/11	288 of 4/7/11	1275315	1208719	66596
51	11-Mar	158 of 8/4/11	284 of 7/4/11	3535040	3434290	100750
52	11-Apr	85 of 3/5/11	298 of 2/5/11	1011023	963596	47427
53	11-Apr	86 of 3/5/11	299 of 2/5/11	1262633	1200656	61977
54	11-Apr	82 of 3/5/11	295 of 2/5/11	3838761	3738011	100750
55	11-May	103 of 2/7/11	04 of 31/5/11	1368304	1305068	63236
56	11-May	104 of 2/7/11	05 of 31/05/11	894039	852384	41655
57	11-May	100 of 2/7/11	01 of 31/5/11	3696128	3567479	128649
58	11-Jun	1 of 1/7/11	15 of 1/7/11	3909155	3784140	125015
59	11-Jun	4 of 1/7/11	18 of 1/7/11	1451840	1385620	66220
60	11-Jun	5 of 1/7/11	19 of 1/7/11	924199	874537	49665
Total				76483207	73884193	2599017

APPENDIX 2.3.1

(Reference to Paragraph. 2.3.3; 2.3.10.2, 2.3.10.2(iii), 2.3.10.2(iv), 2.3.10.10, 2.3.11.4, 2.3.11.6, 2.3.11.7 & 2.3.11.8 pages 70, 73, 74, 75, 76, 92, 95, 96, 97 and 98)

Statement showing DDOs/projects/institutions taken up for Joint Physical Verification

Sl. No.	Name of DDO/Farm/Institution/Scheme/Project
(a) Selected Drawing and Disbursing Officers	
1.	Director, Veterinary and Animal Husbandry Department, Kohima
2.	Executive Engineer, Veterinary & Animal Husbandry Division, Kohima
3.	District Veterinary Officer, Dimapur
4.	Bacteriologist, Disease Investigation Unit, Dimapur
5.	District Veterinary Officer, Peren
6.	Regional Swiss Breed Cattle Breeding Farm, Peren
7.	District Veterinary Officer, Mokokchung
8.	Sub-Divisional Veterinary Officer, Mangkolemba
(b) State Farms	
1.	State Cattle Breeding Farm, Lerie, Kohima
2.	State Cattle Breeding Farm, Medziphema, Dimapur
3.	State Cattle Breeding Farm, Aliba, Mokokchung
4.	Regional Brown Swiss Cattle Breeding Farm, Jalukie, Peren
5.	Dairy Upgrading Centre, Peren
6.	Surti Buffalo Farm, Jalukie, Peren
7.	Pig Breeding Farm, Lerie, Kohima
8.	Pig Breeding Farm, Medziphema, Dimapur
9.	Pig Breeding Farm, Jalukie, Peren
10.	Pig Breeding Farm, Merankong, Mokokchung
11.	Poultry Farm, Kohima
12.	Poultry Farm, Dimapur
13.	Chick Rearing Centre, Medziphema
14.	Poultry Upgrading Centre, Peren
15.	State Poultry Farm, Jalukie, Peren
16.	Poultry Farm/Hatchery Unit, Mokokchung
(c) Villages under Mithun Project	
1.	Jotsoma, Kohima
2.	Khonoma, Kohima
3.	Touphema, Kohima
4.	Tuophephezu, Kohima
5.	Gariphema, Kohima
6.	Chedema, Kohima
7.	Zhadima, Kohima
8.	Tsuuma, Dimapur
9.	Tsiepama, Dimapur
10.	Mbaupungchi (including Mbaupungwa, Nkialwa and Azailong), Peren
11.	Punglwa, Peren
12.	Gaili, Peren
(d) Projects under White Revolution	
1.	Model Dairy Project, Kohima
2.	Model Dairy Project, Dimapur
3.	Model Dairy Project, Peren (not located)
4.	Model Dairy Project, Mokokchung (Shilutemsu-Earth Farming Society)

APPENDIX 2.3.1 (Contd.)

Sl No.	Name of DDO/Farm/Institution/Scheme/Project
5.	Jameo SHG, Phesema (Community Dairy Project), Kohima
6.	Jotsoma Baptist Church (Community Dairy Project), Kohima
7.	Chiecha Baptist Church (Community Dairy Project), Kohima
8.	NCRC, Kohima Village (Community Dairy Project), Kohima
9.	NCRC, Chedema (Community Dairy Project), Kohima
10.	Lotha Baptist Church (Community Dairy Project), Diphupar, Dimapur
11.	Hope Dairy Farm (Community Dairy Project), New Socunoma, Dimapur
12.	Visa SHG (Community Dairy Project), Dimapur
13.	Razhaphe Baptist Church (Community Dairy Project), Dimapur
14.	Selie SHG (Community Dairy Project), Medziphema, Dimapur
15.	Baptist Church, Gaili (Community Dairy Project), Peren
16.	Baptist Church, Punglwa (Community Dairy Project), Peren
17.	Ngalwa Baptist Church (Community Dairy Project), Peren
18.	Chubayong SHG, Tuli (Community Dairy Project), Mokokchung
(e) Slaughter House, Dimapur	
1.	Civil works for establishment of Slaughter House, Khopanalla, Dimapur
(f) Composite Pig Breeding Farm, Jalukie, Peren	
1.	Civil works for establishment of Composite Pig Breeding Farm, Jalukie, Peren
(g) Proposed Veterinary College, Jalukie, Peren	
1.	Civil works for establishment of Veterinary College, Jalukie, Peren
(h) Beneficiaries under Entrepreneur Development	
1.	Makenla Changkija, Dimapur
2.	Rampaukugwangle, Railway Bazar, Dimapur
3.	Akangbe Rim, Peren
4.	Alui, Old Peren town, Peren
5.	Jangtmaungam, Mhainamtsi, Peren
6.	Keheidwa, Peren town
7.	Saheigwangbe, New Jalukie, Peren
8.	Opangreba, Chuchuyimpang Village, Mokokchung
9.	Dr. Vizotuolie Belho Tsakou, Kohima
10.	Jacob Singson, Minister Hill, Kohima
11.	Keneinguzo Solo, T. Khel, Kohima Village
12.	Mavil Kraho, Viswema, Kohima
13.	Mezhusenyu Suokhrie, L. Khel, Kohima Village
14.	Shetoba Yimchunger, Keziekie, Kohima
15.	Thephuhulie Belho, T Khel, Kohima Village
16.	Vibol Tsukru, Viswema Village, Kohima
(i) Veterinary Hospitals	
1.	Veterinary Hospital, Dimapur
2.	Veterinary Hospital, Mokokchung
3.	Veterinary Hospital, Kohima
(j) Veterinary Dispensaries	
1.	Veterinary Dispensary, Niuland, Dimapur
2.	Veterinary Dispensary, Peren
3.	Veterinary Dispensary, Jalukie, Peren
4.	Veterinary Dispensary, Changtongya, Mokokchung
5.	Veterinary Dispensary, Jakhama, Kohima
6.	Veterinary Dispensary, Khuzama, Kohima (not found)

APPENDIX 2.3.1 (Concl.)

Sl No.	Name of DDO/Farm/Institution/Scheme/Project
(k) Disease Diagnostic Laboratories	
1.	DDL, Dimapur
2.	DDL, Peren
3.	DDL, Mokokchung
4.	DDL, Mangkolemba
5.	DDL, Kohima
(l) Stockman Centres/Veterinary Outposts/Veterinary Health Centres	
1.	SMC, Medziphema, Dimapur
2.	SMC, Diphupar, Dimapur
3.	Athibung Veterinary Health Centre, Peren
4.	Mhanamtsi Veterinary Health Centre, Peren
5.	SMC, Merangkong, Mokokchung
6.	SMC, Sabangya, Mokokchung
7.	SMC, Longnak, Mokokchung
8.	SMC, Chuchu Town, Mokokchung
9.	SMC, Viswema, Kohima
10.	SMC, Kigwema, Kohima
11.	VOP, Kohima Village, Kohima
12.	VOP, Rusoma, Kohima
13.	VOP, Kedima, Kohima
(m) Quarantine Check Posts	
1.	QCP, New Golaghat Road, Dimapur
2.	QCP, Old Golaghat Road, Dimapur
3.	QCP, Tuli, Mokokchung
4.	QCP, Khuzama, Kohima
5.	QCP, Kedima, Kohima

APPENDIX 2.3.2

(Reference to Paragraph 2.3.7, Page 66)

Statement showing activities proposed in 11th five year plan, total agreed outlay in the annual plans, budget provision made and actual expenditure during 2007-12.

(₹ in crore)

Sl No.	Activities (Minor head wise)	Outlay in 11 th Five Year Plan	Total agreed outlay in Annual Plans	Budget provision made during the period	Actual expenditure incurred
1.	Direction and Administration	3.36	1.99	3.98	3.88
2.	Animal Health	9.20	3.04	14.93	15.03
3.	Cattle and Buffalo Development	2.50	13.24	13.22	13.22
4.	Poultry Development	2.40	0.39	3.44	3.44
5.	Sheep & Wool Development	0.28	0.20	0.93	0.93
6.	Piggery Development	3.50	1.43	15.80	15.69
7.	Other livestock development	0.28	0.11	0.11	0.11
8.	Fodder & feed development	4.13	5.74	7.62	7.42
9.	Administrative investigation and statistics	1.00	0.38	2.48	2.48
10.	Other expenditure	28.04	30.31	24.78	24.78
11.	Dairy development	1.30	0.07	6.57	6.57
12.	Agri-research & education	3.84	13.58	13.43	13.63
13.	Animal husbandry (Capital)	4.17	7.87	24.16	40.43
14.	Activities not included in Five year Plan	--	36.55	9.38	2.38
	Total:	64.00	114.90	140.83	149.99

(Source: Departmental records and Detailed Appropriation Accounts)

APPENDIX 2.3.3

(Reference to Paragraph 2.3.10.2 and 2.3.11.1, Pages 74, 75, 76 and 93)

Statement showing cattle delivered to beneficiaries of Community Dairy Projects and Model Dairy Projects by suppliers and production of the projects

Sl No.	Name of Project	Details of cattle received by beneficiaries and production
A. Community Dairy Projects		
1.	Jameo SHG, Phe sema, Kohima	10 cows (3 milch cows without calves and 7 non-pregnant heifers). It was stated that 7 cows died within one year. Three heifers of inferior quality were seen. <i>Milk production: 12 litres/day (average) poured to collection van.</i>
2.	Jotsoma Baptist Church, Kohima	Details of actual cows received could not be stated. 5 pregnant heifers and one milch cows were seen. <i>Milk production: 4 litres/day (average) poured daily to collection van.</i>
3.	Chiecha Baptist Church, Kohima	10 non-pregnant heifers were received. It was stated two died shortly after delivery. 5 cows, 1 heifer and 5 calves were seen. <i>Milk production: 45 litres/day (average) sold locally.</i>
4.	NCRC, Kohima Village, Kohima	9 heifers (some pregnant) and 1 milch cow with calf was received. More than 10 cows were seen. <i>Milk production: 25 litres/day (average) sold locally.</i>
5.	NCRC, Chedema, Kohima	8 non-pregnant heifers and 2 calves were received. 1 milch cow, one pregnant heifer and 2 calves were seen. <i>Milk production: 5 litres/day (average) poured to collection van.</i>
6.	Lotha Baptist Church, Diphupar, Dimapur	10 cows (6 milch cows with 2 cows, 1 pregnant heifer, 2 dry cows and 1 barren cow) were received. The project was stated to be abandoned as it was not viable due to the poor quality of cows supplied. <i>Milk production: Nil.</i>
7.	Hope Dairy Farm, New Socunoma, Dimapur	10 cows (milch cow with calves) were stated to be lifted from Dimapur by the beneficiaries themselves. However, it was stated by the beneficiaries that the project was winded up in early part of 2011 due to non-availability of fodder. <i>Milk production: Nil.</i>
8.	Visa SHG, Dimapur	The project could not be traced by the department and hence could not be verified. <i>Milk production: Nil.</i>
9.	Razhaphe Baptist Church, Dimapur	10 cows (4 milch cows with 3 calves, 1 pregnant heifer, 3 non-pregnant heifers and two very old inferior quality cows) were received. However, one died within one month and the rest died within one year of delivery. Therefore, the project is no longer in existence. <i>Milk production: Nil.</i>
10.	Selie SHG, Medziphema, Dimapur	10 cows (4 pregnant heifers and 6 dry cows) were stated to have been lifted from Dimapur by the beneficiaries themselves. One was stated to have been slaughtered due to injury, another died and the other 8 died of FMD within one year of delivery. Therefore, the project is no longer in existence. <i>Milk production: Nil.</i>
11.	Baptist Church, Gaili, Peren	The departmental representative was not aware of the location of the project. The Church Pastor stated that the beneficiaries had received cash for purchase of 9 cows-amount not known. He also stated the location was shifted to an area which was inaccessible. Therefore, the project could not be physically verified. <i>Milk production: Nil</i>

APPENDIX 2.3.3 (Concl.d.)

Sl No.	Name of Project	Details of cattle received by beneficiaries and production
12.	Baptist Church, Punglwa, Peren	10 cows (6 pregnant and 4 non-pregnant heifers) stated to have been lifted from Dimapur by the beneficiaries themselves. Four cows died and the rest were stated to have been disposed off as they were weak and of inferior quality. The project is no longer in existence but 3 cows (local breed) were seen. <i>Milk production: Nil.</i>
13.	Ngalwa Baptist Church, Peren	8 cows (2 milch cows with calves, 2 pregnant heifers and 4 old non-pregnant heifers) were stated to have been lifted from Assam by the beneficiaries as arranged by the supplier. 12 cows were seen--only 2 cows supplied by the department and the rest (local breed) stated to have been bought by the beneficiaries themselves. <i>Milk production: Nil.</i>
14.	Chubayong SHG, Tuli, Mokokchung	It was stated that the beneficiaries procured 10 cows with cash of ₹2 lakh given by the department. However, only 4 milch cows and 4 calves were seen. <i>Milk production: 30 litres/day (average) sold locally.</i>
B. Model Dairy Projects		
1.	Model Dairy Project, Ciesema Village, Kohima (Kelhousithe Mere)	40 cows (2 pregnant heifers, 18 non-pregnant heifers and 20 milch cows without calves) were stated to have been received. However, only 10 cows and 4 bull calves were seen. It was stated that 26 cows were sold due to low yield and ill health and is to be replaced. <i>Milk production: 10-15 litres/day (average) sold locally</i>
2.	Model Dairy Project, Urra Village, Dimapur (Aru Khate)	It was stated by the beneficiary that he had received ₹13 lakh from the department with which cows were procured from Meghalaya. 30 milch cows and 20 bulls/calves were seen. <i>Milk production: 250 litres/day (average) poured to collection van.</i>
3.	Model Dairy Project, Peren (Selie, Keriekangmaa Society)	The project could not be physically verified as the departmental officer accompanying the Audit Party could not trace the same. On enquiry at NSDF, Kohima, it was stated that the project is not functional. <i>Milk production: Nil</i>
4.	Model Dairy Project, Mokokchung (Shilutemsu, Earth Farming Society)	The number of cows received could not be stated by the Manager/Member of the farm and the actual beneficiary was not present. 24 cows (9 milch cows, 7 pregnant heifers, 1 bull and 7 calves) were seen. <i>Milk production: 65 litres/day (average), 30 litres poured to collection van and 35 litres sold locally.</i>

APPENDIX 2.3.4

(Reference to Paragraph 2.3.10.8 (e), Page 90)

Statement of works (under NABARD) stated to have carried out by the EE, V&AH Division which were actually not carried out as confirmed by the Joint Verification Team during spot verification.

Sl. No	Name of Farm	Year	Name of works stated to have carried out by the EE	Total expenditure incurred	Construction works not carried out as seen by the Joint Verification Team	Fictitious payment made by the EE.	Name of contractor
1	Pig Breeding Farm, Merangkong	2007-08	1.Renovation of farrowing house-1 2. Renovation of Feed Godown	620000.00 73200.00	1.Renovation of farrowing house-1 2. Renovation of Feed Godown	693200.00	M/s Hi-tech Constructions
2	Pig Breeding Farm, Merangkong	2009-10	1.Construction of Pig Shed No.3 2.Construction of Pig Shed No.6 3.Construction of Pig Shed No.8 4.R/renovation of FM quarter 5.Renovation of FM Office	1826000.00 1826000.00 1826000.00 235000.00 234000.00	1.Construction of Pig Shed No.3 2.Construction of Pig Shed No.6 3.Construction of Pig Shed No.8 4.R/renovation of FM quarter 5.Renovation of FM Office	5947000.00	1. Hi-tech Construction 2. P.Meren Jamir 3. T. Mar Pongener 4. Global Enterprises 5, K.M Keyhuo & M/s Associate Constructions
3	Pig Breeding Farm, Lerie	2008-09	1.Construction of Farrowing House 2. Construction of Attendant Barrack	6843000.00 1114000.00	1.Construction of Farrowing House 2. Construction of Attendant Barrack	7957000.00	1. M/s Hi-tech Construction 2. M/s H.P. Enterprises
4	Cattle Breeding Farm, Lerie	2010-11	1.Construction of Paddock 2.Development for fodder	396000.00 635000.00	1.Construction of Paddock 2.Development for fodder	1031000.00	M/s H.P Enterprises
5	Pig Breeding Farm, Jalukie	2007-08	1.Construction of VFA quarter 2.Construction of Weaner House 3.Construction of Feed Godown 4.Copnstruction of Type-III quarter 5.Construction of Attendant Barrack 6.Construction of FM quarter 7.Renovation of Pig Shed No.1	993000.00 320000.00 2400000.00 1085700.00 1138000.00 1150000.00 890300.00	1.Construction of VFA quarter 2.Construction of Weaner House 3.Construction of Feed Godown 4.Copnstruction of Type-III quarter 5.Construction of Attendant Barrack 6.Construction of FM quarter 7.Renovation of Pig Shed No.1	7977000.00	M/s Hi-tech Constructions
6	Pig Breeding Farm, Jalukie	2009-10	1.Construction of Pig Breeding Shed No.1 2. Construction of Pig Breeding Shed No.2	3500000.00 1600000.00	12.5% Internal Water Supply and sanitation	415236.00	1. N.R. Zeliang 2. M/s Hi-tech Constructions 3. K. Mark Gurung
7	Cattle Breeding Farm, Jalukie	2010-11	1.Construction of Milch Cow Shed 2.Construction of Heifer Shed 3.Construction of Manager Quarter 4.Construction of Bull Shed 5.Construction of water reservoir	4289000.00 2420000.00 1658000.00 333000.00 300000.00	1.Construction of Milch Cow Shed 2.Construction of Heifer Shed 3.Construction of Manager Quarter 4.Construction of Bull Shed 5.Construction of water reservoir	9000000.00	1. M. Ikeshe Sukhalu 2. M/s North East Enterprise 3. Dennis Zeliang 4. M/s Associate Construction 5. Seheizhu Angami 6. M. Solo Engineering

APPENDIX 2.3.4 (Concl.)

Sl. No	Name of Farm	Year	Name of works stated to have carried out by the EE	Total expenditure incurred	Construction works not carried out as seen by the Joint Verification Team	Fictitious payment made by the EE.	Name of contractor
8	Cattle Breeding Farm, Medziphema	2010-11	1.Construction of Bull Shed	268800.00	1.Construction of Bull Shed	268800.00	Zehezhu Angami
9	Pig Breeding Farm, Medziphema	2009-10	1.Minor repair of Pig Shed No.1 2.Minor repair of Pig Shed No.2	1299000.00 519000.00	1.Addl.10% for side levelling 2.Addl.7.5% internal electrification 3.Addl.12.5% for internal water supply and sanitation installation 4.Addl.13% departmental charges	181824.83 136368.59 227281.05 322648.16	N.R. Zeliang
10	Pig Breeding Farm, Medziphema	2008-09	Internal re-wiring to piggery sheds	1000000.00	Pig Breeding Farm, Medziphema	1000000.00	M/s Hi-tech Constructions
11	Pig Breeding Farm, Medziphema	2008-09	Construction of feed godown	1981000.00	Construction of feed godown	1981000.00	M/s Hi-tech Constructions

APPENDIX 2.3.5

Results of joint physical verification of beneficiaries under Entrepreneur Development

(Reference to Paragraph 2.3.10.10 (ii), Page 93)

SI No.	Name of the beneficiary and location	Present status
1.	Makenla Chankija, Dimapur	The beneficiary could not be located. It was stated that the project was shifted to Tsurang Valley in Mokokchung.
2.	Rampaukugwangle, Railway Bazar, Dimapur	The project is no longer in existence. It was stated that some chicks died and the rest were sold off to buy piglets in 2009.
3.	Akangbe Rim, Ngwalwa, Peren	Around 80 chicks (2 to 3 month old) were seen.
4.	Jangtmaungam, Mhainamtsi, Peren	The project is no longer in existence.
5.	Keheidwa, Peren Town	A commercial poultry farm in Peren town was shown with around 1300 chicks and 20 chickens.
6.	Saheigwangbe, New Jalukie, Peren	The project is no longer in existence.
7.	Opangreba, Chuchuyimpang Village, Mokokchung	Around 40 chicks (broiler) were seen.
8.	Dr.Vizotuolie Belho, Kohima	The project is no longer in existence. It was stated that the beneficiary had shifted to piggery.
9.	Jacob Singson, Ministers Hill, Kohima	The project is no longer in existence. It was stated that the beneficiary had left Kohima.
10.	Mezhusenyu Suokhrie, Kohima Village	The project is no longer in existence. It was stated that the beneficiary had shifted to piggery.
11.	Shetoba Yimchunger, Keziekie, Kohima	The project is no longer in existence. It was stated that the beneficiary had shifted to Shamator, Tuensang.
12.	Thephuhulie Belho, Kohima Village	The project is no longer in existence. It was stated that the beneficiary had shifter to piggery.
13.	Keneinguzo Solo, Kohima Village	Around 30 chicks were seen.
14.	Mavil Kraho, Viswema Village, Kohima	A commercial farm with around 5000 chicks was shown. It was stated by the beneficiary that the farm has been running for the past 10 years.
15.	Vibol Tsukru, Viswema Village, Kohima	The project was stated to have been abandoned and around 10 chicks were seen.
16.	Alui, Old Peren Town, Peren	The beneficiary could not be located by the departmental officers and its existence is doubtful.

APPENDIX 2.3.6

(Reference to Paragraph 2.3.11, Pages 94, 95, 96, 97 and 98)

Results of joint physical verification of State Farms, Disease Diagnostic Laboratories, Hospitals, Dispensaries and Stockman Centres/Veterinary Outposts/Veterinary Health Centres.

(a) State Cattle Breeding Farms					
Sl No.	Name of Farm (Date of verification)	No. of cattle	Production (litres)	Revenue generated	Staff deployed
1.	SCBF, Lerie (02.08.12)	70	163	NA	NA
2.	SCBF, Medziphema (21.08.12)	NA	NA	NA	NA
3.	SCBF, Aliba (13.09.12)	39	45	3.20 lakh during 2011-12	26 (1 Manager, 4 grade III and 21 grade IV)
4.	RSCBF, Jalukie (07.09.12)	28	36	NA	NA
5.	Dairy Upgradation Centre, Peren (03.09.12)	7	NA	₹1.24 lakh during April 2007 to August 2012	4 (1 VAS, 1 VFA, 1 contingency paid)
6.	Surti Buffalo Farm, Jalukie (07.09.12)	30	7	NA	9 (1 attendant and 8 contingency paid)
(b) State Poultry Farms/Hatchery Units					
Sl No.	Name of farm (date of verification)	Number of chicks	Revenue generated	Staff deployed	
1.	State Poultry Farm, Kohima (03.08.12)	4000	NA	15 (including 3 doctors)	
2.	State Poultry Farm, Dimapur (17.08.12)	NA	Average of ₹7.20 lakh per year which is used for running the farm	17 (including 2 doctors)	
3.	Chick Rearing Centre, Medziphema (21.08.12)	NA	Average of ₹1.50 lakh per year which is used for running the farm	14 (including 1 doctor)	
4.	Poultry Upgrading Centre, Peren (03.09.12)	91	₹1.36 lakh during November 2010 to August 2012. ₹50,000 deposited into Government Account and the rest used for running the farm.	3	
5.	State Hatchery Unit, Mokokchung	3700	₹10.76 lakh during 2011-12. ₹67,000 deposited into Government Account and the rest used for running the farm.	21 (including 1 doctor)	
(c) Veterinary Hospitals					
Sl No.	Name of Hospital (date of verification)	No. of cases attended	Staff deployed	Remarks	
1.	Veterinary Hospital, Dimapur (17.08.12)	Average of 300 cases monthly during 2011-12	26 (including 5 doctors)	X-Ray machine installed during 2006-07 still not functional. No funds given by Department for running the hospital and is managed from registration fees collected.	
2.	Veterinary Hospital, Mokokchung (11.09.12)	Average of 350 cases monthly during 2010-11	28 (including 1 doctor)	It was stated that treatment is also carried out in various villages from time to time.	
3.	Veterinary Hospital, Kohima (21.09.12)	10800 cases during 2011-12	31 (including 6 doctors)	No funds given by the Department for running the hospital and is managed from registration fees collected.	

APPENDIX 2.3.6 (Contd.)

(d) Veterinary Dispensaries				
Sl No.	Name of Dispensary (date of verification)	No. of cases attended	Staff deployed	Remarks
1.	Veterinary Dispensary, Niuland, Dimapur (27.08.12)	NA	5 (including 1 doctor)	No equipments/medicines seen in the dispensary and rooms are vacant. Treatment registers/stock registers of medicines or vaccines could not be furnished. Though the building is new, it appears to be defunct.
2.	Veterinary Dispensary, Peren (03.09.12)	Average of 150 cases attended per year	7 (including 1 doctor)	Very few equipment/medicines seen and all the rooms were vacant and appear to be defunct.
3.	Veterinary Dispensary, Jalukie (05.09.12)	Average of 9 to 10 cases every month.	5 (including 1 doctor)	The doctor in-charge was not present. Other staff present stated that small quantities of medicines/vaccines are given by the Department every year but no records could be furnished. Very poorly equipped and appears to be defunct.
4.	Veterinary Dispensary, Changtongya (12.09.12)	Average of 1500 cases attended every year	3 (including one doctor)	The building is in very poor condition with no doors/windows. It was stated that it was reported to the Directorate five years back with no result. The doctor in-charge stated that she works from her residence.
5.	Veterinary Dispensary, Jakhama (20.09.12)	Average of 15 cases every month.	5 (including 1 doctor)	No equipment/medicines were seen. Medicines/vaccines to be received from the Directorate stated to be fully utilized. Appears to be non-functional.
(e) Disease Diagnostic Laboratories				
Sl No.	Name of DDL (date of verification)	Staff deployed	Remarks	
1.	DDL, Dimapur (17.08.12)	1 lab assistant (absent)	New building inaugurated in December 2007. A few equipments were also seen. Though a lab assistant is posted in the DDL, he was absent. Stated that the lab is not functioning and the Hospital is using the facilities from time to time.	
2.	DDL, Peren (03.09.12)	Nil	Located in the same building as the dispensary. Few equipment seen and stated to be non-functional.	
3.	DDL, Mokochung (11.09.12)	2 (including 1 doctor)	A few equipments/medicines/chemicals were seen. Stated that only minor tests are done in the lab. Serum and blood samples stated to be collected and sent to Kohima for tests. The building is new and well maintained but appears to be non-functional.	
4.	DDL, Mangkolemba (13.09.12)	Nil	New building inaugurated in July 2011. It was seen that the building is also used as the office of Dy. Director, Mangkolemba who is also in-charge of the DDL. A few lab equipments were seen. It was stated that tests are done in Mokochung due to non-availability of technical staff. Appears to be non-functional.	
5.	DDL, Kohima (21.09.12)	3 (including 1 doctor)	Functioning from the 2 nd floor of Veterinary Hospital Building. Stated that tests of serum and blood samples received from various DVOs/units are conducted. Also screening of herd for brucellosis and FMD are conducted from time to time. However, it was seen from records that only 102 samples were tested during August 2007 to August 2012.	
(f) Quarantine Check Posts				
Sl No.	Name of QCP (date of verification)	Staff deployed	Remarks	
1.	QCP, New Golaghat Road, Dimapur (27.08.12)	3 (including doctor in-charge)	The QCP is functioning from a rented thatched room on the roadside at ₹ 1,200 per month. Average revenue collection (Entry/Token fees) was ₹ 50,000 per month. No facilities for conducting tests etc. were seen.	
2.	QCP, Old Golaghat Road, Dimapur (27.08.12)	3 (including in-charge)	The QCP is functioning from a rented thatched room on the road side at ₹ 700 per month. Average revenue collection (Entry/Token fees) was ₹ 20,000 per month.	
3.	QCP, Tuli, Mokochung (12.09.12)	5 (including 1 doctor)	The QCP is functioning from a thatched room on the roadside. Revenue collection for the period from 2007-08 to 2011-12 was ₹ 9.30 lakh. Test check of two receipt books revealed that they had not been entered in the Livestock/Poultry movement register.	
4.	QCP, Khuzama, Kohima (20.09.12)	NA	The QCP is functioning from a very old building above the National Highway. No information on its function, staff deployed revenue collection etc. could be collected as the doctor in-charge and staff were absent despite intimation.	
5.	QCP, Kedima, Kohima (20.09.12)	No staff posted.	The building constructed for the QCP was found to be new. However, it was abandoned and covered on all sides with vegetation. It was stated by the departmental officers that no staff are posted and it is non-functional.	

APPENDIX 2.3.6 (Concl.)

(g) Stockman Centres/Veterinary Outposts/Veterinary Health Centres			
Sl No.	Name of centre (date of verification)	Staff deployed	Remarks
1.	SMC, Medziphema, Dimapur (21.08.12)	4	It was seen that the office and staff quarter were attached in a very old, dilapidated building. It was stated by the VFA present that they attend emergencies in the village from time to time and take part in vaccination drives. However, no records could be furnished to prove the claim. It was further stated that they do not receive medicines/vaccines from the Department. The Centre appears to be non-functional and no Bulls were kept.
2.	SMC, Diphupar, Dimapur (21.08.12)	5	It was seen that the office and staff quarter were attached in a very old, dilapidated building. The Inspector in-charge was not present. It was stated by the VFA that functions include treatment in the area and conducting artificial insemination. Some medicines/vaccines were stated to be received. However, no records could be furnished. The Centre appears to be non-functional.
3.	VHC, Athibung, Peren (05.09.12)	3	The Centre is located in a very old, dilapidated building. It was seen that out of 4 rooms, 2 were being used by private individuals to store CGI sheets and grain. It was stated by the VFA that no medicines/vaccines are issued to the Centre by the Department. The Centre appears to be abandoned and defunct.
4.	VHC, Mhainamtsi, Peren (05.09.12)	2	The Centre is located in a rundown building in very poor condition and was being used as a cow shed by private individuals. The VFA present stated that he makes house to house treatment on need basis. However, no records to prove the claim could be furnished. He further stated that a small quantity of medicines is issued by the Department once in 3 to 4 years and vaccines are taken from DVO, Peren on need basis. The Centre appears to be defunct.
5.	VOP, Merangkong, Mokokchung (12.09.12)	3	The Centre is abandoned as it was in very poor condition. It was stated by the VFA that they were doing treatment on requirement basis in the village. No records were maintained for receipt or utilization of medicines/vaccines. The Centre appears to be non-functional
6.	SMC, Sabangya, Mokokchung (13.04.12)	3	The Centre is located in two very old buildings in also being used as staff quarters. It was stated that medicines/vaccines are collected from the hospital in Mokokchung on need basis and treatment done included in the treatment register of the hospital. The Centre appears to be defunct.
7.	SMC, Longnak, Mokokchung (13.09.12)	3	The Centre is located in a very old building in poor condition. The VFA stated that medicines/vaccines are collected from Dy. Director, Mangkolemba on need basis. The Centre appears to be defunct.
8.	SMC, Chuchu Town, Mokokchung (12.09.12)	2	No separate building was seen and it was stated by the VFA that the Centre is functioning from her quarters. She also stated that she goes for treatment as and when required but no records could be furnished. The Centre appears to be defunct.
9.	SMC, Viswema, Kohima (20.09.12)	3	The Centre is located in a very old, decrepit building. It was stated by the VFA that no medicines are received and a small quantity of vaccines are received from DVO, Kohima but no records could be furnished. The Centre appears to be non-functional.
10.	VOP, Kigwema, Kohima (20.09.12)	NA	A completely dilapidated structure was shown to be the SMC. No staff was also present. The Centre is defunct.
11.	VHC, Kohima Village (21.09.12)	2	The Centre is located in a very old building. The lone VFA was attending to an average of 200 cases every month as seen from the Treatment Register furnished. Total vaccines administered during January 2011 to September 2012 was seen to be 2309 as per register maintained. It was stated that medicines/vaccines are collected from DVO, Kohima on need basis. The Centre appears to be functioning well.
12.	VOP, Rusoma, Kohima (21.09.12)	3	The Centre is located in a three room building used as staff quarters. The VFA stated that they work from the Dispensary at Chiphobozou and medicines/vaccines are collected on need basis from DVO, Kohima. The Centre appears to be defunct.
13.	VOP, Kedima, Kohima (20.09.12)	3	The Centre is located in a good building. However, all the rooms were seen to be vacant. It was seen from the Treatment Register that 218 cases were attended in 2010-11 and 65 cases in 2011-12 upto September. It was also seen from the vaccination register that a small quantity of vaccines have been received. The Centre appears to be non-functional.

APPENDIX 2.3.7

(Reference to Paragraph 2.3.15.1; Page 100)

Statement showing details of Fully Vouched Contingent Bills drawn in March 2012

Sl No.	Bill No. & date	Net Amount	Scheme/Programme	Details of vouchers enclosed	Amount	Remarks
1.	417 dt 20.03.12	2500000	For purchase of 3(three) nos. of vehicles (Bolero).	Apex Motor Enterprise, Dimapur - Proforma Invoice- Cost of Bolero 2(two) nos.	1439104	Expenditure sanction and drawal authority was obtained for purchase of three Boleros. However, the bill was drawn enclosing proforma invoice for 2 Boleros and 1 Scorpio. The delivery challans, mode nos., engine nos., registration nos. of the vehicles procured, if any, could not be furnished despite requisition (13.07.12).
				Apex Motor Enterprise, Dimapur - Proforma Invoice- Cost of Scorpio 1 (one) no. & Accessories.	1060896	
2.	436 dt 27.03.12	1500000	For procurement of Dairy Cattle (Bovine) for seven State run Farms	M/S. Eco-Farms and Hatcheries Enterprise, Assam- Dairy cattle & Transportation charges	1485500	Expenditure sanction and drawal authority were obtained for purchase of cattle for the 7 State Run Farms. As per bill enclosed without date, 23 nos of high yielding dairy cows, 5 cow yaks and 1 bull yak were certified to be received in full and good condition. However, no details on where these cows were delivered could be furnished. No cows were also seen delivered in the 6 Farms physically verified during August-September 2012.
				Contingency expdr like feeds and other equipment during transportation and station halt.	14500	
3.	444 dt 27.03.12	2395391	Procurement of Vety. Medicnes and Appliances	Kuotsu Enterprises, Kohima- Medicines & equipments	1432000	It is certified in the bills enclosed that the materials have been received. However, these materials were not taken into stock till July 2012.
				Kuotsu Enterprises, Kohima- Appliances & equipments	963400	
4.	448 dt 27.03.12	9775000	Implementation of Rural Backyard Poultry Development	Guru Balaji Hatchery, West Bengal- supply of chicks	6142500	The amount was not utilised till August 2012. It was also seen that beneficiaries were also not yet selected/finalised for implementation of the programme during the 2011-12.
				NLDB- Construction of shed, cages, drinker etc.	3412500	
				NLDB- Cost of construction materials for two mother units	20000	
				NLDB- Renovation of poultry shed No.3 at Kohima	100000	
5.	458 dt 31.03.12	22993000	ASCAD	Kuotsu Enterprises, Kohima- Vaccine	4658346	Payments not made till October 2012. Though it was stated that materials have been received partially, no entries were made in the stock register. Recorded on all the bills dated 05.03.2012 that materials have been received in full and entered in stock register. But no stock register furnished. Therefore no issues made.
				Kuotsu Enterprises, Kohima- Vaccine	4225000	
				Kuotsu Enterprises, Kohima- Vaccine	500000	
				Kuotsu Enterprises, Kohima- Vaccine	1000000	
				Kuotsu Enterprises, Kohima- Vaccine	420000	
				Kuotsu Enterprises, Kohima- Vaccine	960000	
				Vaccination of Animals	5441992	
				Maintenance for diagnostic lab.	1400000	
				Training Programme	1020000	
				Surveillance, Monitoring & Forecasting	907662	
				Information &Communication Campaign & Community Participation	1860000	
Control of Emergent & Exotic Disease	600000					

APPENDIX 2.3.7 (contd.)

6.	463 dt 30.03.12	19702071	Implementation of Mithun Development Project	Mithun Rearing Committee, Punglwa	534205	Out of ₹ 4 crore drawn vide the Bill, ₹ 2 crore was transfer credited to CD and has not been drawn till July 2012. Physical verification of Punglwa Mithun Project (30.08.12) revealed that they had received only ₹ 2 lakh in cash. Though the amount was in CD, it was stated by the Committee Members of of Touphphezu, Chedema, Gariphema, Tsuuma, Tsiepama and Gaili that amounts ranging from ₹ 2 lakh to ₹ 2.50 lakh was received by them. Certificates were recorded on all the bills that the payments were actually made to the concerned including for the bills in CD. Thus the bills enclosed with the FVC bills are suspected to be made for the sole purpose of drawing funds from Government Account.
				Mithun Rearing Committee, Puiwla	534205	
				Mithun Rearing Committee, Mpai	534205	
				Mithun Rearing Committee, Sakshi	534205	
				Mithun Rearing Committee, Alayong	534205	
				Mithun Rearing Committee, Akuk	534205	
				Igha Flex Printing, Dimapur	1067025	
				Computech Infosys, Dimapur	190500	
				Shiv Pharma, Dimapur	571500	
				M/s Tirupati Motors, Dimapur	260250	
				Voto Lodging and Catering Agent, Kohima	250000	
				K.P.Printing Press, Dimapur	260250	
				Computech Infosy, Dimapur	80582	
				M/S HK Decora, Dimapur	49360	
				KK Angami Stationeries, Kohima	7374	
				Pre-operational expenses	800000	
				Managerial grant	250000	
				Supervisory incentives	6150000	
				Grants-in-aid for Mithun boys shelter construction	1025000	
				Grant-in-aid towards construction of enclosure with vacc/ramp	1230000	
Grant-in-aid towards drinking water facilities	615000					
Grant-in-aid towards Grilled foot trap	2050000					
Grant-in-aid towards Establishment of salt feeding yard	820000					
Mithun festival Grant	820000					
7.	464 dt 31.03.12	47574283	Infrastructure Development for cattle breeding (NABARD)	Keduo Enterprises, Kohima- Equipment & machine	6684600	It was seen that the signatures on all the bills of the three firms were the same. Though all the materials were certified to have been received, stock register could not be furnished. Further the amount was not spent till July 2012.
				Keduo Enterprises, Kohima- Charges for operating machines.	200000	
				Asiatic Tehmology, Kohima- Materials	257175	
				Keduo Enterprises, Kohima- Pipe line fitting charges	876200	
				Keduo Enterprises, Kohima- Materials	956450	
				Kuotsu Enterprises, Kohima- Vaccines	401000	
				Kuotsu Enterprises, Kohima- Vaccines	977598	
				Akho Angami- Constn of Farm Manager Qtr. & Attendant Barrack at CBF Lerie	2880000	
				Priemer Enterprises-Constn of Attendant Barrack at CBF Lerie	2112000	
				Keduo Enterprises- Constn of Attendant Barrack at CBF Lerie	473280	
					It was seen during physical verification that work had not been started as yet which was stated to be due to land dispute. It was stated by the engineer (October 2012) that the dispute had been settled and work is in progress. However, it was seen that the contractors were different (Z.K. Angami for Farm Manager quarters and M/s Kedou Enterprises for Attendant barrack)	

APPENDIX 2.3.7 (concl.)

-do-	--do--	--do--	--do--	Medokolie Zashumo- Constn of Dispy & Milking Parlor at CBF, Lerie	476160	The work has not commenced.
				Medokolie Zashumo- Constn of water reservoir at CBF, Lerie	921600	
				Medokolie Zashumo- Constn of Bio Gas Plant at CBF, Lerie	142080	
				M/S K.Meden Ao & Son- Constn of Milking Shed (Tail to Tail) at CBF Aliba	4086720	It was seen during physical verification (13.09.12) that the work is in progress.
				I.Panger Ao- Constn of Manager Qtr. (type-IV) at CBF Aliba	1484160	It was seen during physical verification (13.09.12) that the work is in progress.
				Keduo Enterprises, Constn of Calving Pen at CBF Aliba	776160	It was seen that the work was completed.
				M/S K.Meden Ao & Son- Constn of Attendants Barrack at CBF Aliba	1999680	During physical verification (13.09.12), it was seen that the work has not commenced.
				M/S K.Meden Ao & Son- Constn of reservior Tank at CBF Aliba	216288	Not seen during physical verification.
				M/S K.Meden Ao & Son- Constn of Dung pit at CBF Aliba	36288	Not seen during physical verification.
				M/S K.Meden Ao & Son- Constn of Sillo pit (2 nos) at CBF Aliba	40704	Not seen during physical verification.
				C.N.Yanchu- Constn of Milking Shed at CBF Tuensang	4780800	--
				L.T.Sangtam- Constn of Manaager Qtr (type-IV) at CBF Tuensang	1841280	--
				M/S Bendang Kejong- Constn of Calving Pen at CBF Tuensang	902400	--
				M/S Bendang Kejong- Constn of Godown at CBF Tuensang	819840	--
				M/S Z.Peter Chingmak- Constn of Water Reservior Tank at CBF Tuensang	264960	--
				M/S Z.Peter Chingmak- Constn of Silo pit at CBF Tuensang	30720	--
				T.Selie- Constn of Approach Road at CBF Medziphema	1933440	It was seen during physical verification (21.08.12) that work is in progress.
				Mrs.Yachubi-u Kuotsu- Constn of Type-I Qtr at CBF Medziphema	642240	During physical verification(21.08.12) it was seen that the works were not yet started..
				Kengim- Constn of Manager Qtr Type-V at CBF Medziphema	1721280	
				M/S.Eastern Enterprises- Constn of Milch Cow Shed at CBF Jalukie	4117440	During physical verification (07.09.12), no new construction or activity was seen.
Aribo- Constn of Heifer Shed at CBF Jalukie	2323200					
C.P.Zeliang- Constn of Manager Qtr at CBF Jalukie	1591680					
Benjamen- Constn of Bull Shed at CBF Jalukie	319680					
Paudam- Constn of Water Reservoir at CBF Jalukie	288000					
Total:	106439745					

APPENDIX 2.3.8

(Reference to Paragraph 2.3.15.1; Page 100)

Analysis of Completion certificates issued, work orders attached with FVC, date of issue of NIT and date of actual completion as per MBs.

Sl No.	Bill No./Amount/Date	Particulars	Date of completion certificate	Work order attached with FVC/date	RA bill attached with FVC	Date of issue of NIT	Date of actual completion as per MB	Remarks
1.	362/ ₹.1,60,88,000/ 19.12.09/	Construction of approach road and security fencing at Veterinary College, Jalukie 1. Approach road (214 m/20 Nos): ₹.1 crore 2. Drainage (13 Nos): ₹15 lakh 3. RCC slab culvert (7 Nos): ₹35 lakh 4. Security fencing (249 m/3 Nos): ₹10.88 lakh	18.12.09	Issued to Hi-Tech/ 30.10.2009	1 st RA Bill of Hi-tech Constructions/ Commencement: 3.11.09/ Completion: 16.12.09	20.10.09 NIT not seen issued for Security fencing	03.03.10	
2.	434/ ₹2,59,12,000/ 03.03.10	Security fencing (2670.11 to 4301 m) : ₹259.12 lakh	Certified on RA bill that work has been completed as per specification	Single work order for the whole work issued to Hi-tech/ 2010, no date	2 nd RA Bill of Hi-tech constructions/ Commencement: 09.06.09/ Completion: 18.02.10	20.10.09	03.03.10	Work split into 54 groups and work orders issued separately to Hi-tech Constructions
3.	523/ ₹4,42,48,000/ 31.03.11 (₹1,76,99,000 in CD)	Construction of security fencing (0 to 6993 m): ₹2.24 crore.	Certified on F&F Bill that work has been completed as per specification	Hi-tech dated 24.11.2010 for work valued 2.24 crore (6993 m)	F&F Bill of Hi-tech constructions/no details of work done. Completion date and commencement date not mentioned	17.03.11	28.10.11	Work order issued to M/s Hi- tech on 04.04.11 for work valued `1.88 crore
4.	522/ ₹442.56 lakh/ 31.03.2011	(i) Construction of Security fencing at Pig Breeding Farm, Jalukie (ii) Construction of Rest House at Slaughter House, Khopanala (iii) Construction of Slaughter House at Khopanallah	(i) without date (ii) without date (iii) without date	(i) M/s Hi-tech Constructions dt 24.11.2010 (ii) M/s Solo Engineering dt 28.11.2010 (iii) M/s Chabou & Co. dt 25.11.2010	(i) M/s Hi-tech Constructions/ ₹2.21 crore/without date (ii) M/s Solo Engineering/ ₹1.50 crore/F&F bill/without date (iii) M/s Chabou & Co./ ₹71.28 lakh/1 st RA Bill/Without date	30.06.2011	(i) not sen (ii) 17.08.11 (iii) No records of this work,	(i) Work order issued to M/s Hi-tech constructions on 04.04.11 with value of work being 2.98 crore (ii) Work Order issued to M/s Solo Engineering on 17.08.11 with value of work being 89.06 lakh (iii) No work order or other records in r/o this work.

Appendix 2.4.1
(Reference to Paragraph 2.4.7.2.1(i) and (ii); page 110)
**Statement showing delay in release of fund at various levels under WDPSCA
 implemented by DSWC**

Year	Instalment No.	Date of release by GOI	Date of release by GON	Delay in months (Col. 3-4)	Date of release by DSWC	Delay in months (Col. 4-6)
1	2	3	4	5	6	7
2007-08	1 st	06.06.07	23.11.07	5	10.12.07 - 03.04.08	0
2007-08	3 rd	31.12.07	28.03.08	2	31.3.08 - 14.09.10	0
2007-08	4 th	31.01.08	30.03.08	1	31.03.08 - 20.08.08	0
2008-09	1 st	06.06.08	06.03.09	8	17.04.09 - 23.09.09	1
2008-09	2 nd	14.08.08	11.02.09	5	17.04.09 - 21.09.10	2
2008-09	3 rd	19.12.08	29.03.09	2	17.04.09 -15.09.10	0
2008-09	4 th	19.03.09	31.03.09	0	17.04.09 - 29.10.09	0
2009-10	1 st	24.06.09	30.10.09	3	16.02.10- 17.09.10	3
2009-10	2 nd	17.08.09	03.03.10	5	10.05.10- 24.04.12	2
2010-11	1 st	13.07.10	20.12.10	4	08.02.11 - 03.08.11	1
2010-11	2 nd	10.12.10	24.03.11	3	13.04.11 - 19.11.11	0
2011-12	1 st	28.06.11	28.09.11		14.11.11 - 17.5.12	1
2011-12	2 nd	14.11.11	29.12.12		Not Paid as on 31.03.12	NA

Appendix 2.4.2

(Reference to Paragraph 2.4.7.3.4(b); page 116)

Statement showing details of payment made without execution of work under NWDpra

(In ₹)

Name of the project/Component	Directorate Bill		Actually Implemented		Difference	
	Number of unit	Money Value	Number of unit	Money Value	Number of unit	Money Value
Thangpang						
Water Harvesting Structure	20	222000	0	0	20	222000
Dug out pond	90	162000	0	0	90	162000
Dug out ponds for fish culture	11	330000	2	60000	9	270000
Total	121	714000	2	60000	119	654000
Teyongko						
Water Harvesting Structure	20	222000	0	0	20	222000
Dug out pond	90	162000	0	0	90	162000
Dug out ponds for fish culture	11	330000	2	60000	9	270000
Total	121	714000	2	60000	119	654000
Tsulalu						
WHS	18	216000	8	96000	10	120000
Dug out pond	90	162000	0	0	90	162000
Dug out ponds for fish culture	13	390000	2	60000	11	330000
Total	121	768000	10	156000	111	612000
Sangro						
WHS	16	156000	1	9750	15	146250
Dug out pond	91	163800	0	0	91	163800
Dug out ponds for fish culture	15	450000	3	90000	12	360000
Total	122	769800	4	99750	118	670050
Kechetang						
WHS	0	0	0	0	0	0
Dug out pond	91	163800	0	0	91	163800
Dug out ponds for fish culture	15	450000	8	180000	7	270000
Piggery , Poultry, Goat rearing, bee keeping, etc	0	0	0	0	0	0
Total	106	613800	8	180000	98	433800
Boktowong						
WHS	18	162000	6	54000	12	108000
Dug out pond	91	163800	0	0	91	163800
Dug out ponds for fish culture	15	450000	5	150000	10	300000
Piggery , Poultry, Goat rearing, bee keeping, etc	21	126000	20	120000	1	6000
Total	145	901800	31	324000	114	577800
Mezuru						
WHS	18	216000	2	24000	16	192000
Dug out pond	90	162000	0	0	90	162000

Dug out ponds for fish culture	13	390000	1	30000	12	360000
Piggery , Poultry, Goat rearing, bee keeping, etc	20	120000	18	108000	2	12000
Total	141	888000	21	162000	120	726000
Sanuoru						
WHS	0	0	0	0	0	0
Dug out pond	90	162000	0	0	90	162000
Dug out ponds for fish culture	13	390000	8	240000	5	150000
Total	103	552000	8	240000	95	312000
Baru						
WHS	18	216000	15	180000	3	36000
Dug out pond	90	162000	0	0	90	162000
Dug out ponds for fish culture	13	390000	1	30000	12	360000
Piggery , Poultry, Goat rearing, bee keeping, etc	20	120000	12	72000	8	48000
Total	141	888000	28	282000	113	606000
Dzonzon						
WHS Unit	20	222000	4	44400	16	177600
Dug out pond Unit	90	162000	0	0	90	162000
Dug out ponds for fish culture Unit	11	330000	4	120000	7	210000
Piggery , Poultry, Goat rearing, bee keeping, etc	0	0	0	0	0	0
Total	121	714000	8	164400	113	549600
Pughobo						
WHS	18	216000	5	60000	13	156000
Dug out pond	91	163800	0	0	91	163800
Dug out ponds for fish culture	13	390000	5	150000	8	240000
Piggery , Poultry, Goat rearing, bee keeping, etc	0	0		0	0	0
Total	122	769800	10	210000	112	559800
Dzuvaru						
WHS Unit	18	216000	2	24000	16	192000
Dug out pond Unit	91	163800	0	0	91	163800
Total	109	379800	2	24000	107	355800
Grand total	1473	8673000	134	1962150	1339	6710850

Appendix – 2.4.3
(Reference: Paragraph No. 2.4.7.3.4(c); page 116)
Statement showing unexecuted items of works under IWMP

Particulars	As per PIA records		As per joint physical verification by audit and PIA officials		Difference between PIA records and actual execution	
	Unit	Money value	Unit	Money value	Unit	Money value
SHGS	69	1866000	19	330000	50	1536000
WHS	24	1066500	8	315000	16	751500
Contour budding	11	321600	4	105000	7	216600
Bench Terracing	9	240000	2	40000	7	200000
Plantation	31	734062	6.5	159062	24.5	575000
Livelihood	26	400000	7	100000	19	300000
Horticulture	8.8	163000	2.5	47000	6.3	116000
Afforestation	6.2	62500	2	20000	4.2	42500
Natural Regeneration	36	180000	6	30000	30	150000
Total	221	5033662	57	1146062	164	3887600

Appendix-3.1

(Reference to paragraph 3.3.1; page 126)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31st March 2012 in respect of Government Companies

(Figures in column 5(a) to 6(d) are ₹ in crore)

Sl. No.	Sector & name of the Company	Name of the Department	Month and year of incorporation	*Paid up Capital				Loans outstanding at the close of 2011-12**				Debt equity ratio	Manpower (No. of Employees as on (31.03.2012))
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
A. Working Government Companies													
FINANCE													
1.	Nagaland Industrial Development Corporation Ltd, Dimapur	Industries & Commerce	26.03.70	12.22	--	4.73	16.95	--	--	38.46	38.46	2.27:1	84
	Sector wise total			12.22	--	4.73	16.95	--	--	38.46	38.46	2.27:1	84
MANUFACTURING													
2	Nagaland State Mineral Development Corporation Ltd., Kohima	Geology & Mining	21.05.81	2.40	--	--	2.40	--	--	--	--	--	212
	Sector wise total			2.40	--	--	2.40	--	--	--	--	--	212
SERVICES													
3	Nagaland Hotels Ltd, Dimapur	Industries & Commerce	17.03.82	1.53	--	0.40	1.93	--	--	8.46	8.46	4.38:1	166
	Sector wise total			1.53	--	0.40	1.93	--	--	8.46	8.46	4.38:1	166

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Sl. No.	Sector & name of the Company	Name of the Department	Month and year of incorporation	*Paid up Capital				Loans outstanding at the close of 2011-12**				Debt equity ratio	Manpower (No. of Employees as on 31.03.2012)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7	8
MISCELLANEOUS													
4	Nagaland Handloom & Handicrafts Development Corporation., Ltd	Industries & Commerce	27.02.79	6.37	1.14	--	7.51	0.73	--	--	0.73	0.1:1	124
5	Nagaland Industrial Raw Materials Supply Corporation Ltd., Dimapur	Industries & Commerce	28.03.73	1.23	--	--	1.23	--	--	0.04	0.04	0.03:1	32
Sector wise total				7.60	1.14		8.74	0.73		0.04	0.77	0.09:1	156
Total A (All sector wise working Government Companies)				23.75	1.14	5.13	30.02	0.73	--	46.96	47.69	1.59:1	618
B.. Non-working Companies													
MANUFACTURING													
6	**Nagaland Sugar Mills Company Ltd., Dimapur	Industries & Commerce	22.03.73	4.96	-	-	4.96	--	--	--	--	--	--
Sectorwise total				4.96	-	-	4.96	--	--	--	--	--	--
Total B (All sector wise non-working Government Companies)				4.96	-	-	4.96	--	--	--	--	--	--
Grand Total (A+B)				28.71	1.14	5.13	34.98	0.73	--	46.96	47.69	1.36:1	618

* paid up capital includes share application money.

*loan outstanding at the close of 2011-12 represent long-term loans only.

** Figures of 1995-96 have been incorporated as the Company has not furnished information since 1996-97

Appendix-3.2

(Reference to paragraph 3.4.1; page 127)

Statement showing grants and subsidy received/receivables, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March, 2012.

(Figures in column 3(a) to 6(d) are ₹ in crore)

Sl. No	Sector & Name of the Company	Equity/loans received out of budget during the year		Grants and Subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	others	Total	Received	Commitment ^{\$}	Loans payment Written off	Loans converted into Equity	Interest/ Penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A. Working Government Companies													
FINANCE													
1	Nagaland Industrial Development Corporation Ltd, Dimapur	1.35	7.81	3.63	--	--	3.63	7.81	--	--	--	--	--
Sector wise Total		1.35	7.81	3.63	--	--	3.63	7.81	--	--	--	--	--
MANUFACTURING													
2	Nagaland State Mineral Development Corporation Ltd., Kohima	--	--	--	4.64	--	4.64	--	--	--	--	--	--
Sector wise Total		--	--	--	4.64	--	4.64	--	--	--	--	-	--
SERVICES													
3	Nagaland Hotels Limited	--	--	--	0.97	--	0.97	--	--	--	--	--	--
Sector wise Total		--	--	--	0.97	--	0.97	--	--	--	--	--	--

Sl. No	Sector & Name of the Company	Equity/loans received out of budget during the year		Grants and Subsidy received during the year				Guarantees received during the year and commitment at the end of the year		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	others	Total	Received	Commitment ^{\$}	Loans payment Written off	Loans converted into Equity	Interest/ Penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
MISCELLANEOUS													
4	Nagaland Handloom & Handicrafts development Corporation. Ltd	0.25	--	1.15	6.36	--	7.51	--	--	--	--	--	--
5	Nagaland Industrial Raw material supply corporation	--	--	--	0.45	--	0.45	--	--	--	--	--	--
Sector wise Total		0.25	--	1.15	6.81	--	7.96	--	--	--	--	--	--
Total (A) All Sector wise working Government Companies		1.60	7.81	4.78	12.42	--	17.20	7.81	--	--	--	--	--
B. Non-working Companies													
MANUFACTURING													
	Nagaland Sugar Mills Company Ltd	--	--	--	--	--	--	--	--	--	--	--	--
Total		1.60	7.81	4.78	12.42	--	17.20	7.81	--	--	--	--	--

\$ Figures indicate guarantees outstanding at the end of the year.

Appendix-3.3

(Reference to paragraph 3.6.1; page 129)

Summarised financial results of Government Companies for the latest year for which accounts are finalised.

(Figures in column 5(a) to (6) and (8) to (10) are ₹ in crore)

Sl No	Sector & Name of the Company	Period of accounts	Year in which finalized	Net Profit (+)/Loss (-)				Turn over	Impact of Accounts Comments	Paid up Capital	Accumulated Profit(+) Loss(-)	Capital Employed @	Return on Capital Employed #	Percentage of return on Capital Employed
				Net Profit/Loss before interest & depreciation	Interest	Depreciation	Net Profit/Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
A. Working Government Companies														
FINANCE														
1	Nagaland Industrial Development Corporation Ltd	2010-11	2012-13	(+) 0.42	0.94	0.75	(-) 1.27	3.62	-	15.60	(-)17.63	53.62	(-) 0.33	--
Sector wise Total				0.42	0.94	0.75	(-) 1.27	3.62	-	15.60	(-)17.63	53.62	(-) 0.33	--
MANUFACTURING														
2	Nagaland State Mineral Development Corporation Ltd., Kohima	2000-01	2012-13	(+) 0.13	0.00	0.65	(-) 0.52	0.68	-	0.80	(-)2.52	6.90	(-) 0.52	--
Sector wise Total				0.13	0.00	0.65	(-) 0.52	0.68	-	0.80	(-)2.52	6.90	(-) 0.52	--
SERVICES														
3	Nagaland Hotels Limited	1998-99	2012-13	(+) 0.09	0.56	0.19	(-)0.65	0.60	--	0.40	(-)8.27	6.23	(-)0.10	--
Sector wise Total				(+) 0.09	0.56	0.19	(-)0.65	0.60	--	0.40	(-)8.27	6.23	(-)0.10	--
MISCELLANEOUS														
4.	Nagaland Handloom & Handicrafts Development Corporation. Ltd.,	2002-03	2012-13	0.03	0.00	0.04	(-)0.01	0.35	--	0.83	(-)4.44	3.37	(-)0.01	--

Sl No	Sector & Name of the Company	Period of accounts	Year in which finalized	Net Profit (+)/Loss (-)				Turn over	Impact of Accounts Comments	Paid up Capital	Accumulated Profit(+) Loss(-)	Capital Employed	Return on Capital Employed	Percentage of return on Capital Employed
				Net profit/Loss before interest & depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
5	Nagaland Industrial Raw Materials Supply Corporation Ltd., Dimapur	1999-2000	2012-13	(+) 0.003	0.03	0.02	(-)0.05	0.11	--	0.10	(-)0.97	0.15	(-)0.02	--
Sector wise Total				(+) 0.033	0.03	0.06	(-)0.06	0.46	--	0.93	(-)5.41	3.52	(-)0.03	--
Total (A) All Sector wise working Government Companies				(+) 0.67	1.52	1.65	(-)2.50	5.36		17.73	(-)33.83	70.27	(-)0.95	--
B. Non-working Government Companies,														
MANUFACTURING														
1	Nagaland Sugar Mills Company Ltd., Dimapur	1977-78	1992-93	--	--	--	--	--	--	4.96	(-)14.70	(-)0.69	--	
Sector wise Total										4.96	(-)14.70	(-)0.69	--	
Total (B) All Sector wise working Government Companies				--	--	--	--	--	--	4.96	(-)14.70	(-)0.69	---	
Grand Total (A+B)				(+) 0.70	1.53	1.65	(-)2.50	5.36	--	22.69	(-)48.53	69.58	(-)0.98	--

#Return on Capital Employed has been worked out by adding profit and interest charged to Profit and Loss account.

@ Capital employed represents net Fixed Assets (including capital Work-in-progress) plus working capital except in case of finance companies/corporations where the capital Employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, Bonds, Deposits and Borrowings.

Appendix – 5.1
(Reference to paragraph 5.4;page 149)
**Details of work sanctioned under SPA during 2010-11 for construction of
 Fire stations, etc.**

SI No	Name of the project/Scheme	Amount (₹ in lakh)
1 (a)	Construction of Fire Station building at Capital complex Kohima (Construction of Fire Station building cum Garage to accommodate 4 Nos Fire tenders and O.C room)	70.00
(b)	Security fencing	20.00
(c)	Water Reservoir	10.00
2	Construction of Fire Station building at Peren District headquarter	100.00
3	Construction of accommodation for emergency duty personnel in Fire Station Kohima	20.00
4	Construction of retaining wall of land slide portion of Kohima Fire Station compound.	20.00
5	Construction of retaining wall of land slide portion of Fire Station building at Zunheboto	10.00
6 (a)	Construction of Fire Station Building at Mokokchung	20.00
(b)	Construction of Fire Station building at Mokokchung (Construction of water reservoir)	10.00
7	Construction of water reservoir at Fire Station Kohima	10.00
8	Expansion of Garage for parking of fFire Tenders at Kohima Fire Station	10.00
Total		300.00

Appendix – 5.2
(Reference to paragraph 5.5; page 150)
Statement showing the details of fraudulent drawal of ration allowance (in ₹)

TV No & Date	Details of bills drawn in October, November and December 2010 @ ₹25/day				Details of bills drawn in March 2011 @ ₹25/day				Details of double drawal			
	No of VGs	Period of arrear drawn	No of days	Amount	TV No & Date	No of VGs	Period of arrear drawn	Amount drawn	Period of double drawal	No of days overlapped	Amount of double drawal @ ₹25/day	
23 of Oct 2010	2051	02/08/2010 to 26/08/2010	25	1345875	28 of March 2011	1039	04/08/2010 to 26/08/2010	3168950	04/08/2010 to 26/08/2010	23	1039x23x25=597425	
24 of Oct 2010	2051	03/09/2010 to 12/09/2010	10	512500			05/09/2010 to 24/09/2010		05/09/2010 to 24/09/2010	20	1039x20x25=519500	
14 of Oct 2010	2051	13/09/2010 to 24/09/2010	12	615000			04/07/2010 to 26/07/2010		--	--	--	
7 of Dec 2010	2051	09/10/2010 to 28/10/2010	20	1036750			03/10/2010 to 28/10/2010		09/10/2010 to 28/10/2010	20	1039x20x25=519500	
01 of Dec 2010	2051	13/05/2010 to 28/05/2010	16	822000			08/05/2010 to 27/05/2010		13/05/2010 to 26/05/2010	15	1039x15x25=389625	
Total			83	4332125			16/06/2010 to 25/06/2010		--	--	--	
									Total(A)		78	1039x78x25=2026050
					29 of March 2011	1010	04/08/2010 to 26/08/2010	3080500	04/08/2010 to 26/08/2010	23	1010x23x25=580750	
							05/09/2010 to 24/09/2010		05/09/2010 to 24/09/2010	20	1010x20x25=505000	
							04/07/2010 to 26/07/2010		--	--	--	
							03/10/2010 to 28/10/2010		09/10/2010 to 28/10/2010	20	1010x20x25=505000	
							08/05/2010 to 27/05/2010		13/05/2010 to 26/05/2010	15	1010x15x25=378750	
							16/06/2010 to 25/06/2010		--	--	--	
								6249450	Total(B)	78	1010x78x25=1969500	
Total (A+B)									₹2026050+₹1969500=₹3995550			