

CHAPTER - III CIVIL DEPARTMENTS

SECTION: 'A'

EDUCATION DEPARTMENT

3.1 Integrated Audit of Primary Education Programme including manpower management

Highlights

Despite the State achieving a higher literacy rate, the objectives of implementing the Primary Education Programme in the Government Sector remained elusive in the absence of proper planning, lack of accountability and monitoring of key areas of implementation. Besides, large scale misuse and diversion of programme funds, unnecessary and excessive procurement of basic amenities including text books for schools, VVIP interference in all areas, absence of accountability at the Inspectorate and grass-root level, excessive appointment of staff and teachers, delayed procurement and distribution of text-books, and overall unsuitable school atmosphere also contributed to the dismal implementation of the Programme.

Rupees 6.03 crore was misused on unnecessary and excessive procurement of specified and unspecified basic amenities for schools.

(Paragraph 3.1.4(c) (i) & (ii))

As evident from reports of SCERT and Education Commission, School infrastructure did not improve even after spending Rs.10.77 crore during 1995-2000.

(Paragraph 3.1.5.2)

On the recommendation of the Minister (SE), the DSE irregularly procured (1995-2000) school text books worth Rs.3.98 crore from local dealers to whom Rs.3.63 crore was paid without receipt of books. Besides, by purchasing from unauthorised vendors instead of from publishers, the Department suffered a loss of Rs.48.22 lakh on forgone discount.

(Paragraph 3.1.5.3(b) (i) & (ii))

During 1995-2000, the DSE paid Rs.5.26 crore to suppliers of TLEs without ensuring receipt of materials.

(Paragraph 3.1.5.3 (b)(v))

Materials worth Rs.25.22 lakh procured by the SCERT in advance of requirement for DIETs at Mokokchung and Tuensang, did not reach, indicating pilferage/misappropriation.

(Paragraph 3.1.5.4 (c))

Due to excess deployment of 2477 teachers in 1283 Primary Schools, the Department incurred excess expenditure of Rs.17.48 crore per annum. This included 1260 teachers (GPS: 830 & GMS: 430) appointed on ad-hoc basis, mostly on the recommendations of the Departmental Minister.

(Paragraph 3.1.6.1(iv) & 3.1.6.2(a))

Against 241 Government Middle Schools, the Department incurred an infructuous expenditure of Rs.8.60 crore per annum on deployment of 809 undergraduate and under-matric teachers, against sanctioned posts of vocational training instructors, though these teachers did not possess ITI diploma.

(Paragraph 3.1.6.1(v))

The Department incurred excess expenditure of Rs.1.13 crore per annum on unauthorised allowance of higher pay to 1728 Graduate/Post Graduate Primary Teachers.

(Paragraph 3.1.6.2(b))

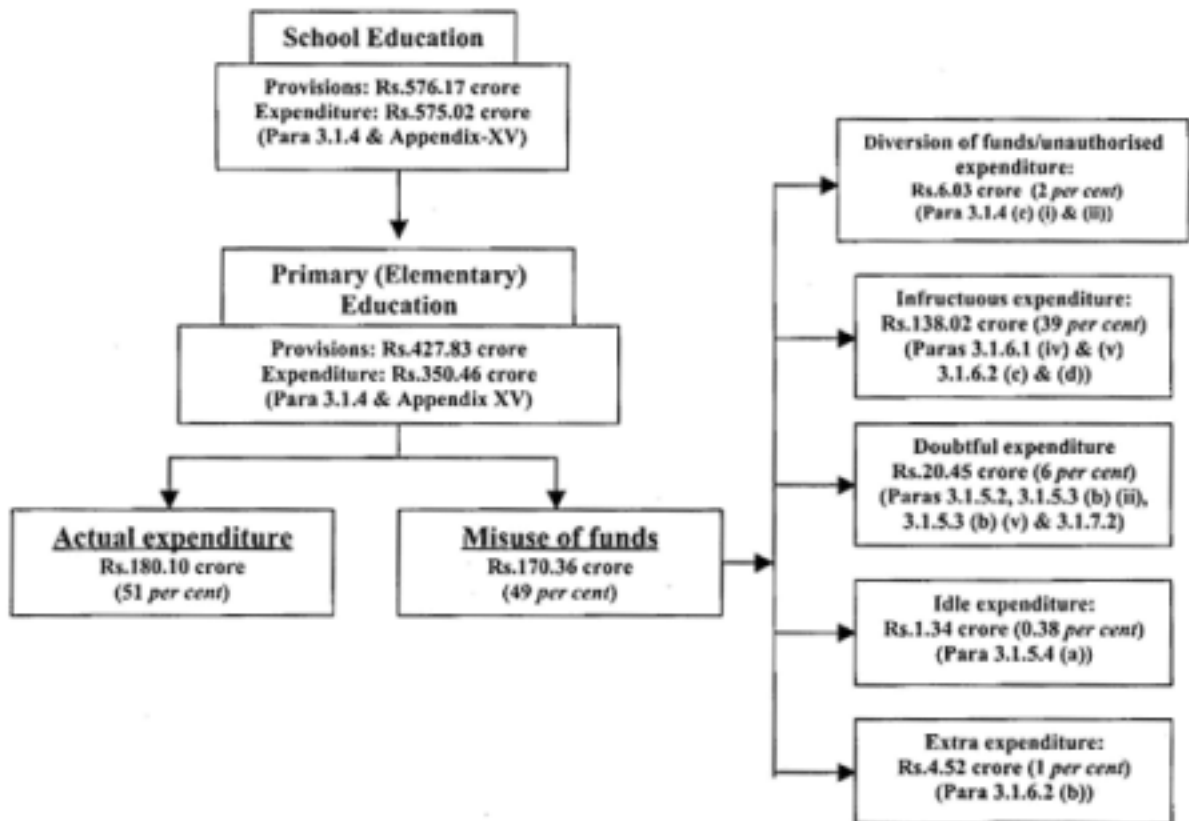
During 1995-2000, the Department incurred infructuous expenditure of Rs.2.82 crore on idle establishment for agri-based education.

(Paragraph 3.1.6.2(d))

Colour Televisions, Carpentry Tools, Sewing-Knitting machines and raw materials worth Rs.92.98 lakh did not reach the DIS/Schools, indicating misappropriation of the materials or the amount.

(Paragraph 3.1.7.1 & 3.1.7.2)

FINANCE TREE



3.1.1 Introduction

The Government of India (GOI) introduced "Universalisation of Elementary Education" (UEE) in 1953 for imparting free and compulsory education to all children within the age group of 6-14 years. To accelerate the pace of UEE, the GOI introduced supportive schemes of "Operation Blackboard" (OB) (in 1987-88) and "Basic Minimum Service" (BMS) (in 1996-97).

As of March 1999, the State had 1649 Government Schools {Primary (1283), Middle (241), High (121), Higher Secondary (4)} and 665 Private (Most of them have class PP to X.) Schools. In Nagaland, Primary education is imparted through GPS (Government Primary Schools (Lower Primary): Usually, run from classes PP to IV but some schools run upto class II, while some other run upto VII/VIII.) and GMS (Government Middle Schools (Upper Primary): Usually runs from class V to VIII but, some schools run from PP to VIII.) covering class PP to VIII.

According to the 1991 Census, the literacy rate in the State was 61.65 *per cent* (National average: 52.21 *per cent*) with women's literacy at 54.75 *per cent* (National average: 39.29 *per cent*).

3.1.2 Organisational set up

The Principal Secretary, School Education Department (SED), is the nodal authority for implementation of the Primary Education Programme (PEP) in the State and is assisted by the Director of School Education (DSE) and the State Council of Educational Research and Training (SCERT). The DSE administers the schools through District Education Officers at the district level and through Deputy Inspectors of Schools at the block and sub-divisional level. While SCERT is involved in research and development of curriculum, publication of textbooks etc., training of teachers, and setting up of District Institutes of Education and Training (DIET), construction and repairs of school buildings are done by a Division of the Public Works Department (Housing).

3.1.3 Audit coverage

The Integrated Audit of the Primary Education Programme was conducted (February-June 2000), by test check of records of the DSE, SCERT, 2 (Mokokchung and Tuensang, DIET, Kohima did not furnish information/records requisitioned by Audit.) (out of 3) DIETs and 5 (Kohima, Dimapur, Mon, Tuensang (all at respective district Hqrs.) and Pfutsero (Phek district). 2 more selected DIS (Bhandari of Wokha district and Kiphire of Tuensang district) did not furnish records/information despite Audit requisition.) (out of 22) DIS for the years 1995-96 to 1999-2000. Results of audit are highlighted in succeeding paragraphs.

3.1.4 Financial outlay and expenditure

Financial outlay and expenditure on Elementary (Elementary Education has been construed as Primary Education. Elementary Education covers Government Primary and Government Middle Schools.) Education during the 5 years ended March 2000 are given at *Appendix XV*.

The following deficiencies and irregularities were noticed in audit.

(a) Inefficient and irregular budgeting practices

Persistent savings under Elementary Education in all the years, despite overall excess ranging from Rs.0.64 crore (1999-2000) to Rs.3.54 crore (1996-97) indicated unrealistic budgeting, and absence of internal control mechanism in the Department.

Wrong classification of expenditure resulted in understatement of expenditure

Expenditure (Rs.82.29 crore) on Inspectorates, non-formal education, teachers' training (both JTTI and DIET) and textbooks, which were common to both Primary and Secondary Education, were

wrongly classified in the budget under Secondary Education resulting in understatement of expenditure in the primary sector.

(b) Decline in the outlay on education sector

While overall State expenditure increased by 78.76 per cent during 1995-2000, the share of Education in the budget increased by 40 per cent only, implying a lack of commitment on the part of the State Government towards Education:

(c) Diversion of funds

Purchase of office furniture and sports goods is not permissible under the 'OB and 'BMS' schemes. But, in violation of programme guidelines, the DSE spent Rs.4.18 crore in 1996-2000 out of BMS (Rs.403.23 lakh) and OB (Rs.15.20 lakh) on procurement of these items, including Teaching and Learning Equipment (TLE), that were not approved by the State Level Education Committee (SLEC). This led to diversion of Central assistance of Rs.4.18 crore.

Unauthorised expenditure of Rs.6.03 crore on procurement of unnecessary materials

Under OB, GOI released (March 1996) Rs.184.50 lakh (Rs.0.50 lakh per school) for providing essential equipment (TLEs) and library facilities, to 369 existing Middle Schools. The DSE, with the approval of GON (SED), spent (September 1996) the entire amount on procurement of TLEs (Rs.46.35 lakh) that were not approved by SLEC (369 steel almirahs (Rs.31 lakh), 736 water filters (Rs.5.98 lakh) and class-room furniture (Rs.101.17 lakh)), for all 369 schools, without taking into account the existing materials and further requirements. Thus, the entire expenditure of Rs.184.50 lakh was unauthorised. This included Rs.69.50 lakh spent on procurement of TLEs and other items for 139 Private Schools, which were not entitled to receive any material assistance.

3.1.5 Implementation of Primary Education Programme

3.1.5.1 Expansion of Educational facilities

3.1.5.1.1 Expansion of schools

The National Policy on Education 1986, as revised in 1992, envisaged, inter alia, the opening of new Primary Schools, particularly in rural areas within walk-able distance of 1 km. Expansion of GPS and GMS in the State from the 5th Plan onwards was as under:-

Type of schools	5th Plan	6th Plan	7th Plan	8th Plan	9th Plan (upto 2000)
(i) Government Primary Schools	1009	1047	1154	1254	1283
(ii) Government Middle Schools	202	188	224	232	241
Total:-	1211	1235	1378	1486	1524

Expansion of educational infrastructure progressed at a snail's pace

From the above, it is evident that expansion of educational infrastructure proceeded at a snail's pace. According to the 6th All India Educational Survey (AIES) 1993, at least 160 GPS and 541 GMS were required to be opened in the State against which, only 46 new GPS were opened, and 17 GPS upgraded to GMS during 1993-2000, with the result that, the eligible children in these villages/habitations were deprived of schooling within their reach. The Department's contention that the shortfall in achieving the target was due to financial constraints, is not acceptable, in view of persistent savings in all the years.

3.1.5.1.2 Student retention and dropouts

The programme failed to arrest high rate of dropouts

Data on student dropouts during the last 5 years were not furnished by the DSE. However, according to data compiled by SCERT, the percentage of dropouts at the primary school level ranged from 8.63 to 39 *per cent*. This is corroborated by data maintained by 3 out of 5 (DIS Mon, Tuensang and Pfutsero,, 2 DIS (Kohima and Dimapur) did not furnish data on class-wise and year-wise enrolment of students.) DIS test checked, which showed that, the percentage of dropouts ranged from 20.26 *per cent* to 39.57 *per cent*, indicating that the PEP had no impact in arresting school dropouts.

The SCERT study, attributed these dropouts, mainly, to personal reasons (16.16 *per cent*), adverse home atmosphere (18.92 *per cent*), adverse school atmosphere (10.90 *per cent*), failure of teachers to motivate students to attend schools (14.85 to 40.73 *per cent*), and reluctance of parents to send their children to school (10.57 to 36.68 *per cent*).

3.1.5.2 Infrastructure development

The Centrally Sponsored Scheme 'Operation Black Board', envisaged that all Primary Schools were to be provided with permanent buildings, with at least 2 all-weather classrooms each. At the end of the 8th Five Year Plan, the State had 1486 Primary Schools, but, in the absence of data on the number of school buildings constructed/renovated, it could not be confirmed whether these schools had the prescribed minimum infrastructure.

Rs.10.77 crore spent on development infrastructure was not supported by documentary evidence

The Department, however, claimed that, during 1996-2000, 113 (GPS: 87, GMS: 26) new buildings had been constructed, and another 387 (GPS: 259, GMS: 128) school buildings repaired at a cost of Rs.948.15 lakh (BMS: Rs.916.87 lakh, State Plan: Rs.31.28 lakh). The Department also claimed to have constructed another 14 (GPS: 12, GMS: 2) schools in Mon district during 1998-99 at a cost of Rs.129.20 lakh, under the Special Area Development Programme (SADP). However, against this claim of construction, the EE (Housing) could furnish construction details for only 21 GMS. Thus, the claim of the Department that 127 school buildings had been constructed during 1996-2000 was not convincing.

"The Status of School Education in Nagaland 1996" and "Elementary School Dropout Study in Nagaland (July 1999)" conducted by SCERT, showed that a majority of the schools did not have buildings (Buildings for each school.) (53.11 *per cent*), accommodation (Class rooms available in School buildings.) (98.33 *per cent*), science laboratories (95 *per cent*), libraries (95 to 100 *per cent*), drinking water facilities (87.50 *per cent*), sanitation (66.44 *per cent*), teaching aids (62.50 *per cent*), furniture (87.50 *per cent*), radio-TV sets (87.50 to 100 *per cent*), and separate toilets for boys and girls (100 *per cent*). All these confirmed the Department's failure to provide a good school environment, conducive to teaching and learning.

3.1.5.3 Publication and supply of textbooks to Elementary Schools

(a) Publication of textbooks

The SCERT is responsible for the development and publication of textbooks for Classes I to VIII. During 1995-96 to 1999-2000, the SCERT developed 8 text books and 4 guide books for teachers, and assigned their publication and marketing to 1 (M/s Oxford University Press.) Calcutta and 5 (M/s Frank Publishers, M/s Vikash Publishing House, M/s Pitamber Publishing House, M/s Scholar Publishing House, M/s Nabal Publishers.) Delhi based publishers. The SCERT was to receive royalty from the publishers against copyright.

Audit scrutiny revealed that, during 1995-2000, SCERT received only Rs.1.46 lakh out of total potential revenue of Rs.13.53 (Calculated at the rate of 5% on average sale value of Rs.137.39 per set for 1.97 lakh students (student enrolment for 1993-94 as per Statistical Handbook of Government of Nagaland, 1997) lakh per annum as royalty from 3 (M/s Oxford University Press, M/s Frank Publishers, M/s Vikash Publishing House.) publishers, but without any account of production, marketing, sales and the amount of royalty payable to SCERT. The other 2 publishers neither remitted any royalty, nor submitted account of publishing, marketing, and sale of the textbooks. The SCERT stated (September 2000) that, as per the terms of work orders, publishers were required to pay royalty @ 5 *per cent* on the sale of text books. The Department further stated that, complaints were received from the Publishers regarding drastic reduction in the sale of textbooks after the introduction of the scheme for distribution of free textbooks in the State, which resulted in poor realisation of royalty. However, all out efforts are being made to get the outstanding royalty from all the publishers.

The Department failed to realise royalty of Rs.19.78 lakh from the publishers.

As per directives of the SCERT, publishers were to allow royalty @ 5 *per cent* on the sale of textbooks. During 1995-2000, the DSE procured 2,84,598 sets of textbooks for Rs.395.53 lakh from private booksellers. Since the DSE had not procured the books directly from the publishers, royalty of Rs.19.78 lakh (5 *per cent* of Rs.395.53 lakh) could not be realised. This led to loss of Rs.19.78 lakh to the Government.

(b) Procurement, supply and distribution

To improve the literacy rate of Mon and Tuensang (Literacy rate of Mon: 41.90%, Tuensang: 53.98% as per 1991 Census) districts and to bring them on par with other districts of the State, the GON (SED) introduced supply of free text books to school children, from Classes Pre-Primary (PP) to VIII in these districts. This facility was also extended to children of Classes PP to IV of the remaining 6 (Kohima, Dimapur, Wokha, Phek, Mokokchung and Zunheboto.) districts from 1999-2000.

During 1995-2000, the DSE procured 2,89,598 sets of text books at a cost of Rs.397.89 lakh, for Mon and Tuensang districts, and 61,524 sets costing Rs.77.52 lakh for the remaining 6 districts (details in *Appendix-XVI*). Irregularities noticed in the procurement, and distribution of text books were as under:-

(i) Excess payment due to non-availing of discount

The Department failed to realise discount of Rs.48.22 lakh

As per SCERT's directions, the publishers were to allow a discount of 15 *per cent* on the cover value of all books procured by the Government Schools. However, in 1995-97 and 1999-2000, the DSE procured books worth Rs.316.75 lakh from private booksellers without availing of any discount, and during 1998-99, discount allowed by the suppliers was less than 15 *per cent*. This resulted in excess payment of Rs.48.22 lakh to the suppliers. During 1998-99 the DSE, procured certain books at rates higher than those approved by SCERT, thereby making further excess payment of Rs.0.91 lakh.

(ii) Non-supply/short supply of books

According to the terms of supply orders issued by DSE, the suppliers were to deliver the books to the consignee, and produce receipted challans to the DSE, for payments.

Payment of Rs.3.63 crore for 2,64,295 sets of textbooks was made to the suppliers without proof of delivery

Audit scrutiny revealed that the DSE released (1995-99) payments of Rs.362.62 lakh for 2,64,295 sets of books without supporting challans. Further scrutiny showed that no books were sent (1999-

2000) to DIS, Pftusero and that, DIS, Kohima, Dimapur and Tuensang did not receive books worth Rs.48.07 (DIS, Dimapur:Rs.9.65 lakh; Kohima:Rs.7.10 lakh; and Tuensang:Rs.31.32 lakh.) lakh pertaining to academic session 1999-2000. Thus, veracity of the purchases could not be established in audit. Besides, students were also deprived of the benefits of getting the free textbooks despite expenditure of Rs.3.63 crore incurred by the Department under the scheme.

(iii) Procurement of text books in excess of requirement

Textbooks worth Rs.1.54 crore were procured in excess of requirement

Ignoring the available stock of 39,000 sets of textbooks purchased for academic session 1995-96, and student enrolment of around 37,000 only, the DSE unnecessarily, procured 59,351 sets of books at a cost of Rs.75.38 lakh for the academic session 1996-97. Again, during 1999-2000 academic session, 36,419 sets of textbooks procured at Rs.78.24 lakh were in excess of actual student enrolment. These led to excess procurement of textbooks worth Rs.153.62 lakh.

Test check of the records of the DIS, Mon and Tuensang revealed that books worth Rs. 31.83 lakh remained idle in stock during 1997-99, which was the result of unnecessary procurement of books in 1996-97.

(iv) Delay in supply of books

Delayed-supply of textbooks affected primary education

It may be seen from *Appendix-XVI* that, at no point of time, books were supplied at the commencement (January-February) of the academic session, reportedly due to delay in the printing and marketing of books by the publishers. This indicated failure of internal control system of the DSE, which also adversely affected Primary School education in the State.

(v) Procurement and distribution of TLEs

Of Rs.7.09 crore paid for procurement of materials, there was no proof of receipt against materials worth Rs.5.26 crore

During 1996-2000, the DSE purchased materials valued at Rs.709.15 lakh (details in *Appendix-XVII*) from 42 contractors on the basis of written orders of the Minister, School Education without ascertaining the stock position and demand for these books. As the Department could not produce any documentary proof of receipt of materials worth Rs.525.94* lakh, the expenditure was doubtful.

*Year	Amount (Rupees in lakh)	Programme under which procured
1996-97	98.39	BMS
1997-98	316.98	
1998-99	90.20	
1999-2000	20.37	OB
Total	525.94	

Regarding the remaining materials worth Rs.183.21 lakh, against which, receipted delivery challans were available, there was no inspection/verification report of the Consignment Verification Board showing the quantity and quality of materials supplied. Thus, the departmental claim, that materials were received, is not convincing.

Test check of the records of 5 DIS also corroborated the above fact, as, during 1998-2000 alone, materials worth Rs.25.94 lakh had been received short by them.

3.1.5.4 Training

(a) Setting up of DIETs

Three DIETs were sanctioned with 100 *per cent* GOI assistance, at Kohima district (1988-89) and Mokokchung and Tuensang districts (March 1994) to replace the existing (Government Sector) JTTIs (1 more JTTI runs under private sector.) there. For this purpose, GOI released Rs.60 lakh for Kohima DIET in 1989-90 and a total of Rs.195.38 lakh in March 1994 and February 1997 to the other two DIETS for repair/renovation of existing JTTI buildings, new construction and providing additional facilities. Despite this, DIET, Kohima became functional only in 1993-94, and the DIETs at Mokokchung and Tuensang in March 1999. This delay was attributed to late release of funds by the State Government. Since during the interregnum (five years in each case), the existing JTTIs also ceased to function due to absence of instructions from Government and ongoing construction works, teachers' training in the State effectively came to a standstill.

Delay in setting up of DIETs resulted in idle expenditure of Rs.1.34 crore.

Besides, the Department also incurred infructuous expenditure on idle establishments (Rs.81.87 lakh) and on pay and allowances of 24 staff (Rs.51.73 lakh) appointed for the Mokokchung and Tuensang DIETs who were kept idle without any duties, during 1996-99.

The Department contended (September 2000) that the academic staff were given training in six induction courses and were also engaged for collection of data on teachers' education from all districts of the State. The reply was not supported by any documentary evidence and hence not acceptable.

(b) Status of trained teachers

Records (Computer data enumeration showing position as on 1 April 1999.) of the DSE showed that, out of the existing strength of 9,443 primary teachers, only 2,729 teachers (28.90 *per cent*) were trained (BT/B.Eds:247 and 2482 trained through JTTIs/DIETs).

Thus, even after expenditure of Rs.599.06 (Infrastructure: Rs.195.38 lakh, staff salaries and programme management: Rs.403.68 lakh.) lakh by the DSE (Rs.51.73 lakh) and SCERT (Rs.547.33 lakh) towards teachers' training, 71.10 *per cent* of the teachers remained untrained.

Non-availability of trained teachers affected education

In reply, the Department admitted (September 2000) that, the availability of trained teachers (including those in GHS) was only 36 *per cent* against the national average of 74 *per cent* and the low percentage of trained teachers in Nagaland was mainly due to (a) absence of policy on recruitment of teachers, (b) appointment of unqualified and untrained teachers at the instance of ministers, and (c) shortage of teacher's training institutes.

Shortage of trained and qualified teachers affected the entire education system inasmuch as in 3 successive years (1997-99), the Matriculation examination registered a pass percentage of 13.84, 13.03 and 35.02 in GHS against 52.62, 62.00 and 70.21 respectively registered by the private schools during this period.

(c) Purchase of materials and equipment before setting up of DIET- misuse/pilferage thereof

Materials purchased in advance for 2 DIETs

For procurement of equipment and other inputs for the DIETs at Mokokchung and Tuensang, GOI released Rs.40 lakh, in March 1994 (Rs.13 lakh) and February 1997 (Rs.27 lakh). The Director had spent (June 1996 and March 1997) Rs.39.98 lakh on procurement of various materials (Furniture, teaching aids, hostel equipment library equipment, computers, library books, office stationery, office equipment and vehicles) from six suppliers ((i) M/s Pele Khezie, Kohima, (ii) M/s Nagaland General Stores, Kohima, (iii) M/s United Traders, Kohima, (iv) M/s M.K. Angami, Kohima, (v) M/s Mahindra and Mahindra, Guwahati, (vi) M/s Progressive Motors, Dimapur), without call of tenders and quotations. Collateral check of records of DIETs, Mokokchung and Tuensang however, showed that, they had not received materials worth Rs.25.22 lakh against the above purchases. Thus, procurement of materials in advance of the setting up of the DIETs not only locked up Government funds but also rendered the actual procurement of materials doubtful. Besides, the SCERT also diverted the recurring grant of Rs.10 lakh meant for salaries (Rs.3.20 lakh), and office expenses (Rs.6.80 lakh), on procurement of materials (Rs.4.01 lakh), and two vehicles (Rs.5.99 lakh). The records in support of receipt and utilisation of the above were not available with the Department, indicating that, the expenditure was doubtful.

In reply, the Department stated (September 2000) that, materials were procured at the manufacturer's rate to effect economy, and that, procurement was made in advance, to avoid lapsing of central assistance. Regarding non-receipt of materials worth Rs.25.22 lakh by the two DIETs, the Department stated that, some of the materials were utilised by the SCERT for imparting training to the newly recruited staff of the two DIETs, and some materials were held up in Directorate awaiting despatch to the DIETs after verification. Further action is awaited (February 2001).

However, in the absence of records showing quantity utilised and those held up in stores, veracity of actual receipt, and utilisation and existence of balance materials worth Rs.25.22 lakh could not be proved in audit.

3.1.6 Manpower management

3.1.6.1 Staffing and recruitment norms

The State Government had notified (April 1993) the following staffing pattern and recruitment norms in Primary Schools:

GPS (Class PP to IV)		GMS (Class V to VIII)	
Undergraduate teachers (PU/Matriculate) in the ratio of 1:20 (teacher:students)	5	(i) Headmaster (Graduate)	1
		(ii) Asstt. Teachers (Graduate) (Arts: 2, Science/Mathematics: 1, Life Science: 1)	4
		(iii) Hindi Teacher (Graduate)	1
		(iv) Under Graduates (DT: 1, PET: 1, LT: 1)	3
		(v) Under Matric: VIII passed with ITI Diploma (KI: 1, CI: 1)	2
		Total:-	11

According to Government (Education Department) order (August 1991) vacancies for Undergraduate teachers (UGTs) and Under-Matric teachers (UMTs) are to be filled up by a District level Selection Board. Vacancies for Graduate teachers are to be filled up by the Directorate and the State Level Selection Committee after interviews, and in consultation with Nagaland Public Service Commission (NPSC) based on requisite qualifications.

District-wise position of GPS and GMS as on 1 April 2000, given in *Appendix-XVIII*, revealed that the average teacher-student ratio in the State was 1:13 in GPS, and 10.8 teachers in GMS, against prescribed norms of 1:20 in GPS, and 11 teachers in GMS irrespective of student enrolment.

Scrutiny of records of 1283 GPS and the 241 GMS (also refer *Appendix-XVIII*) revealed the following:

Though, as per norms, there was no requirement for Under Matric teachers in the 1283 GPS, nearly 40 *per cent* (2728) of the teachers deployed in the GPS were Under Matric.

Ignoring recruitment norms, unqualified Primary (2728) and Vocational (474) teachers were appointed

Though, as per norms, 18.18 *per cent* (482 out of 2651) of posts in the 241 GMS were earmarked for Vocational Training Instructors (VTIs), only 30.50 *per cent* (147 out of 482) of these posts had been filled up by qualified personnel. Consequently, vocational training suffered. All the 723 sanctioned posts of Drawing Teachers (DT), Physical Education Trainers (PET) and Local Language Teachers (LT), were earmarked for Undergraduates with requisite qualifications. However, 474 UGTs occupying such posts did not possess requisite qualifications. In view of this, academic performance in the GMS suffered.

Though, there was shortage of 495 GTs in GMS against the excess of such teachers in GPS (777 GTs/PGTs in position against nil sanction), no effort was made to shift these excess teachers to GMS where they could have been engaged more fruitfully.

Infructuous expenditure of Rs.17.48 crore and Rs.8.60 crore per annum on 2477 excess primary teachers and 8098 unqualified Middle School teachers respectively.

In 1283 GPS, 2477 teachers (which included 837 appointed on ad-hoc basis) were appointed in excess of sanctioned strength. This resulted in extra expenditure of Rs.1748.42 (Calculated at minimum of scale of pay of undergraduate teachers alone.) lakh per annum.

Though there was overall shortage of 42 teachers in the 241 GMS, 1304 posts of GTs (495) and VTIs (809) could not be manned by qualified teachers due to unnecessary appointments of 1262 UGTs and UMTs (704 and 558 respectively). This led to infructuous extra expenditure of Rs.859.89 lakh per annum on their pay and allowances.

It was seen that, the Department in violation of the prescribed procedure for appointment of Primary teachers, resorted to ad-hoc/contract appointments irrespective of qualifications, based on written recommendations of the Minister, School Education. Such adhoc appointees were subsequently regularised. At no point of time, had the DSE notified the number of vacancies, or made recruitment in a transparent manner. Recruitment made without consideration of merit was also responsible for the poor performance of students of Government Primary Schools (mentioned in paragraph 3.1.5.4 (b)).

3.1.6.2 Appointment and deployment of teachers

(a) Irregular and unauthorised recruitment

As per Government notification (June 1987) and subsequent orders (August 1988), all ad-hoc and casual appointments were banned. However, unforeseen vacancies could be filled up through contract appointments for a period not exceeding 1 year.

Defying recruitment norms, 1260 ad-hoc teachers appointed

During audit, it was noticed that, as on 1 April 1999, the DSE had appointed 830 teachers in GPS, and 430 teachers in GMS, on ad-hoc basis, mostly on the recommendation of the Minister (SE).

These ad-hoc appointees have been continuing for over a decade, without Government approval. Since most of the appointees were not qualified, the quality of education suffered.

The Education Commission of Nagaland (December 1999), had also criticised wide scale violation of recruitment procedures in appointment of incompetent/underqualified candidates with false certificates, appointments made at the instance of politicians and bureaucrats, impersonation/proxy interviews, and nepotism. No action has been taken by the Government as of January 2001.

(b) Unauthorised allowance of Junior Graduate scale to Lower Primary teachers (LPT)

Unauthorised allowance of higher pay scale to Primary teachers cost the State exchequer an extra burden Rs.1.07 crore per annum

Nagaland Revision of Pay Rules (ROP) 1993, prescribe a pay scale of Rs.1250-2280 to Lower Primary teachers in GPS, with additional special pay of Rs.50 per month for Graduates. As on 1 April 1999, 757 GTs and 20 PGTs were on the rolls in 1283 GPS, against non-existent posts, and drawing pay in a higher scale of Rs.1550-3100 plus special pay of Rs.50 per month resulting in extra expenditure of Rs.107.38 lakh per annum.

Similarly, under the ROP rules, only Graduate teachers posted in GMS are entitled to the scale of Rs. 1550-3100, with no special pay. Audit scrutiny, however, revealed that, in 241 GMS, 951 GTs drew special pay of Rs.50 per month in addition to regular pay in the scale Rs.1550-3100. This resulted in unauthorised extra expenditure of Rs.5.70 lakh per annum.

(c) Recruitment of vocational teachers

Infractions expenditure of Rs.7.60 crore incurred on vocational and agri-based education

As on 1 April 1999, 136 carpentry and 11 knitting instructors had been recruited in GMS through District Level Interview Boards, to teach vocational subjects under "Socially Useful Productive Works" (SUPW). Test check of the 5 DIS revealed that, in the absence of equipment/tools (3 sets of carpentry tools, 1 knitting machine and 1 sewing machine for each GMS), and raw materials, the teachers remained idle and could not impart any vocational education. Thus, expenditure of Rs.95.62 lakh per annum on their pay and allowances proved infructuous.

(d) Agri based education

The Department spent Rs.281.99 lakh during 1995-99, on salaries and wages of agri-based teachers/instructors and Malis, though agri-based education at the upper primary level was no longer part of the school curriculum. Thus, the whole expenditure was infructuous.

3.1.7 Other programmes

3.1.7.1 Technological inputs for distance learning

Under the Distance Learning Programme, the DSE, at the instance of the Minister of School Education procured (November 1999) 100 Philips Colour Televisions (CTVs) at a cost of Rs.14.40 lakh.

Misappropriation of Rs.14.40 lakh

Although these CTVs were shown as received in the Directorate (ET cell), no stock register and the list of schools to which the CTVs were distributed were made available to Audit. Thus, possibilities of misappropriation could not be ruled out.

3.1.7.2 Vocationalisation of elementary education

The Department procured SUPW materials worth Rs.87.31 lakh during 1998-2000 under BMS for imparting vocational education in the GMS and GMS attached to GHS (241 + 125) as detailed below:-

SUPW materials for	Year	Items	Amount (Rupees in lakh)	No. of schools for which purchased
(a) Boys	1998-99	Carpentry tools @ 3 sets for each school	52.32	300 GMS/GHS
	1999-2000		10.00	241 GMS
(b) Girls	1998-99	(i) Knitting equipment and raw materials	7.23	All GMS
		(ii) Sewing-knitting machines and raw materials	17.76	
			24.99	
Total (a) + (b):-			87.31	

Though, all the materials were shown as received in the Directorate and distributed to the DIS/DEOs responsible for the individual schools, there was no record of such receipt and distribution or acknowledgement, from the recipient schools.

No evidence of receipt and utilisation of SUPW materials worth Rs.78.58 lakh

Test check of the records of 5 (Kohima, Pfutsero, Dimapur, Tuensang and Mon.) DIS under whose control there were 83 GMS, revealed that, they had received only 10 *per cent* of the total materials procured. Thus, balance materials worth Rs.78.58 (90 percent of Rs.87.31 lakh). lakh were either not delivered, or not purchased at all.

The above audit observations were also corroborated by the findings of the study team of SCERT on school dropouts, whose report showed that, cent percent schools were deficient in SUPW craft materials.

3.1.8 Monitoring and evaluation

Monitoring of the implementation of PEP was virtually non-existent in the Department, as no reports/returns showing student enrolment, attendance of students/teachers, school inspection and proper accounting of basic amenities provided to schools were available with the Department.

Despite successive evaluations, no remedial steps taken to rectify deficiencies

Though the SCERT (in 1996 and 1999) and Education Commission (in 1999), conducted periodic survey and evaluation studies of School Education in Nagaland, and submitted reports to Government, the School Education Department did not take remedial measures to set right the deficiencies. Thus, implementation of PEP suffered.

3.1.9 Conclusions and Recommendations

Based on the findings given above, the following conclusions are arrived at and recommendations made:

Appointment of teacher was made mainly on recommendations of Minister and Politicians proving the entire recruitment process farcical. If the education scenario of the State is to be improved, the entire process of recruitment should be streamlined and made more transparent and honest.

The budgeting process did not project a clear view of all expenditure vis-à-vis activities relating to Elementary Education. This may be rectified.

Procurement and distribution of materials for schools were not decentralised at the level of DIS to ensure better accountability and utilisation by end user. This may be done immediately.

Procurement of materials for schools and recruitment and deployment of teachers should be guided by financial rules and recruitment policy of the Government, without political and bureaucratic intervention. Steps need to be taken to dispense with all unqualified teachers appointed irregularly through undue influence, or to train them to meet the requirements.

Schools should be better equipped, and maintained, to create atmosphere conducive to teaching and learning.

Teachers' training needs to be intensified.

Students' enrolment, attendance of students and teachers, and the incidence of school dropouts should be closely monitored through Inspection Reports of DEO/DIS/Sub-Inspectors of Schools.

The matter was reported to the Government in July 2000; reply has not been received (February 2001).

FINANCE, HOME (POLICE, GENERAL ADMINISTRATION BRANCH & FIRE) AND EDUCATION DEPARTMENTS

3.2 Upgradation grants recommended by the Tenth Finance Commission (including Calamity Relief Fund)

The Tenth Finance Commission recommended Rs.58.19 crore to be provided as grants, for upgradation of standards in District Administration, Primary Education, tackling of special problems relating to internal security, and calamity relief. The objectives of the grants were diluted, due to diversion of funds, retention of unspent funds with the implementing agencies, inaccurate preparation of action plan, large overheads, cost overruns, payment of assistance on the recommendation of Ministers, payment to fictitious beneficiaries in non-existent areas, and absence of monitoring and evaluation.

Highlights

Rs.7.19 crore remained unspent with implementing agencies in the form of non-interest bearing deposits.

(Paragraph 3.2.4(i))

Rs.7.93 crore was diverted/misutilised for purposes beyond the scope of recommendation of the Commission.

(Paragraph 3.2.4(ii))

There were delays ranging from 30 to 359 days in release of Central and State share by the State Government.

(Paragraph 3.2.4(vi))

Against the approved cost of Rs.6 lakh, the Department spent Rs.28 lakh for construction of one Police Station, resulting in extra expenditure of Rs.22 lakh.

(Paragraph 3.2.5(a)(i))

Against the approved cost of Rs.1.25 lakh per Police Housing unit, 406 housing units were constructed at average unit cost of Rs.3.10 lakh, resulting in extra expenditure of Rs.7.53 crore. Besides, the Department incurred extra expenditure of Rs.2.59 crore, due to injudicious award of work at higher rates.

(Paragraph 3.2.5(a)(ii) & 3.2.9)

Education Department spent Rs.1.89 crore from their own budget, without assessing the requirements, or securing approval of the State Level Empowered Committee.

(Paragraph 3.2.6)

Home Department procured arms and ammunition for Rs.2 crore, without the approval of the Inter Ministerial Empowered Committee. Materials worth Rs.21.03 lakh have also not been received.

(Paragraph 3.2.7(a))

Purchase of Bomb Detection and Disposal materials (Rs.1.86 crore) were made without assessing requirements; of this, materials worth Rs.24.12 lakh were short received. Besides, the Department did not receive Bomb Disposal protective gear costing Rs.49.99 lakh, though payments had been made.

(Paragraph 3.2.7(c))

Bonafides of Rs.2.10 crore spent on construction of 70 Police barracks could not be verified for want of records.

(Paragraph 3.2.7(f))

Although Pre-fabricated materials worth Rs.5.38 crore procured in 1998-99 could not be erected, order for additional purchase for Rs.2.53 crore was issued in March 2000. Excess payment of Rs.51.29 lakh was made to contractors, for erection of structure.

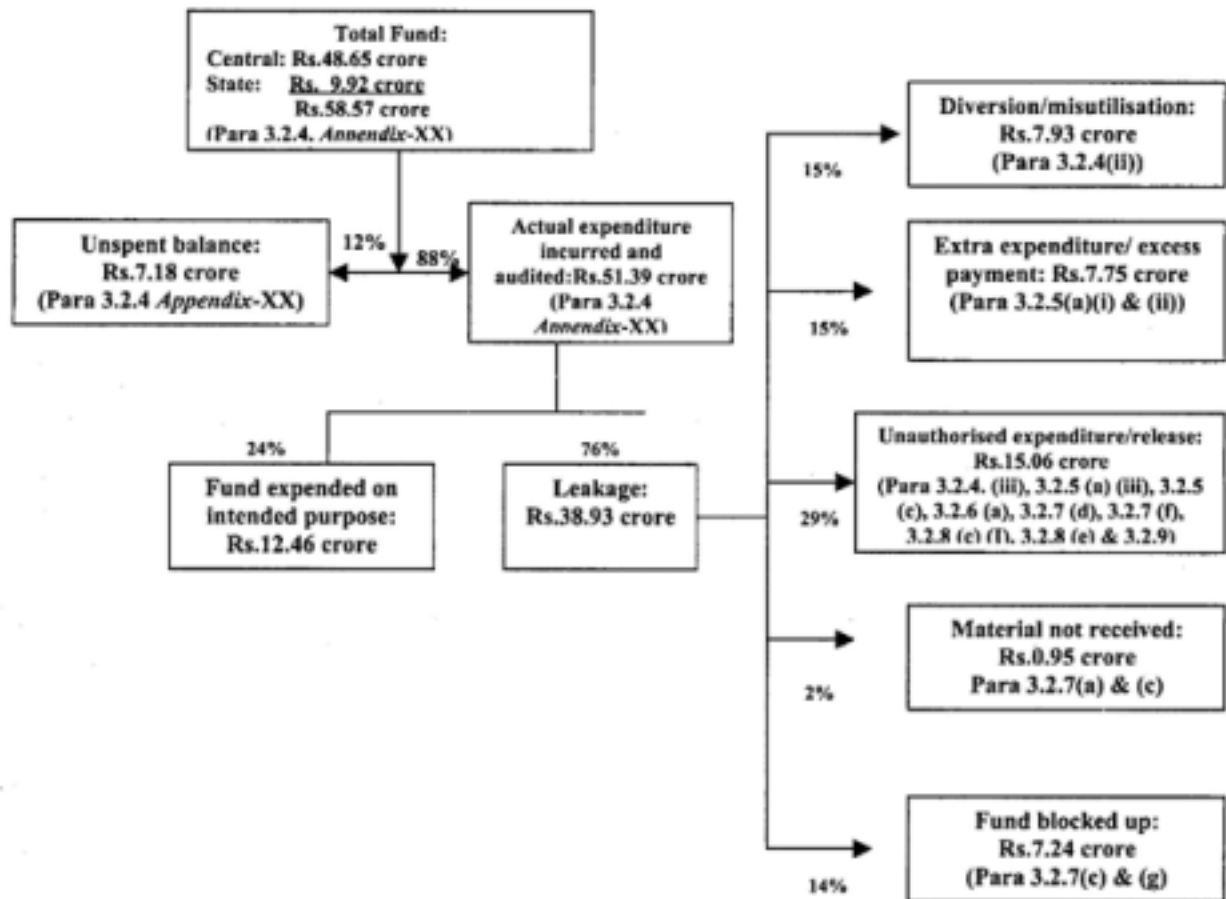
(Paragraph 3.2.7(g))

Rupees 1.11 crore was released to various agencies, without assessment of losses/damages in non-existent areas, and without approval of the competent authority.

(Paragraph 3.2.8(a) (i) & (ii))

Rs.1.06 crore was paid to unauthorised persons.

(Paragraph 3.2.8(d))



3.2.1 Introduction

The Tenth Finance Commission (constituted in June 1992), inter alia, recommended grants to State for various activities (District Administration = (a) Building for Police Station/outpost, housing facilities, and for training of Police personnel (b) To strengthen and upgrade fire fighting services. (c) Improvement in existing accommodation and medical facilities in jails (d) Upkeep and maintenance of record rooms (e) Computerisation of District Treasuries (f) Promotion of girls education in Upper Primary schools (including providing toilet facilities), and provision of drinking water facilities to all Primary School.) Special problems = Tackling internal security and natural calamities.) for up gradation of District Administration (Police, Fire Service, Jails Record Rooms and Treasuries and Accounts), Primary Education, and for tackling special problems relating to internal security and natural calamities.

3.2.2 Organisational set up

The State Level Empowered Committee (SLEC) with the Chief Secretary as Chairman, is responsible for implementation of the scheme in the State. The SLEC is assisted by the Director General of Police (DGP), the Deputy Inspector General (Fire Services), the Inspector General of Prisons (IGP), the Civil Administration Works Division (CAWD), the Director of Treasuries and Accounts, the Director of School Education, and the Additional Chief Engineer (Police Engineering Project).

3.2.3 Audit coverage

Records for the period 1996-97 to 1999-2000 (limited to 1997-2000 with respect to Calamity Relief Fund) were test checked in the respective offices (Appendix-XIX) during February and July 2000, and the points noticed are discussed in the succeeding paragraphs.

3.2.4 Financial outlay and expenditure

Details of funds released by the Government of India (GOI), the State Government and the expenditure incurred by the implementing agencies are given in *Appendix-XX*.

Rs.863.45 lakh was released in excess to the implementing agencies by diverting funds from other schemes

(i) Against Rs.4864.90 lakh released by GOI during 1996-97 to 1999-2000, the State Government released Rs.5869.39 lakh (including Rs.141 lakh State share against CRF). Reasons for excess release of Rs.863.45 lakh and the sources from which the funds were diverted, were neither placed on record nor intimated to Audit. Of the total funds released by the State Government, Rs.718.60 lakh remained unspent with the implementing agencies in cash/deposit at call/bankers' cheques/current accounts, although the amount was shown as utilised.

Unauthorised diversion of Rs.793.06 lakh

(ii) Rs.793.06 lakh was diverted/misutilised for purposes not envisaged in the scheme (*Appendix-XXI*).

(iii) Rs.524.24 lakh was spent against components of schemes (Special problems: Rs.296.94 lakh, Upgradation of Jails: Rs.26.40 lakh and Girls' Education etc.: Rs.200.90 lakh) not approved by the Inter Ministerial Empowered Committee (IMEC).

Inadmissible expenditure of Rs.524.24 lakh

(iv) The State Government released (March 2000) Rs.543.53 lakh under 'Special Problems'. Although the DGP drew Rs.219.25 lakh (31 March 2000), and retained the amount as unspent till July 2000, utilisation certificates for the entire amount of Rs.543.52 lakh were sent to the Commission on 31 March 2000.

(v) Detailed contingent bill for Rs.628.85 lakh drawn in AC bill during March 1997 (Rs.9.60 lakh), and March 2000 (Rs.619.25 lakh), had not been submitted (January 2001).

(vi) Against total receipt of Rs.1047.70 lakh, including interest accrued on Fixed Deposits (FDs), upto 31 March 2000, expenditure on relief assistance was only Rs.381.06 lakh (36 per cent utilisation).

Rs.204.90 lakh was unnecessarily retained in bank, in contravention of the scheme guidelines

Although as per the guidelines, the entire closing balance of Rs.666.64 lakh as on 31 March 2000 was to be credited to the State Government, it was observed that Rs.461.74 lakh was invested in different Term Deposits, in contravention of the guidelines, and the balance Rs.204.90 lakh was retained in a savings bank account.

Delay in release of funds ranged between 30 and 359 days

Although the State Government was to release the Central share immediately on its receipt from the Government of India, along with State share, there were delays ranging from 30 to 359 days, in release of both, Central and State share, as would be seen from *Appendix-XXII*.

3.2.5 District Administration

(a) Police

The Commission recommended construction of buildings for Police Station/Outpost, housing facilities, and training facilities.

Against target of 7 Police stations, the achievement was only 2 (shortfall: 71 *per cent*); against target of 1282 police quarters, achievement was only 406 quarters (shortfall: 68 *per cent*); details of targets and achievements in respect of training are not available. The shortfall in construction of buildings was due to payment made by the Project Engineers, Police Engineering Project, Alichen and Chumukedima at the instance of the Government at rates higher than the Commission's approved rates, execution of unauthorised works, and increase of plinth area.

Further,

Excess expenditure of Rs.22 lakh was met by diversion of funds

(i) Against the approved cost of Rs.6 lakh, the Additional Chief Engineer, Police Engineer Project (PEP), Kohima, constructed a Police Station at Zunheboto (March 2000), at a total cost of Rs.28 lakh (On the basis of an estimate of Rs.12 lakh drawn up by the Department considering the local condition and awarded the work to the contractor at 133 *per cent* above the estimated cost. Approval of the Commission had not been taken (January 2001) for drawing up a separate estimate.). The excess expenditure of Rs.22 lakh was met by the Project Engineer, PEPD, Alichen, by diverting funds meant for construction of quarters, at the instance of the Government. The Department deviated from the standard estimate approved by the Tenth Finance Commission without obtaining approval from either the Commission or the IMEC. The Department prepared the unit estimate at Rs.12 lakh considering the local conditions and awarded work to the contractor allowing premium of more than 100 *per cent* above the estimated cost of Rs.12 lakh resulting in such cost overrun.

Extra expenditure of Rs.600.54 lakh denied housing facilities to 370 persons

(ii) The Commission recommended Rs.1606.25 lakh for construction of 1282 housing units, at Rs.1.25 lakh each, and provided for 30 *per cent* cost escalation (total: Rs.1.63 lakh), with the excess cost of Rs.0.38 lakh per unit to be borne by the State Government. The State Government, without approval of SLEC or IMEC (Inter Ministerial Empowered Committee.), permitted increases to the contractors at 45 to 200 *per cent* over the approved cost, and reduced the number from 1282 to 988 units, to keep the expenditure within the overall funds released by GOI, without any contribution from State funds. Against this, the Department awarded work orders for construction of 656 units at Rs.1606.25 lakh (Average unit cost = Rs.2.44 lakh.), against the approved cost limit of Rs.1066 lakh (Rs.1.625 lakh x 656 = Rs.1066 lakh), of which, only 406 units were completed (March 2000) at a cost of Rs.1260.29 lakh, resulting in extra expenditure of Rs.752.79 lakh (Actual expenditure = Rs.1260.29 lakh for 406 units. Admissible expenditure = 406 x Rs.1.25 lakh = Rs.507.50 lakh.) Extra expenditure = Rs.1260.29 lakh - Rs.659.75 lakh = Rs.600.54.), and achieving only 2.22 *per cent* satisfaction level against targetted 7 *per cent*. Had the extra expenditure (Rs.752.79 lakh) been avoided, the Department could have constructed 602 more housing units, raising the potential satisfaction level to 6.90 *per cent*. However, since allotment details were not made available, it was not possible to establish the actual satisfaction levels achieved by the Department.

Though the contribution of GOI for the 406 quarters was to be limited to Rs.507.50 lakh (Rs.1.25 lakh x 406), with the State Government meeting the difference (Rs.1260.29 lakh - Rs.507.50 lakh = Rs.752.79 lakh), no expenditure was met from State Government funds.

Rs.15.95 lakh was spent on purchase of materials not connected with the scheme

(iii) During 1996-97 and 1997-98, the DGP spent Rs.39.24 lakh against procurement of training materials, of which, Rs.15.95 lakh was spent on purchase of generator, office furniture etc., not connected with training. Details of utilisation of balance training materials worth Rs.23.29 lakh, and the number of persons actually trained, and the nature of training imparted to them, were not intimated to Audit.

(b) Fire Services

The Commission provided Rs.200 lakh during 1996-97 to 1999-2000, as upgradation grants for Fire Services, to be utilised on construction of fire stations, procurement of modern fire fighting equipment, provision of water sources and training of manpower. Against this, GOI released only Rs 180 lakh to the State Government who, however, provided Rs 270 lakh for the purpose, which was claimed to have been entirely spent by the Department.

(i) On the basis of Government sanction dated 1 March 1999, the DIG procured proforma bills from the suppliers and drew (March 1999), Rs.120 lakh for purchase of vehicles and equipment ((i) Six water tender pumps with fabrication (Rs.84 lakh), (ii) one foam tender pump (Rs.19 lakh), (iii) fire fighting equipment (Rs.6 lakh), (iv) two van/ambulance (Rs.8 lakh) and (v) breathing apparatus (Rs.3 lakh)). Of this sum, Rs. 100 lakh was unauthorisedly kept in a current bank account, and the balance amount of Rs.20 lakh was retained in the cash chest. Subsequently, the entire amount was disbursed to the suppliers for the supplies made between May 1999 to December 1999. The purchases were made without drawing up any action plan or target, as envisaged in the scheme. It was further seen in audit that two chassis procured for Rs.8.01 lakh in March 2000, and handed over to a Delhi based firm for fabrication, with an advance of Rs.6.32 lakh, are yet to be received back (January 2001). Also, one jeep and one van were procured for Rs.5.66 lakh without SLEC's approval.

The DIG, Fire Services Kohima unauthorisedly withdrew and retained Rs.26.05 lakh resulting in unnecessary payment of Rs.9.49 lakh towards interest by the State Government

(ii) Test check (September 1999) of the records of the Deputy Inspector General, (DIG) Fire Services, Kohima, supplemented by Departmental information (March 2000) revealed that, the DIG drew (March 1998) Rs.50 lakh on fully vouched contingent bills for execution of various works ((i) Construction of directorate Office building at Kohima (Rs.23.85 lakh), (ii) Renovation and improvement of Fire Station at Dimapur (Rs.10.27 lakh), (iii) Repair and maintenance work (Rs.15.88 lakh) under the scheme of Tenth Finance Commission (TFC) awards on the basis of expenditure sanction accorded by the Government in March 1998. The amount drawn was, however, not supported by detailed sub-vouchers, and was unauthorisedly kept in the form of Deposit-at-call receipts (DAC) in the Treasury, in favour of DIG, Fire Services, Kohima. Out of Rs.50 lakh, the DIG paid Rs.23.95 lakh between July 1998 and December 1999 to three contractors* although no bills were preferred by them. The basis of payment was not available on record; nor were any records in support of execution of works produced to Audit. Hence, the veracity of the expenditure of Rs.23.95 lakh could not be established in audit.

* (i) M/s K.M. Keyhou	Rs.10.27 lakh for construction of Fire Station. Rs.8.36 lakh for construction of Directorate of office building
(ii) M/s Sakho Angami	Rs.1.87 lakh construction of protection wall of Fire Station.
(iii) M/s United Traders	Rs.3.45 lakh renovation of SP quarter.

The balance amount of Rs.26.05 lakh remained unutilised, and outside the Government account as of March 2000, in violation of Financial Rules Government stated (August 2000) that funds could not be fully utilised, as the works were held up due to land dispute. Government did not explain why clear title to the plot of land was not verified, before drawal of funds and site selection.

(c) Jails

Rs.15 lakh was diverted unauthorisedly on procurement of vehicles

The Commission recommended funds for improvement of existing prisoners' accommodation (Rs.30 lakh) and Health Services (Rs.18 lakh) in jails. Although, as per the target, 14 buildings (Prisoners' accommodation) were to be repaired and renovated with Rs.30 lakh during 1996-97 to 1999-2000, IGP renovated only 3 buildings (22 per cent) at a cost of Rs.10 lakh. Of the balance, Rs.15 lakh was unauthorisedly diverted on procurement of vehicles, photo copiers, and construction/repairing of quarters. Out of Rs.18 lakh, earmarked for Health Services, Rs.15.50 lakh

was spent on purchase of medicines, but the detailed records showing the receipt and utilisation of these medicines were not produced to Audit. Unutilised funds of Rs.7.50 lakh (Rs.5 lakh plus Rs.2.50 lakh) remained deposited in a current account with the bank. Consequently, the objectives of the scheme were not fulfilled.

(d) Record rooms

Rs.17.31 lakh was falsely recorded as utilised

The Commission recommended grants of Rs.31.36 lakh for construction of 8 record rooms during 1996-97 to 1999-2000 (one in each district). Though only Rs.15 lakh was released by the GOI, the State Government released Rs.17.31 lakh. The Executive Engineer, CAWD, after drawing (March 1997 and March 1998) the amount (Rs.17.31 lakh), kept it unutilised till December 1998, as Deposit at Call. However, the amount was falsely recorded as utilised. Of this, Rs.5.07 lakh was spent (January 1999) towards construction of one record room, and the balance (Rs.12.24 lakh) remained unspent (January 2001).

Thus, against eight record rooms to be constructed, the Department could construct only one, resulting in overall shortfall of 87 *per cent*. Reasons for non-construction were attributed by the Department (July 2000) to non-finalisation of site and tender.

(e) Treasuries and accounts

To ensure speedy and accurate generation of accounts required for effective planning and budgeting, the Commission recommended funds of Rs.90 lakh for computerisation of all the 9 Treasuries in the State.

Of 9 treasuries, only 5 (Dimapur, Kohima (North), Kohima (South), Mokokchung and Tuensang.) treasuries were computerised at a cost of Rs.67.50 lakh, and computerised accounts generated by only 3 (Dimapur, Kohima (North) and Kohima (South) treasuries. The other two treasuries (Mokokchung and Tuensang) could not generate computerised accounts for want of staff trained in operating these computers, and generating computerised accounts.

3.2.6 Education

The Commission provided assistance to the States at Rs.20 lakh per district where the female literacy rate was less than 20 *per cent*, and at Rs.10 lakh per district where the female literacy rate ranged between 20 and 40 *per cent*. For providing drinking water facilities, the Commission also recommended grants to 80 *per cent* of the Upper Primary schools, and all Lower Primary schools. All the Upper Primary Schools were also to be provided with toilet facilities for girls. Though no funds were released by the GOI, pending IMEC approval, the State Government released Rs.188.63 lakh during 1996-97 to 1999-2000 from its own funds. However, no funds were drawn by the Department.

The Education Department did not identify districts requiring upgradation of female literacy. Similarly, no survey was conducted to identify schools requiring drinking water and toilet facilities. In the absence of any physical targets and achievement, the implementation of the scheme could not be evaluated.

(a) Female literacy

Unauthorised expenditure of Rs.47.85 lakh

During 1996-97 to 1999-2000, the Department spent Rs.47.85 lakh in providing knitting machines and sewing machines to 72 new Upper Primary Schools and 60 Government High Schools. Since these machines are unconnected to female literacy for which funds were given, the entire expenditure was unauthorised.

(b) Drinking water supply facilities in Primary and Upper Primary Schools

Without identifying schools suffering from acute shortage of drinking water and constructing permanent water storage, the Department provided water filters and water storage tanks to all Government Primary Schools (1283) and Middle Schools (241) at a cost of Rs.103.54 lakh. Scrutiny revealed, however, that of the total 1524 (1283+241) schools, 84 per cent of the schools (1279=1091 primary and 188 middle) were not provided with regular supply of safe drinking water through pipes and wells in absence of which, the stated purpose had not been achieved.

(c) Toilet facility for girls in Upper Primary Schools

The Department proposed (1999-2000) construction of 40 toilets in 40 out of 241 Government Middle Schools for Rs.28.86 lakh. These could not be constructed, due to non-release of funds by the Central Government and non-drawal of funds by the Department.

3.2.7 Special problems

To combat insurgency prevailing in the State, the Commission approved Rs.30 crore for supply of security equipment (Bullet proof jackets, jeeps, communication equipment, construction and repair of police barracks, and establishment of helicopter facilities. for use of the State Police.

Targets and achievement during the period 1996-97 to 1999-2000 are detailed below:-

(Rupees in lakh)

Sl. No.	Particulars	Lumpsum provision for 4 years	Achievement	Percentage of achievement
1.	Arms and Ammunition	353.82	201.08	57
2.	Transportation (vehicles)	1138.71 (290 vehicles)	293.41 (62 vehicles)	26 (21)
3.	Security related materials	562.71	661.00	117
4.	FSL/Narcotics	65.94	90.82	138
5.	Modernisation of central workshop	40.00	27.43	69
6.	Repairing of IB type barrack	240.00	209.82	87
7.	Procurement of Pre-Feb. Hut for NAP	598.82	1201.55	201
		3000.00	2685.11	89.50

Unauthorised expenditure of Rs.314.89 lakh

Balance of Rs.314.89 lakh (Rs.3000 lakh-Rs.2685.11 lakh) was spent on procurement and installation of EPABX, 47 computers, 36 Xerox machines, 43 Fax machines and training materials, which were not envisaged in the scheme.

(a) Arms and ammunitions

Suspected misappropriation of Rs.21.03 lakh

Provision of arms and ammunition was not part of the scheme approved by the Commission, or IMEC, since these items are provided by the Ministry of Home Affairs separately. Despite this, on orders of the Chief Minister, Nagaland, the Department (Director General of Police) spent Rs.200 lakh (Rs.100 lakh each in 1997-98 and 1999-2000). Although arms and ammunition for Rs.100 lakh (paid in March 2000) have not been received (January 2001) by the Police Department from Ordnance Factories, the entire amount of Rs.200 lakh was booked as final expenditure, resulting in overstatement of expenditure by Rs.100 lakh. Scrutiny of the stock and issue ledger further revealed that, 108344 cartridges worth Rs.21.03 lakh were not received, though paid for. Though the Department stated (March 2000) that, the amount represented adjustment against liability incurred earlier, there was no evidence to this fact. The amount of Rs.21.03 lakh has, thus, been unaccounted for, and is suspected to have been misappropriated.

(b) Transport

Out of lumpsum provision of Rs.1138.71 lakh made for purchase of 290 vehicles, Rs.293.41 lakh was spent (March 2000) on purchase of 62 vehicles. The reasons for shortfall were not on records. Since no scale of entitlement has been prescribed for allotment of vehicle, the actual requirement of vehicles could not be verified in audit.

Scrutiny revealed that 5 vehicles purchased for strengthening security measures, were instead, allotted to officers (4 to Police Engineering Project and OSD to Chief Minister) unconnected to the scheme, resulting in misuse of Rs.13.50 lakh. Further, one tractor worth Rs.2.68 lakh purchased through this fund in May 1998 for carrying BDDS (Bomb Detection and Disposal Squad) equipment is also lying idle (January 2001) with the IGP (Intelligence).

(c) Security related materials and protective gears

Blockage of Rs.185.52 lakh

Nagaland Police has only one BDDS comprising 25 members, based at Kohima. Though the constitution of another 7 teams for each of the districts with 175 personnel (7 x 25) was still under consideration (July 2000), the DGP procured BDD equipment worth Rs.213.96 lakh (1996-97 to 1998-99) and placed them with the IGP (Intelligence). Procurement of BDD equipment even without setting up the BDDS and assessing the actual requirements, resulted in blockage of Rs.185.52 lakh, since these equipment are lying unutilised (*Appendix-XXIII*). Further scrutiny revealed that, though full payment had been made to the suppliers, equipment costing Rs.24.12 lakh had not been received by the IGP (Intelligence). Similarly, protective gears worth Rs.49.99 lakh had also not been received by the Police Central stores, although payment was already made to the supplier in March 1999.

(d) Upgradation of Forensic Science Laboratory (FSL) and Narcotics Wing

Diversion of Rs.90.82 lakh

Although upgradation of FSL was not part of the recommendations of the Commission, the Department purchased (1997-98 and 1999-2000) equipment worth Rs.90.82 lakh by diverting funds from other components (transportation) of the scheme.

(e) Modernisation of Police Workshop

Equipment worth Rs.27.48 lakh was purchased in March 1997 and March 1999, and issued to Police Workshop, Chumukedima, without assessing the requirement. Consequently, out of 40 items procured in March 1997, 27 items worth Rs.7.15 lakh could not be put to use, and 2 lathe machines purchased for Rs.8.50 lakh could not be operated (January 2001) for want of trained personnel.

(f) Repair of barrack type police accommodation

Bonafides of Rs.209.82 lakh spent on construction of 70 Police barracks could not be verified for want of records

Diversion of Rs.67.61 lakh on non-priority works

The DGP spent Rs.209.82 lakh on construction of 70 Police barracks through the Police Engineering Projects (PEP), Chumukedima, and Alichen, during 1996-97 and 1997-98. The basis for selection of sites, works plan, and detailed estimates of works, were not available either with the DGP, or with the executing agency. Therefore, the bonafides of the execution of work could not be verified in audit. Further, the PEP diverted Rs.67.61 lakh on non-priority work of repairs and maintenance, as detailed in *Appendix-XXIV*.

(g) Procurement of Pre-Fabricated (Pre-Fab) Huts

The action plan for construction of barrack type accommodation for all the 7 NAP Battalions, envisaged a lump sum outlay of Rs.598.82 lakh. Against this, the DGP spent Rs.948.60 lakh during 1997-98 and 1999-2000, on procurement and erection of 109 Pre-Fab huts, of which, only 46 structures were actually erected (July 2000), and the balance 63 structures costing Rs.537.86 lakh, are lying unutilised in the store (January 2001). An additional supply order was issued in March 2000 for structures worth Rs.252.95 lakh, with the stipulation to complete the supply within 45 days. No materials were, however, received (January 2001).

(ii) Overpayment of Rs.51.29 lakh

As per the terms of the supply orders, rates for each Pre-Fab structure included erection charges also. Despite this, Rs.82.17 lakh was paid by the DGP, Nagaland to the contractor as supervision (Rs.30.88 lakh) and erection charges (Rs.51.29 lakh), though these Pre-Fab structures have not been erected and are lying (January 2001), in the store, since 1997-98. This resulted in excess payment of Rs.51.29 lakh.

3.2.8 Calamity Relief Fund

Pursuant to the recommendation of the Ninth Finance Commission, a Calamity Relief Fund (CRF) was set up in April 1990 under the State Home Department. The fund was initially for 5 years, but was continued upto March 2000 on the recommendation of the Tenth Finance Commission. A State Level Committee (SLC), with the Chief Secretary as Chairman, was also formed in 1991 to administer the fund.

The results of test check are given in the succeeding paragraphs.

(a) Investment

The financial guidelines of the Scheme provided that, the Fund be deployed in profitable channels with assured and implied liquidity, so that the fund is adequate and easily available to meet expenditure on natural calamities. Audit scrutiny showed that-

Loss of interest of Rs.25.68 lakh

(i) Despite timely receipt of funds, the Department delayed investment thereof by 31 to 507 days, resulting in loss of interest of Rs.25.68 lakh at fixed deposit rates as shown in *Appendix-XXV*.

Reasons for delay in investment of funds were not furnished (February 2001).

Loss of additional income of Rs.111.05 lakh

(ii) As per the guidelines of the Scheme, 15 *per cent* of the total funds available in the CRF were to be invested in a State Co-operative Bank, and the remaining 85 *per cent* in other gainful

channels (25 per cent in auctioned treasury bills, 25 per cent *in* interest bearing deposits with Public Sector Banks, 15 *per cent* in Government of India Securities, 10 *per cent* in State Government Securities, and 10 per cent in Public Sector Bon. Contrary to this, the SLC decided (March 1991) to invest the entire available funds in the Nagaland State Co-operative Bank (NSCB), without obtaining any relaxation from the GOI. In July 1991, the Reserve Bank of India also directed the State Government to invest all the funds available in CRF with the State Bank of India, Kohima, which was not done. Had the Department invested the permissible 15 *per cent* in NSCB and the remaining 85 *per cent* in other gainful securities, the Department could have earned an additional income of Rs.111.05 lakh by way of interest as shown in *Appendix-XXVI*.

Due to injudicious investment, the Department sustained a loss of Rs.71.99 lakh

(iii) The closing balance of CRF (Rs.666.64 lakh) as on 31 March 2000 included 6 Term Deposits (Rs.461.74 lakh), which had been invested between April 1995 to December 1999, for short terms of 4 to 6 months, and renewed from time to time. Had these been deposited in long term deposit (which could have also been encashed pre-maturedly in exigencies), the Department could have earned Rs.71.99 lakh more as interest as shown in *Appendix-XXVII*.

(b) Implementation of the Scheme

As per instructions (November 1993) of the SLEC, affected persons are to submit their applications for relief assistance within one month of the occurrence of the calamity to the respective DCs/ADCs, who shall submit the same to the Department, after verifying the genuineness of the claims, and with necessary recommendations in prescribed forms specifying the nature and description of calamity, month, year and place of occurrence and assessing the amount of losses caused, calculated at the rates prescribed (November 1993) by the SLEC.

The following irregularities in the implementation of the Scheme were noticed in audit:

(i) Payment to ineligible beneficiaries

Inadmissible payment of Rs.102.48 lakh

According to the norms prescribed (November 1993) by the SLC, the claims for relief assistance are to be considered only on the specific recommendation of the district level authorities (DCs/ADCs). It was noticed in audit that, the Department paid Rs.102.48 lakh to 6224 persons during 1997-98 and 1998-99, on the written recommendations of Ministers (Minister, Horticulture, Sericulture and Relief and Rehabilitation, Nagaland. Minister, Tourism and Border Affairs, Nagaland.), and without conducting any survey on the genuineness of occurrence of the calamities, and bonafides of beneficiaries. Thus, the veracity of expenditure of Rs.102.48 lakh could not be established in audit.

(ii) Payment made against non-existent villages

Rs.8.64 lakh was paid to 827 persons allegedly residing in 21 non-existent villages

During 1998-99, the Department paid Rs.8.64 lakh to 827 persons allegedly residing in 21 (Changru (o), Ffula, Kangtsang, Longso, Maliwokha, Moilam, Mongshio, non-existent villages, resulting in misappropriation of funds. The fact regarding non-existence of these 21 villages was also corroborated by the Directorate of Rural Development, and Public Health Engineering Department.

(iii) Delay in processing of claims

Excess payment of Rs.52.91 lakh

It was noticed in audit that, though 1639 victims had submitted their claims in time, the DCs/ADCs delayed processing and submission of the claims to the Department by 7 to 36 months, and

ultimately paid Rs.76.17 lakh to the affected persons. Thus, avoidable delay on the part of the DCs/ADCs to process the claims, deprived 1639 affected persons of immediate relief that would have otherwise enabled them to rehabilitate themselves.

(c) Excess payment of relief

As per the instructions issued by the SLEC, all the DCs/ADCs are to calculate/assess the quantum of losses, on the basis of scales fixed by the SLC. It was, however, noticed in audit that, 140 persons who were paid Rs.65 lakh during March 1998 were actually entitled to only Rs.12.09 lakh, resulting in excess payment of Rs. 52.91 lakh (*Appendix-XXVIII*). Payment of relief by the Department without verifying the entitlement of the claimants with reference to the scales prescribed by the SLEC, resulted in such overpayment.

(d) Payment to unauthorised persons

As per the instructions (November 1993) of the SLC, disbursements to the beneficiaries are to be made through district authorities (DCs/ADCs). However, it was noticed during audit that, at the instance of Ministers (Minister, Horticulture, Sericulture and Relief and Rehabilitation, Nagaland. Minister, Tourism and Border Affairs, Nagaland), Rs.106.31 lakh was paid by the Department to the following individuals/officials during 1997-98 (Rs.65 lakh), 1998-99 (Rs.2.17 lakh) and 1999-2000 (Rs.39.14 lakh):

Rs.106.31 lakh was paid to unauthorised persons

(i) President, District Congress Committee, Wokha	= Rs. 10.65 lakh
(ii) Private Secretary to the Minister, Relief and Rehabilitation, Nagaland	= Rs. 76.15 lakh
(iii) Private Secretary to the Minister, Tourism, Nagaland	= Rs. 2.17 lakh
(iv) Unidentified individuals	= Rs. 15.60 lakh
(v) Chairman, Wokha Town Committee	= Rs. 1.74 lakh
	= Rs.106.31 lakh

The Department could not produce any documentary evidence to substantiate that the amount (Rs.106.31 lakh) had actually been paid to the affected persons for whom, money was drawn.

Overpayment of Rs.22.36 lakh

(e) Overpayment of relief

On the recommendation (October 1999) of SLC, the Government sanctioned Rs.22.35 lakh for payment of relief to 3312 beneficiaries of Wokha District during 1999-2000. However, scrutiny of the list of beneficiaries, APRs etc., showed that, payment (Rs.44.71 lakh) was made twice to these 3312 persons in December 1999, by diverting the funds meant for other seven districts, on the basis of two identical lists drawn up by the Department, which resulted in overpayment of Rs.22.36 lakh.

(f) Submission of Reports and Utilisation Certificates

Submission of Utilisation Certificates for Rs.381.06 lakh

Government of India (GOI), Ministry of Agriculture is responsible for monitoring the operations of CRF. The State Government is to inform the Ministry about the damages due to drought, flood, famine etc., as well as, broad details of the relief works to be undertaken. Although the Department spent Rs.381.06 lakh during 1997-98 to 1999-2000, neither any utilisation certificates (UCs), nor

any report showing the cause of damages (drought, flood etc.), was submitted by the Department to the GOI.

The State Government had not accorded priority to the submission of UCs, reports etc., mainly because, release of Central share of CRF was automatic, and was not linked with the submission of periodic utilisation reports.

3.2.9 Other points of interest

Extra expenditure of Rs.470.60 lakh

The work of construction of 68 units of semi pucca family accommodation at 7th NAP, Bhandari (approved cost Rs.78.25 lakh plus escalation of 30 *per cent*), was awarded by the Additional Chief Engineer (ACE) PEP, Kohima in August 1997 for Rs.361.30 lakh (Rs.5.74 lakh per unit). Audit revealed that ACE unauthorisedly approved item-wise rates, instead of the unit rate of Rs.1.63 lakh (Rs.1.25 lakh plus 30 *per cent*) prescribed by the IMEC. Department stated (July 2000) that, as no contractors came forward to execute the work in such a remote location, the Department had to award the work at higher rates. The reply is not acceptable, as the prevailing rates for identical construction in the same location was only Rs.2.38 lakh per unit (under PEP). Thus, injudicious allowance of rate higher than, not only the approved rate, but also the prevalent rate for the same location, resulted in extra expenditure of Rs.258.92 lakh (over IMEC approved rate), and Rs.211.67 lakh (over other identical works). Further, even though the work was to be completed by March 1999, as on August 2000 only 39 units were completed, and works for 24 units were in progress.

Undue financial aid of Rs.65.38 lakh to the contractors

The PEP, Chumukedima procured (1996-97 to 1998-99) building materials worth Rs.65.38 lakh by charging the expenditure to different works. But, the contractual agreement neither provided for issue of materials to the contractor, nor was the amount deducted from the contractor's bill. Therefore, the contractors were given undue financial benefit of Rs.65.38 lakh.

3.2.10 Monitoring and evaluation

The SLEC with the Chief Secretary as Chairman, is responsible for overall implementation and monitoring of the scheme, and is required to submit periodic reports to the IMEC. The SLEC is also required to review the progress of implementation regularly. However, except for the annual financial reports prepared at the end of each year, no progress report showing the physical performance was furnished to SLEC and IMEC. No periodical review and evaluation of the scheme was conducted. Therefore, no effective monitoring system was in existence.

3.2.11 Recommendations

In view of the shortfalls and irregularities mentioned in the preceding paragraphs, the following recommendations are made:

- i. Adequate planning, budgeting and regular release of funds, which are essential for effective implementation of the schemes, may be ensured.
- ii. Executing agencies should adhere to codal procedure and guidelines prescribed by the Commission for implementation of the scheme; and;
- iii. The Departments should strengthen their monitoring and evaluation mechanism.

The matter was reported to the Government in April 2000; replies have not been received (February 2001).

3.3 Member of Parliament Local Area Development Scheme

Even after 6 years of launching the Scheme, maintenance of records remained improper and inadequate. Flouting of established procedures and recurrence of the same irregularities pointed out by Audit earlier as well as in the succeeding paragraphs defeated the basic objective of the Scheme.

Highlights

Out of Rs.7.55 crore received from Government of India during 1997-98 to 1999-2000, the Department spent only Rs.2.18 crore (29 *per cent*). However, the Department reported utilisation of Rs.7.08 crore to the Government of India merely to obtain more funds. Central Assistance of Rs.4.90 crore representing 65 *per cent* of total assistance received remained unutilised with 8 DCs for periods ranging from 1 to 3 years as of March 2000. The expenditure could not be vouchsafed in audit as none of the 8 Deputy Commissioners (DCs) submitted expenditure statements for any of the years (1997-98 to 1999-2000).

(Paragraph 3.3.1.4.1, 3.3.1.4.2, 3.3.1.4.3 & 3.3.1.6)

Without obtaining any technical approval from the competent authority, 425 works were taken up between April 1997 and March 2000 for total cost of Rs.7.08 crore. Of these, only 102 works were completed at a cost of Rs.2.18 crore as of March 2000, with delays ranging from 12 months to 36 Months.

(Paragraph 3.3.1.6)

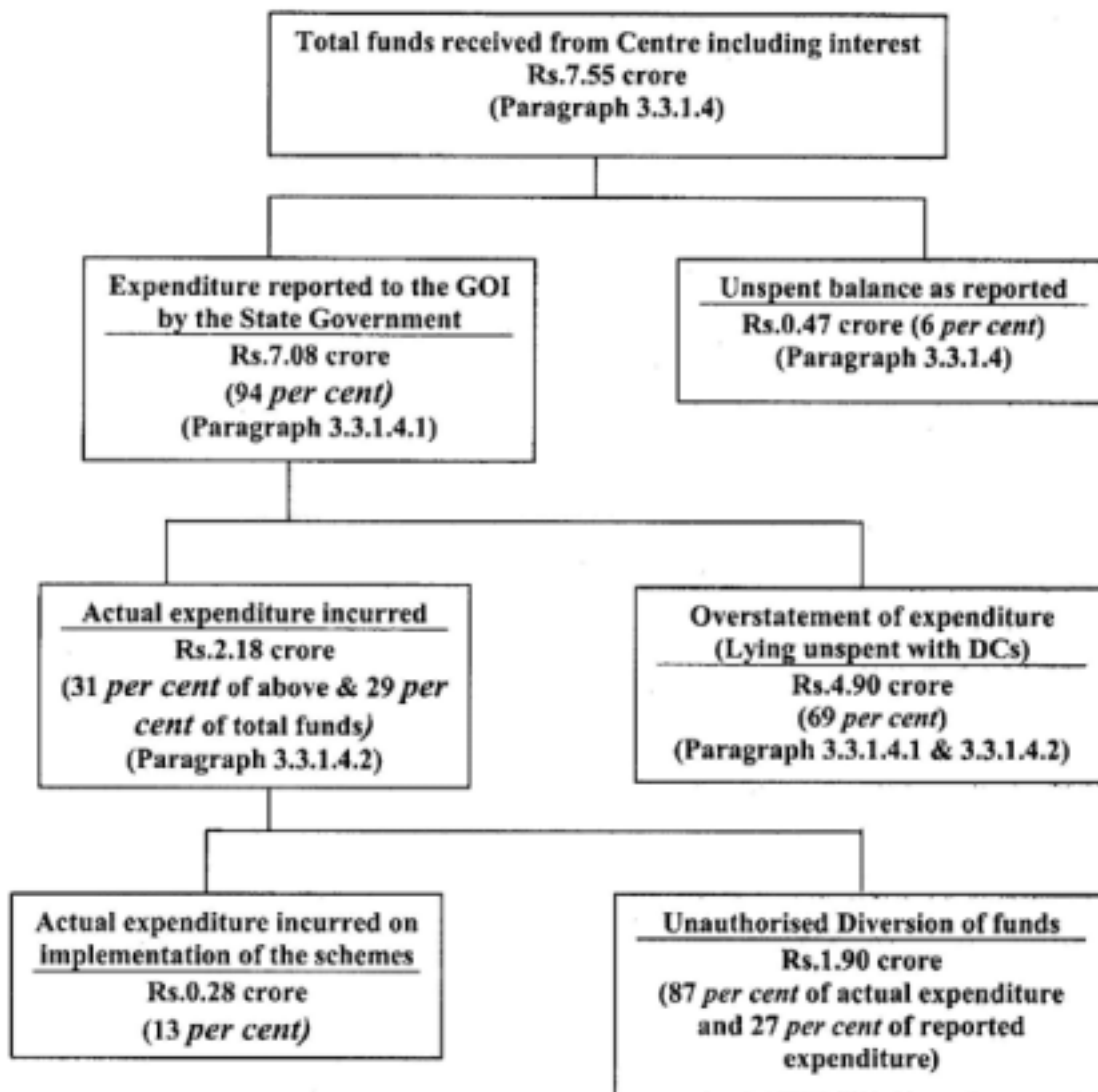
The DCs of Dimapur and Kohima diverted Rs.1.90 crore for execution of 175 inadmissible works like construction of individual farms, Government residential accommodation, private buildings and on procurement of stores etc., during 1997-98 to 1999-2000.

(Paragraph 3.3.1.7)

Field visits and inspection of completed works were not conducted. Bi-monthly progress reports, as required, were never sent to Government of India.

(Paragraph 3.3.1.12)

FINANCE TREE



3.3.1 Introduction

Government of India (GOI) introduced the Member of Parliament Local Area Development Scheme (MPLADS) in December 1993. The aim of MPLADS is to give Under the Scheme, each Member of Parliament (MP), can (subject to certain restrictions,) the choice to suggest and to recommend works of capital and developmental nature in his/her constituency, based on locally felt needs within a cost limit of Rs.10 lakh in respect of each work and a total cost ceiling of Rs.1 crore (raised to Rs.2 crore from 1998-99) per year in respect of the constituency as a whole. The works are to be executed through Government agencies by the Deputy Commissioners (DCs), of the concerned districts/ constituencies.

Nagaland has one seat each, in the Lok Sabha and Rajya Sabha, with no nominated member.

3.3.1.2 Organisational Setup

The Home Department, Government of Nagaland is the nodal department for implementation of the Scheme. DC, Kohima, who is the nodal officer for administration, coordination and over all supervision of the Scheme., He had been receiving allocates funds received from the GOI and allocating the same to works implemented in all 8 (Kohima, Dimapur, Mokokchung, Tuensang, Phek, Mon, Wokha and Zunheboto) districts of Nagaland. Excepting the works sub-allocated to other DCs, all the remaining works are being implemented by DC, Kohima.

3.3.1.3 Audit Coverage

Irregularities noticed in Audit on the implementation of the Scheme during 1993-94 to 1996-97 were incorporated in Paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year 1996-97. The Report has not been discussed by the PAC yet and hence no Action Taken Report has been furnished by the Government.

The present Review covering the period 1997-98 to 1999-2000 was conducted by test-check (May-June 2000) of records of DCs Dimapur and Kohima. The records test checked account for 32 percent of the total population (1991 census), 59 *per cent* of the total funds allocated, 76 *per cent* of total works executed, and 86 *per cent* of the total expenditure incurred under the scheme. Results of the review are discussed in succeeding paragraphs.

3.3.1.4 Financial Outlay and Expenditure

The funds released under the Scheme do not lapse, and unspent balances can be carried over to next year. Funds are released by the GOI twice a year on the basis of physical and financial progress of the works under implementation. Funds are released direct to the DCs based on the number of MPs.

The year-wise details of funds released by Central Government, the expenditure incurred and unspent balance as reported by the Department are shown below:

(Rupees in lakh)

		1997-98	1998-99	1999-2000
1.	Opening Balance	3.46*	1.88	2.74
2.	Fund Received	300.00**	200.00	250.00***
3.	Interest credited during the year	0.74	0.86	0.30
4.	Total funds available	304.20	202.74	253.03
5.	Expenditure reported by the Department	302.32	200.00	206.00
6.	Unspent Balance	1.88	2.74	47.04

* Includes misappropriated amount of Rs.1.06 lakh upto 1996-97 (Para 3.1.5.3 of A.R. of 1996-97)

** Including Rs. 1 crore as 2nd instalment of 1996-97 of both MPs

*** Including Rs.1 crore being 3rd and 4th instalments of 1998-99 and one instalment of Rs.50 lakh for 1999-2000.

3.3.1.4.1 Incorrect reporting of expenditure

Overstatement of expenditure by Rs.490.39 lakh due to inflated reporting

The expenditure (Rs.708.32 lakh) reported was not correct because immediately after allocating Funds of Rs.708.32 lakh were allocated among the 8 DCs in the State, the allocated amount and booked as final expenditure without even ascertaining the actual expenditure incurred (discussed in para 3.3.1.6). Thus, the figures of expenditure reported by the Department were not reliable. Besides, Such incorrect reporting also resulted in overstatement of expenditure by Rs.490.39 lakh (discussed in Para 3.3.1.6). Routine release of funds every year by the Government of India without obtaining the Utilisation Certificates also encouraged the Implementing DCs for such lapses.

3.3.1.4.2 Unspent balances

Rs.490.39 lakh remained unspent with the 8 Deputy Commissioners for periods ranging from 1 to 3 years

Test check of records revealed that, out of Rs.708.32 lakh released during 1997-98 to 1999-2000 to 8 DCs for execution of 425 works under the Scheme, there remained an unspent balance of Rs.490.39 lakh as detailed below.

(Rupees in lakh)

Sl. No.	Name of district	Number of works	Amount released	Amount spent	Unspent balance	Percentage of unspent balance
1	Dimapur	56	421.39	186.43	234.96	56
2	Kohima	266				
3	Mokokchung	28	70.33	6.00	64.33	81
4	Mon	12	41.40	Nil	41.40	100
5	Phek	23	42.45	10.50	31.95	75
6	Tuensang	18	71.50	Nil	71.50	100
7	Wokha	5	22.20	Nil	22.20	100
8	Zunheboto	17	39.05	15.00	24.05	62
	Total:-	425	708.32	217.93	490.39	69

It would be seen that only 31 *per cent* of the total funds released was actually utilised and unspent balances which ranged between 56 to 100 *per cent* of total release were retained in banks. Reasons for non utilisation/ under-utilisation of funds have not been furnished by the Department. No action plan or targets were drawn up/fixed by the Department for execution of works. Such accumulation of unutilised funds was mainly due to release of funds by the nodal DC to other DCs/implementing agencies without ascertaining the actual progress of work or requirement. Moreover, in the absence of any accounts supported by bank pass book/statements, loss of interest could not be worked out for this unspent balance of Rs.490.39 lakh.

3.3.1.4.3 Non -submission of expenditure statements to AG

None of the 8 Deputy Commissioners rendered accounts for Rs.217.93 lakh

As per instructions issued (May 1996) by the GOI, and inspite of observations in the Audit Report of the C&AG for the year 1996-97 that the respective DCs are to submit annual expenditure statements to the Accountant General (AG) by 31 May of the following year for conducting the annual audit, But none of the 8 DCs have submitted till date the expenditure statements to the nodal DC for consolidation and onward submission to the AG Nagaland because of non-maintenance/ non-compilation of accounts. Moreover, scheme-wise accounts had also not been maintained and the fund placed by the nodal DC with the other DCs had been booked as final expenditure by the Department without obtaining utilisation certificates. Hence, the expenditure of Rs.217.93 lakh could not be vouchsafed in audit.

3.3.1.5 Non-submission of Utilisation Certificates

The financial rules as well as the guidelines of the Schemes require that where funds are given for specific purposes, certificates (In form GFR 19 A.) of proper utilisation should be obtained by the DCs from the Implementing Agencies, and after verification, these should be forwarded to the AG alongwith copies of certain essential documents ((a) Schedule of works expenditure in form CPWA 64, is to be obtained every month till the closure of accounts or work, upon which the following records would also accompany it to make the account complete in all respects and amenable to check. (i) Works abstract in form CPWA 33. (ii) Material at Site account in form CPWA 35. (iii) Muster Roll in CPWA 21. (iv) Detailed estimate, required as per rule 131 of GFRs. (v) Quantity and cost estimate for materials and labour required as per paras 10.3.2 and 10.5.3 of CPWA code. (vi) Detailed completion report in form CPWA 44 required as per para 10.6.11 of CPWA code.) relating to each work. But It was, however, seen that none of the 8 DCs had submitted such certificates and records; nor had the nodal DC insisted for submission of the same at any stage during implementation of the Scheme.

3.3.1.6 Physical achievement

Though the Scheme was silent regarding fixation of physical targets, it was envisaged (December 1994) that the type of works should be such as can be completed in one or two working seasons and lead to the creation of durable community assets.

The number of works suggested by the two MPs vis-à-vis number of works taken up for execution by the Implementing Agencies and completed during 1997-98 to 1999-2000 was as follows:-

Year	Works suggested by MPs		Works sanctioned by District Administration		Works actually taken up		Works completed	
	NW	MV	NW	MV	NW	MV	NW	MV
1997-98	300	302.32	300	302.32	300	302.32	70	112.60
1998-99	128	400.00	54	200.00	54	200.00	32	105.33
1999-2000	16	50.00	71	206.00	71	206.00	--	--
Total	444	752.32	425	708.32	425	708.32	102	217.93

NW - Number of works : MV- Money value of work in lakh of rupees

323 works remained incomplete even after 1 to 3 years and spending Rs.490.39 lakh

The above table shows that 323 works (76 per cent of works taken up) were awaiting completion even after 1 to 3 years. This defeated the intention of the Scheme that all the works were to be completed in one or two working seasons.

Scrutiny of records further showed that, although Rs.135.10 lakh was released during 1997-2000 to Mon, Tuensang and Wokha districts for executing 35 works, no works were ever taken up. The concerned DCs have not furnished any reasons for not taking up these works (January 2001). The funds (Rs.135.10 lakh) lying unspent in banks have also not been refunded (January 2001) to the nodal DC by these 3 DCs.

Inflated expenditure was reported to the GOI for obtaining more funds

Although only Rs.217.93 lakh was actually spent on execution of 102 works, the entire allocation of Rs.708.32 lakh was shown as spent, resulting in overstatement of expenditure by Rs.490.39 lakh. Such inflated reporting of expenditure was for the sole purpose of obtaining more funds from the GOI, as the GOI had been releasing funds on the basis of expenditure reported by the State

Government without ascertaining the physical progress/completion of the works or actual utilisation of funds. No reason was also furnished by the DCs for 323 works remaining incomplete as of January 2001.

No measurement book or completion report was maintained by the DCs/Implementing agencies. As a result, the actual physical progress of the works taken up for execution, and comparison between physical progress and financial outgo could not be made in audit.

3.3.1.7 Execution of works not permissible under the Scheme

175 non-permissible works were executed at a cost of Rs.190.38 lakh

Creation of assets for individual benefit or on private lands, construction of office building for Central or State Government Departments, and purchase of inventory or stock of any type are not permitted under the Scheme. It was, however, noticed that 175 works were taken up for execution by the DCs, Dimapur and Kohima during 1997-98 to 1999-2000 in violation of the aforesaid provisions of the Scheme at a total cost of Rs.190.38 lakh (27 per cent of the total expenditure) as per details given below:-

Sl. No.	Nature of works	Amount (Rupees in lakh)		Percentage of total expenditure
		NW	MV	
1	Grants -in - aid/ relief/ rehabilitation etc.	10	3.25	0.46
2	Procurement of inventories, furniture, office equipment, stationary articles, stocks etc.	3	33.75	4.76
3	Setting up of PCOs/ Grocery shop/ Solar lanterns/Private Clinics of individual nature	9	2.95	0.42
4	Creation of individual Farm Forestry, Piggery, Dairy, fishing etc.	132	55.40	7.82
5	Private educational institutions (ownership of which not transferred to Government)	8	56.50	7.98
6	Construction of Government (State/ Central) buildings, residential quarters, play grounds, repair of schools, private building societies etc.	13	38.53	5.43
	Total:-	175	190.38	26.87

The DCs stated (June 2000) that these works were executed as per recommendations of the MPs. It is evident therefore, that, though required to do so, the DCs did not scrutinise the list of works recommended by the MPs to ensure conformity with the Scheme.

3.3.1.7.1 Doubtful expenditure

Expenditure of Rs.29.85 lakh remained doubtful for want of records

As reiterated (September 1997) by GOI, purchase of community solar lamps was not permissible under the Scheme. However, scrutiny of records showed that in 1997-98, the BDO, Kohima purchased 88 solar community solar lamps for Rs.29.85 lakh. But, since no bills/challans, APRs, stock entries, and names of beneficiaries were produced to Audit by the BDO, Kohima, the veracity of the expenditure could not be verified.

The purpose for which these lamps were purchased, and the basis on which this requirement and cost of lamps was assessed, was not available on record. Further, no completion certificates were obtained by the DC, for which lapse, no reasons were placed on record.

3.3.1.8 Works executed without technically approved estimates

Technical soundness of 102 completed works remained unascertainable

As per rules, no work can be taken up for execution without preparing a detailed design, and getting estimates approved and technically sanctioned by the competent authority. It was, however, noticed in audit that all the 425 works (total cost: Rs.708.32 lakh) were taken up for execution, between April 1997 and March 2000, in the Dimapur and Kohima districts without technically approved estimates. Ex-post facto sanction of the competent authority had also not been obtained (January 2001). As a result, the technical soundness of the 102 works claimed to have been completed (construction of roads, buildings etc.) could not be ascertained. Moreover, in the absence of any Register of works or Asset Registers showing the names of works, dates of commencement and completion of the works, estimated cost and total expenditure incurred, the actual progress/completion of the works could not be verified in audit.

3.3.1.9 Irregularities in execution of works

414 works were awarded to individual contractors/agencies in contravention of the scheme guidelines

As per guidelines of MPLADS, the works were to be executed through Government Departments and bodies, NGOs and Panchayati Raj Institutions after following the established procedure of the State Government.

It was however observed that, in violation of guidelines, 414 out of 425 works (value Rs. 674.22 lakh) representing 97.4 *per cent* of the total work were awarded to individual contractors/agencies on the basis of MP's recommendations between 1997-98 and 1999-2000. Further, since no supporting records like bills, completion reports, vouchers, cash memos etc. in support of procurement of materials needed in construction of these works were available, the genuineness of expenditure could not be vouched in audit. The Department had neither physically verified the assets created, nor supervised the execution of works, during the construction period.

3.3.1.10 Inventory of assets created

For want of basic records, genuineness of the assets created at a cost of Rs.708.32 lakh could not be verified in audit

As per the Scheme, each DC is to maintain a register containing details of assets created under the schemes showing dates of commencement and completion of each work, estimated cost and expenditure incurred etc. However, neither of the 2 DCs test-checked, maintained any such register, and as a result, details of works taken up for execution and amount spent etc., together with the propriety and genuineness of expenditure, were not susceptible of verification. In the absence of Asset Registers, the assets reported to have been created at a cost of Rs.708.32 lakh could not be verified. Besides, no joint inspection of the assets created (as envisaged under the scheme) was ever carried out.

3.3.1.10.1 Non provision for maintenance and upkeep of assets created

According to the guidelines, the DCs had to ensure that provision for maintenance and upkeep of the assets created was forthcoming from the concerned local body or the relevant agencies. Test-check of records showed that the DCs did not hand over the assets created to the local bodies, and as a result, provision for further maintenance and upkeep of assets had also not been received from these local bodies. Thus, the objective of the scheme to create tangible assets could not be vouchsafed in audit.

3.3.1.11 Monitoring/Evaluation/Reporting

Control mechanisms in the State remained grossly ineffective

As per the Scheme, every work taken up for execution had to be completed in one or two working seasons, and DCs were required to monitor the progress of all such works, and furnish monitoring reports once in two months to the MPs and GOI. A senior officer of the State Government at the level of Commissioner, had to convene an annual meeting involving the DCs and MPs, to assess the progress of works under the Scheme. It was seen however, that, no such meeting was held during the period covered under audit, and none of the DCs maintained any consolidated record of assets created (discussed in paragraph 3.3.1.10) showing dates of commencement and completion of each work, and their estimated cost vis-à-vis expenditure incurred. Consequently, the internal control mechanism remained ineffective.

Instructions issued (December 1994) by the GOI required the DCs to visit and inspect at least 10 per cent of the works every year. It was however noticed that, no schedule of inspections prescribing the minimum number of field visits for each supervisory level functionary of the Department was drawn up. Nor were any of the works visited and inspected, either by the DCs or by the senior officers of the Department, during April 1997 to March 2000. Had the inspections been conducted, the delays in completion of 323 works (as discussed in para 3.3.1.6) would not have occurred.

Only 2 MPRs were sent against 36 MPs due during 1997-98 to 1999-2000

As per instructions issued (July 1997) by the GOI, all the DCs were required to submit monthly progress report in the prescribed proforma by the 10th of the following month. It was noticed however, that out of 36 reports due for submission during April 1997 to March 2000, only 2 reports were sent to the GOI by the Department, and as a result, the Government remained unaware of the progress of the works undertaken. Progress reports were mainly not submitted, because, inspections were not carried out by the DCs.

The guidelines envisaged that, the Department of Statistics and Programme Implementation would evolve simultaneous contact machinery with the nodal district heads, to remove bottlenecks. This has also not been done.

3.3.1.12 Recommendations

On the basis of the above findings, the following is recommended:

- (a) Creation of a mechanism to arouse the awareness of the general public to the benefits of the Scheme.
- (b) Evolving of a comprehensive policy of selecting competent implementing/executing agencies, and institution of an effective internal control mechanism for record management, accountability oriented reporting, and periodical inspection schedules.
- (c) The Implementing agencies and DCs should be made accountable for improper maintenance/non-maintenance of records and non-submission of periodical returns.

The matter was reported to the Government in July 2000; replies have not been received (February 2001).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 National Family Welfare Programme

The National Family Welfare Programme is a demographic as well as a welfare programme meant for stabilising the population level, and at the same time, improving maternal and child health care. However, due to inconsistency of data on population coverage, procurement, and application of vaccines, and also due to scanty issue of family welfare materials, and incorrect and inflated reporting, the reported figures of achievement in the State were unreliable.

Highlights

Expenditure (Rs.23.90 crore) on salaries alone accounted for 75 *per cent* of the total expenditure (Rs.31.99 crore) under the Programme during 1995-2000. The Department stated that excess staff were appointed on the recommendation of Ministers and higher authorities.

(Paragraph 3.4.4)

There was an excess expenditure of Rs.1.43 crore in 182 Sub-centres due to appointment of staff far in excess of actual requirement.

(Paragraph 3.4.5.1.1)

The monthly progress reports submitted by departmental officers contained inflated/incorrect figures and the entire reporting process was unreliable.

(Paragraph 3.4.5.2)

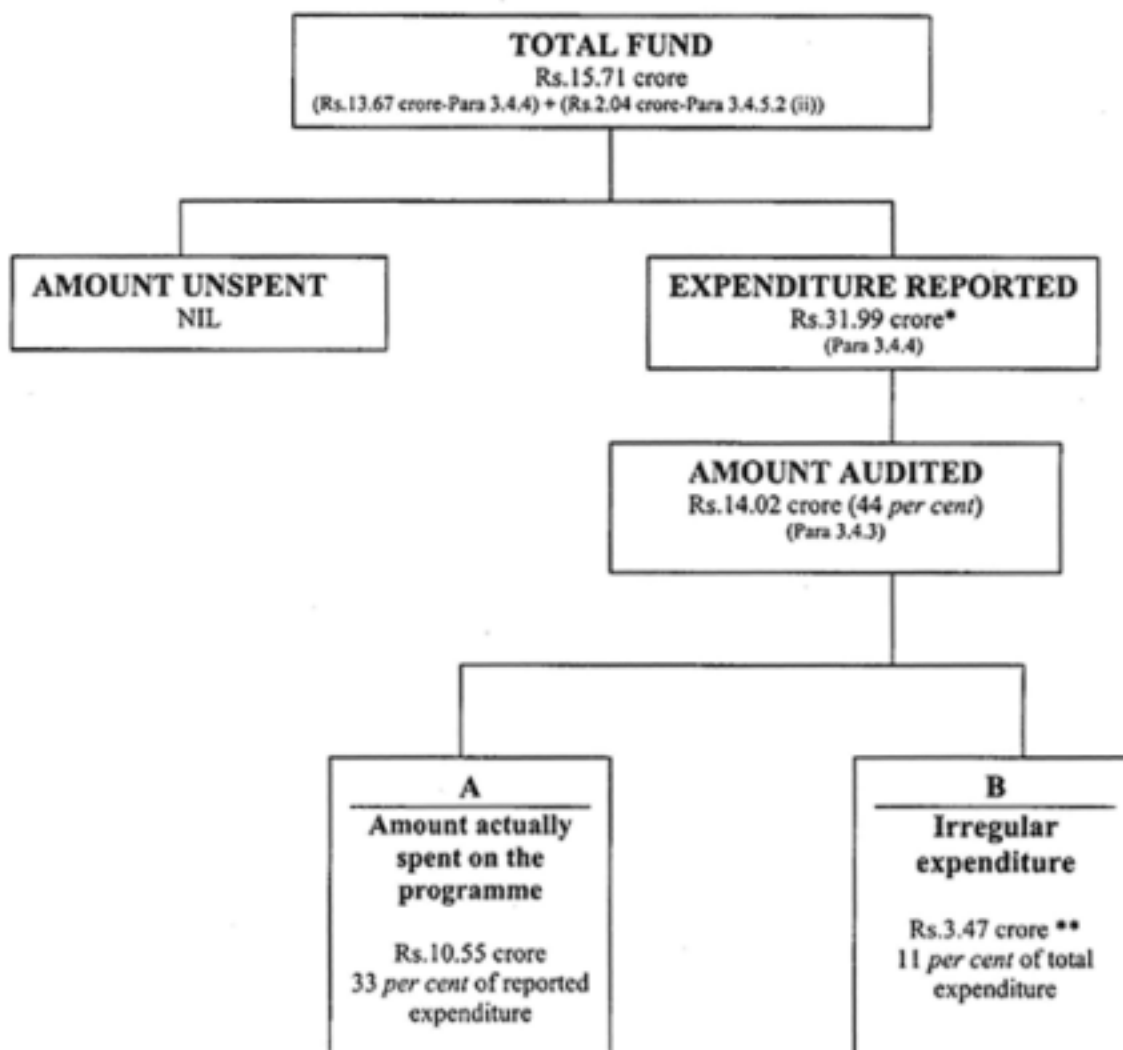
Vaccine vials shown as issued, by the Directorate of Health and Family Welfare, were more than the number of vials actually received.

(Paragraph 3.4.5.2 (i))

Fictitious issue of BCG (350 Amp), OP (3840 vials), Measles (2400 vials), TT (2000 vials), DT (800 vials) and DPT (1360 vials) vaccines by the DH&FW to the field units.

(Paragraph 3.4.6 (a) (ii))

FINANCE TREE



* Excess expenditure (Rs.16.28 crore) incurred over the total Central funds of Rs.15.71 crore was met by the Department by diverting the funds from other schemes (Para 3.4.4 (i) and (iv))

** Para 3.4.5.2 (ii): Non-submission of audited accounts Rs 2.04 crore

Para 3.4.5.1.1: Excess expenditure on pay and allowances Rs 1.43 crore

Total Rs. 3.47 crore

3.4.1 Introduction

The main objectives of the National Family Welfare Programme (NFWP) were: to bring down the birth and death rates through various family planning measures and temporary methods of birth control, to persuade the people to adopt small family norms by popularising the use of conventional contraceptive devices, oral pills etc., and to provide medical services, medicines, and incentives free of cost at the doorsteps of the acceptors of family planning measures.

These objectives were to be achieved through implementation of the following schemes: the Minimum Needs Programme redesigned as Basic Minimum Services (BMS), Sterilisation Bed Scheme, Post Partum PAP Smear Test Facility Programme, All India Hospital Post Partum Programme, the Population Research Centre Scheme, and the Child Survival and Safe Motherhood (CSSM) Programme.

Of the above, only the Basic Minimum Services and the Sterilisation Bed Scheme, have been implemented in the State.

3.4.2 Organisational set up

The Secretary, Health and Family Welfare Department, Government of Nagaland is the nodal authority to oversee the implementation of the programme at the State level. The programme is implemented by the Director of Health Services, Nagaland, Kohima, through 46 Primary Health Centres, 9 Community Health Centres and 302 Sub-centres. There is no Family Welfare Training Centre in the State.

3.4.3 Audit coverage

The review covered the period from 1995-96 to 1999-2000, by test check of records of 5 (Dimapur, Kohima, Mon, Mokokchung and Tuensang.) out of 8 districts and associated field units, involving expenditure of Rs.1402.29 lakh (44 *per cent* of the total expenditure of Rs.3198.59 lakh), during the period February to April 2000.

The services of the ORG-Centre for Social Research, a division of ORG-MARG Research Limited was commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample of 1509 households (404 urban and 1105 rural) and 12 health facilities in Kohima and Wokha districts of Nagaland State during October-November 2000. Significant findings of the survey on matters discussed in the Report have been included in this review at appropriate places.

The results of test check are given in the succeeding paragraphs.

3.4.4 Finance and expenditure

The Central assistance received comprised of both cash and materials. Details of cash assistance received and actual expenditure are given below:-

(Rupees in lakh)

Year	Budget Provision of the State Government	As per GOI sanctions	Actual expenditure by the Department
1995-96	381.74	300.13	723.68
1996-97	308.20	211.49	716.04
1997-98	375.84	207.82	391.77
1998-99	605.29	247.95	595.79
1999-2000	757.06	399.72	771.31
Total:-	2428.13	1367.11	3198.59

It was noticed in audit that:-

(i) The excess expenditure of Rs.1831.48 lakh over sanctions, during the five years ending March 2000, was mainly on account of salaries of staff (details in sub-para (ii) below) appointed in excess of the Government of India's norms, and the booking of such non-plan expenditure as plan expenditure under the scheme. The Department stated (July 2000) that excess staff were appointed on the recommendations of Ministers/higher authorities.

Salaries (Rs.2389.55 lakh) accounted for 75 per cent of the total expenditure (Rs.3198.59 lakh).

(ii) The total amount paid under salaries during 1995-96 to 1999-2000 was Rs.2389.55 lakh, which accounted for 75 *per cent* of the total expenditure of Rs.3198.59 lakh.

(iii) Scheme-wise details of allotment of funds, and expenditure, are shown in *Appendix-XXIX*.

(iv) Actual expenditure exceeded the budget provision by 132 *per cent* indicating unrealistic budgeting. The excess expenditure was met by diverting funds from other schemes implemented by the Department, which, however, could not be quantified for want of records.

3.4.5 Implementation

3.4.5.1 Minimum Needs Programme (Basic Minimum Services)

3.4.5.1.1 Creation of infrastructure

Family Welfare Services are to be provided to the community through a network of Sub-centres (SCs), Primary Health Centres (PHCs) and Community Health Centres (CHCs) in the rural areas, and hospitals and dispensaries in the urban areas, in a phased manner by 2000 AD. As per the scheme, one Sub-centre is to be established for every 3000 population in tribal and hilly areas, one PHC for every 2000 population, and one CHC for 1,00,000 population.

Excess expenditure of Rs.143.05 lakh.

The total population in the State was 12.10 lakh (1991 census), which justifies creation of 403 SCs, 60 PHCs and 12 CHCs, against which, 234 SCs, 28 PHCs and 4 CHCs have been set up without following the population norms; the shortfall ranged between 42 and 67 *per cent*. For instance, SCs have been created in areas where the population was even less than 80, viz., Pedi (71), Tizuisland (33) and Apoukito (53). The ORG Centre for Social Research, New Delhi in their beneficiary assessment (November 2000) however, observed that the PHCs in Nagaland, on an average covered a population of 26,527 which is more than the coverage norm set (20,000 population in hilly areas) but the Sub-Centres covered in Nagaland at an average of 1969 population is also much lower than the set norm of 3,000 population. Further, against the norm of 6 Sub-centres to a PHC, and 4 PHCs to a CHC, test check of 192 out of 234 SCs (82 *per cent*) revealed that, only 10 SCs satisfy the population criteria. This resulted in excess expenditure of Rs.143.05 lakh towards pay and allowances and honorarium annually paid to the staff employed in 182 Sub-centres.

The Department, while admitting the fact stated (August 2000) that, the health units in the State were not established as per the GOI norms and were created on the basis of topography, and social and local conditions. The Department could not, however, explain, how the norms fixed by GOI for hilly and tribal areas, are not workable in Nagaland.

The couple protection rate (percentage of eligible couples effectively protected against pregnancy) in the State was 7.9 *per cent*, a rate significantly lower than the all India figure of 45.4. The Total Fertility Rate (TFR) of 3.8 children per woman in Nagaland is higher than that of the national average of 2.8. The basic indicators of the State do not reflect a good performance of the family welfare programme in the State. This was also corroborated by the beneficiary conducted by the ORG Centre for Social Research, New Delhi in November 2000.

3.4.5.1.2 Engagement of Dais

Expenditure mothers of 1002 villages were left at the mercy of quacks and untrained persons.

As per National norms for rural health infrastructure, at least one trained Dai should be provided for each village. Against a total requirement of 1225 trained Dais, only 123 Dais are on the rolls of the State Government as of January 2001, covering only 10 *per cent* villages in the State. In the absence of trained Dais, the expectant mothers of atleast 1002 villages, were left at the mercy of quacks and untrained persons.

The ORG Centre for Social Research, New Delhi in their survey (November 2000) also observed that none of the medical and para-medical staff was trained in handling various activities under child survival and safe motherhood activities and the government centres in Nagaland still have a long way to go with imparting training to its staff which has had a profound impact on the performance of the programme.

The Department stated (August 2000) that the actual number of trained Dais in the State was greater than the Dais appointed by the State Government. The Department could not, however, quantify the number of trained Dais, and their disposition among the villages in the State.

3.4.5.1.3 Manpower management

Test check of records of 31 institutions (2 CHCs, 12 PHCs and 17 SCs) showed that, 108 staff were engaged in excess of the sanctioned strength as shown below:-

In 31 health centres, 108 staff were appointed in excess of the sanctioned strength.

Centres test checked	Staff to be appointed as per norms	Men-in-position	Excess appointment	Percentage of excess
Community Health Centres (2 Nos.)	50 Nos.	86 Nos.	36 Nos.	72 %
Primary Health Centres (12 Nos.)	180 Nos	223 Nos.	43 Nos.	24 %
Sub-centres (17 Nos.)	51 Nos.	80 Nos.	29 Nos.	57 %
Total:-	281 Nos.	389 Nos.	108 Nos.	38 %

The Department stated (August 2000) that in the early seventies, the State Government decided to engage 2 Grade IV staff in each Sub-centre, over and above the 2 regular health workers specified by the Government of India. Also, upgradation of Health Units into more streamlined CHCs/PHCs rendered many existing staff surplus. Since these staff were not redeployed, they continued to be engaged in the new setup without work. The Department, however, could not furnish documents to support their contention, and also, could not explain how the services of these excess staff were utilised.

3.4.5.2 (i) Universal Immunisation Programme (UIP)

Scrutiny of records relating to implementation of immunisation programme revealed that, the total number of doses shown as administered in the Monthly Progress Reports (MPRs), were far in excess of the doses available for immunisation as shown below:-

Name of the district	Particulars of immunisation	Doses applied as per MPR	Doses actually available	Doses available after allowing wastage as per GOI norms
Mokokchung	Polio	43,714	26,479	19,859
	BCG	13,887	23,669	11,835
	DPT	42,150	43,243	32,431
	DT	7,306	14,701	11,024

	TT	36,308	60,239	45,178
	Measles	4,464	6,809	5,104
Tuensang	Polio	8,267	64,900	48,675
	BCG	1,204	10,600	5,300
	DPT	8,197	10,710	8,032
	DT	5,430	2,520	1,889
	TT	10,643	13,470	10,102
	Measles	2,038	3,075	2,305
Dimapur	Polio	4,47,491	3,54,680	2,66,010

Achievements reported were incorrect and were not reliable.

It was also noticed that, the MPRs did not include details of actual wastage based on GOI norms (The wastage rate for all vaccines except BCG is 25% and for BCG it is 50%), implying that there was no monitoring and evaluation of wastage, and the figures in the MPRs were not based on actual records. As a result of this wastage, at least 88,670 children (3,54,680-2,66,010 = 88,670) were deprived of immunisation facilities under the programme. The Department, while admitting that the MPRs were incorrect, stated (August 2000) that, instructions had been issued to all concerned to fill up the MPRs correctly and submit them in time. No responsibility has, however, been fixed by the Department on the erring officials for such incorrect reporting.

Achievements of immunisation of expectant mothers (EM), and children against the targets (fixed by GOI), were very poor and erratic as shown below:-

Year	Target		Achievement					Coverage (%)				
	Infant	EM	DPT	OPV	BCG	MSL	TT (EM)	DPT	OPV	BCG	MSL	TT (EM)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1995-96	28,000	29,000	14,200	10,968	7,594	1,340	10,190	50.71	39.17	27.12	4.79	35.14
1996-97	27,000	28,000	21,066	21,221	11,401	7,617	8,632	78.02	78.02	42.23	28.21	30.83
1997-98	28,000	30,000	16,995	17,360	9,869	6,763	7,557	60.70	62.00	35.25	24.15	25.19
1998-99	NA	NA	14,601	15,174	7,726	5,936	8,023	---	---	---	---	---
1999-2000	41,250	49,500	15,358	17,030	10,509	7,129	15,007	37.23	41.28	25.48	17.28	30.32

Achievements under immunisation programme were poor and erratic.

Based on the figures published by the Directorate of Economics and Statistics of Government of Nagaland, it is seen that, the live births recorded for 1995 was 24,374, and that the infant deaths

were only 150. It is also seen that, while the growth in birth rate in Nagaland has shown an increasing trend, such increase has not been reflected in the targets projected by the DH&FW. It is, therefore, evident that, in all the years, a significant portion of the infants and expectant mothers were not fully covered. ORG-MARG survey also found that overall 59 *per cent* of the children were fully immunized and about 30 *per cent* were partially immunized. It is also evident that, the targets fixed were not based on reality. The Department admitted (August 2000) that achievement figures shown are far below the targets.

3820 vials of TT and Measles vaccines remained unutilised in stock resulting in denial of benefits to atleast 1220 children.

Scrutiny of records of the Civil Surgeon, Mon revealed that, 2600 vials of TT vaccine and 1220 vials of Measles vaccine remained unused (April 2000) in stock, although their shelf lives expired in January 1997 and February 1998 respectively. This resulted in denial of benefits under the Programme to atleast 1220 children. The Department stated (August 2000) that, the concerned officer had been asked to furnish reasons for such wastage.

(ii) *Pulse Polio Immunisation (PPI)*

Reported figures of achievements under PPI were inflated and not correct.

As per the operational guidelines issued (1998) by the GOI, the targeted population should be calculated by multiplying the total population in the administrative area by 0.128 (revised to 0.14 from 1999-2000). The targeted population (children in the age-group of 0-5 years) in the State during the years 1996-97 to 1999-2000 (calculated on the basis of the above formula), and number of children estimated to be covered by the Department is given below:-

Year	Targeted population as per GOI formula	Number of children estimated to be covered by the Department		Variation Excess (+) Shortfall (-)
1996-97	1,73,536	1st dose	1,87,599	(+) 14,063
		2nd dose	1,94,080	(+) 20,544
1997-98	1,76,868	1st dose	1,93,569	(+) 16,701
		2nd dose	1,97,364	(+) 20,496
1998-99	1,80,263	1st dose	2,22,729	(+) 42,466
		2nd dose	2,22,729	(+) 42,466
1999-2000	2,00,949	1st dose	2,22,729	(+) 21,780
		2nd dose	2,22,729	(+) 21,780
		3rd dose	2,22,729	(+) 21,780
		4th dose	2,22,729	(+) 21,780

Note:- In 1995-96, the PPI covered children upto 3 years of age. The figures for the year 1995-96 could not be given for want of basic data.

The above table indicates that, no norm was followed by the Department to estimate the target population to be administered PPI, and the estimation was far in excess of the actuals.

The operational guidelines also stipulate that, the need for vaccines should be calculated as per the following formula:-

Number of children x 1.33x2=OPV requirement for two doses (upto 1998-99) Number of children x 1.33x4=OPV requirement for four doses (from 1999 onwards).

Using the above formula, the number of children shown to have been immunised, was far in excess of the maximum number of children who could be immunised with the OPV doses shown as used, during the years 1995-96 to 1999-2000 as detailed below, which indicates that achievement figures reported by the State Government were not based on actual records, and thus incorrect.

Year		Total number of OPV doses shown to have been administered	Maximum number of children who could be immunised with the OPV doses shown to have been administered	Total number of children shown to have been immunised	Achievement Report overstated by
1995-96	1st dose	1,03,547	77,855	1,19,359	41,504
	2nd dose	1,18,668	89,224	1,23,964	34,740
1996-97	1st dose	1,79,622	1,35,054	1,87,599	52,545
	2nd dose	1,87,036	1,40,629	1,94,080	53,451
1997-98	1st dose	1,82,498	1,37,217	1,93,569	56,352
	2nd dose	1,87,406	1,40,907	1,97,364	56,457
1998-99	1st dose	1,93,774	1,45,695	2,22,729	77,034
	2nd dose	1,96,002	1,47,370	2,22,729	75,359
1999-2000	1st dose	2,31,638	1,74,164	2,22,729	48,565
	2nd dose	2,33,865	1,75,838	2,22,729	46,891
	3rd dose	2,29,411	1,72,489	2,22,729	50,240
	4th dose	2,36,093	1,77,514	2,22,729	45,215
Total:-		22,79,560	17,13,956	23,52,309	6,38,353

Administration of OPV doses to inteligible children

The Department stated (August 2000) that, the national norm of 14 *per cent* of the total population for calculating number of children in the age group of 0-5 years has been followed. The contention is not correct, because, as per the operational guidelines issued by the GOI, the number of

children in the age-group of 0-5 years was to be estimated at 12.80 *per cent* of the total population till 1998-99, and at 14 *per cent* thereafter. Also, a child who has already been given the full dosage (3+1), will not continue to get OPV. Also, the annual growth rate of population is only 1.92 *per cent*. Therefore, the target will be far less than the estimated number of children. It was also stated by the Department that, the difference between the number of OPV doses administered, and the number of children to be covered, was due to administration of vaccines (not quantified) to children belonging to the age-group of 5-7 years, who are also eligible for the benefits as per the operational guidelines issued by GOI. The replies furnished are, however, not acceptable to Audit, as there was no specific mention in the guidelines about administration of OPV doses to children belonging to the age-group of 5 to 7 years. Also, since, as per the dosage prescribed by National Immunisation mission (GOI), even the booster dose is to be given by the time the child attains 2 years of age, it is not clear what purpose is served by giving OPV to children who could not possibly benefit from this.

Denial of benefits to 3180 children.

Test check of records of the Sub-Divisional Medical Officer (SDMO), Dimapur revealed that 28,084 vials of OPV were issued for PPI programme during December 1997 to January 2000 against actual requirement of 24,904 vials. Since the PPI centres (posts) did not possess cold chain facilities, and most of the excess vaccines were returned, 3180 vials of vaccines are deemed to have been spoilt. This resulted in denial of benefits under the Programme to atleast 3180 children.

During 1995-96 to 1999-2000, the State Government received Rs.204.05 lakh as grants, for disbursement to the State Committee on Voluntary Action (SCOVA), for implementation of Pulse Polio Immunisation Programme. The SCOVA was required to submit audited statement of accounts to the GOI, after implementing the Programme. As of January 2001, no such accounts had been furnished by the SCOVA/Department.

The Department stated (August 2000) that the expenditure incurred was under audit by the Chartered Accountant. This, however, does not explain why the accounts of earlier years have not been furnished to GOI.

(iii) Family Welfare activities

Year-wise performance on Family Welfare (FW) activities was as below:-

Year	Number of direct acceptors at district and sub-district level					Obstetrics (OB) and Abortion (AB) cases at district and sub-district level			
	Tubectomy	Vasectomy	IUD	Oral pills	Total	OB cases	AB cases	Total	Percentage of direct acceptor over OB and AB
1995-96	522	0	665	6,512	7,699	113	6	119	1.55
1996-97	668	0	1,778	5,136	7,582	186	0	186	2.45
1997-98	498	47	1,135	168	1,848	---	20	20	1.08
1998-99	1,548	4	965	2,578	5,095	594	1	595	11.68

1999-2000	1,231	49	2,025	6,102	9,407	484	---	484	5.15
Total:-	4,467	100	6,568	20,496	31,631	1,377	27	1,404	

Unreliable figures on achievement indicated absence of MIS in the Department

Since the direct acceptors are those OB and AB cases who undergo FW measures (Tubectomy, IUD, Oral Pills), the number of direct acceptors should always be equal to, or less than, the OB and AB cases. It would be seen, however, that, against 1,404 OB and AB cases for 1995-2000, the number of direct acceptors was stated to be 31,631, which indicated that the performance figures were unreliable.

The Department admitted (August 2000) that indirect acceptors were also included in the figures for direct acceptors but could not quantify the number of such indirect acceptors. This also goes to corroborate that, the Management Information System (MIS) in the Department was faulty and inadequate.

(iv) Sterilisation Bed Scheme

The scheme for reservation of sterilisation beds in hospitals, was introduced by the GOI in 1964, to provide facilities for tubectomy operations.

It was seen in audit that, of the 1794 beds available in various centres in the State, no bed was specifically reserved for Family Welfare activities. The Department, while admitting the fact, stated (August 2000) that, although no hospital beds are specifically earmarked for Family Welfare activities, instructions have been issued (August 2000) to all District Hospitals to keep a few (unspecified) beds reserved for this purpose at all times. It was also stated that, 10 beds were earmarked under Post Partum Programmes in Naga Hospital, Kohima.

The ORG Centre for Social Research, New Delhi in their survey (November 2000) also observed that in Nagaland role of NGOs in providing sterilisation services was found to be negligible with only a few respondents reporting availability and utilisation of services from NGOs and only a few of the sterilisation acceptors mentioned to have received incentives either in cash or in kind.

3.4.6 Procurement of vaccines and other FW materials

(a) Vaccines

Number of vials shown as issued were far in excess of the total vials available in stock for issue.

Vaccines required for immunisation of children and expectant mothers were issued by the Government of India, through Government Medical Store Depots. The year-wise procurement and distribution of vaccines detailed in *Appendix-XXX* would show that, the number of vials (1,52,500) shown as issued, were far in excess of the total vials (33,273) available. Therefore, the data on distribution of materials to the beneficiaries were not reliable. Also, the receipt/issues reflected in the stock accounts, were not authenticated by any responsible officer.

The Department, while admitting the lapses, stated (August 2000) that, suitable instructions were being issued. Further action is awaited (January 2001).

(i) As per Government of India's directions, vaccines required for immunisation, and other Family Welfare materials, are to be distributed through CHCs, PHCs, and SCs. Test check showed, however, that, OPV (528 vials), Measles (75 vials), BCG (1039 Amp.), TT (736 vials), DT (377 vials), DPT (1093 vials), Mala N (100 cycle), Nirodh (6200 Nos.), Copper T (73 Nos.), IFA-small (15,000 Nos.) and IFA-large (22,000 Nos.) were issued to voluntary organisations, institutions and individuals, directly by the DH&FW, Kohima violating the Government of India directives. No

Utilisation Certificates were furnished by the NGOs; nor were these called for (January 2001) by the Department.

(ii) Collateral check of records of two field units (DFWO, Mokokchung and DFWO, Kohima) revealed that, BCG (350 Amp.), OPV (3,840 vials), Measles (2,400 vials), TT (2,000 vials), DT (800 vials) and DPT (1,360 vials) vaccines, shown as issued to the units by the DH&FW, have not been received by the units concerned. This indicated a lack of adequate control over receipt and distribution of FW material. Moreover, in such a slack process, possibilities of pilferage of these vials could not be ruled out.

(b) Family Welfare materials

Details of Family Welfare materials received during 1995-96 to 1999-2000 from the Government of India, and their free distribution to beneficiaries, are given at *Appendix-XXXI*.

Idle stock of 28.81 lakh Iron Folic Acid Tablets.

(i) 28.81 lakh Iron Folic Acid (IFA) tablets (both large and small) meant for issue to expectant and nursing mothers, have been lying in stock since 1997-98, without issue to the beneficiaries. Reasons for non-issue are not known. Since all these tablets have outlived their shelf life of one year, these cannot be used, resulting in loss to Government, and denial of benefits to the targeted beneficiaries.

The Department, while assuring that such instances would not occur in future, stated (August 2000) that, as the supply of IFA tablets was usually very irregular-sometimes 2-3 times in a year and in bulk, and at other times nil-it was facing problems of proper stocking and distribution. Moreover, the short life span and sub-standard quality of the IFA tablets received from the GOI, and their unpopularity among the public aggravated the problem. This, however, does not explain why the Department failed to return excess/sub-standard tablets to the Government of India for their re-issue/destruction to other States where these tablets were in demand. Moreover, no physical verification of stores had been done. Had such verification been done regularly as per General Financial Rules, these lapses could have been detected by the Department itself, much earlier.

(ii) Test check of records of DFWO, Kohima revealed that, different substandard materials (IFA tablets 100 units (15,000) and Methy Lergasetrine Maleate tablets 100 units (4,800). received from the Government of India through the Government Medical Store Depot, were issued to the beneficiaries. Adverse effects due to consumption of these substandard medicines had not been investigated (January 2001).

3.4.7 Monitoring and evaluation

Delay in submission of Monthly Progress Reports.

Although the Department was required to submit consolidated MPRs to the Government of India (Ministry of Health and Family Welfare) by the 10th of each month, MPRs containing incorrect and inflated figures (discussed in Paragraph 3.4.5.2 (ii)) were routinely submitted late, with delays ranging from 1 to 2 months.

Proper monitoring and evaluation is a sine-qua-non to assess achievement of various components of the programme, and for smooth implementation. It was noticed that no monitoring and evaluation was conducted, in the absence of which, the actual impact of the programme remained obscure to the Department, even after incurring an expenditure of Rs.31.99 crore.

3.4.8 Recommendations

- i. The department should conduct survey to assess the number of children, and expectant mothers requiring health and family welfare support;

- ii. Maintenance of records should be geared up so as to have an accurate database;
- iii. The coverage on immunisation should be properly monitored in order to ensure total immunisation for all the children and expectant mothers;
- iv. Wastage of vaccines should be reduced to minimum;
- v. Actual expenditure on PPI programmes should be covered by audited accounts and utilisation certificates; and
- vi. Proper infrastructure such as cold chain facilities and generators should be provided, to facilitate storage of vaccines.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

PLANNING AND CO-ORDINATION/INDUSTRIES DEPARTMENTS

3.5 Urban Employment Generation Programme

The Urban Employment Generation Programme, comprising Nehru Rozgar Yojana, Urban Basic Services for the Poor, Prime Minister's Integrated Urban Poverty Eradication Programme (now collectively known as the Swarna Jayanti Sahari Rozgar Yojana) and, Prime Minister's Rozgar Yojana, are one of the main sources for generation of employment in urban areas. Though funds were received from the Central Government in time, the State Government released the same after delays of 1 to 10 years. Partial utilisation of available resources adversely affected generation of employment for urban poor.; Since the assets created were not maintained thereafter, the scheme did not result in sustained benefits to the poorest sections of the society. Target groups were not identified; and vital records like Muster Rolls, Measurement Books etc., were not maintained. Consequently, it could not be ensured if the benefits of the Schemes had actually percolated down to the targeted population.

Highlights

Out of Rs.6.49 crore received from Central Government during 1995-96 to 1999-2000, the Department could only spend Rs.4.55 crore (70 per cent) leaving a balance of Rs.1.94 crore. Due to delay in non-release/delay in release of funds by the State Government, beneficiaries were deprived of employment for 5.56 lakh mandays. Moreover, due to improper implementation of the Schemes, the Department failed to generate employment for a further 5 lakh mandays.

(Paragraph 3.5.5.1 and 3.5.7)

Unnecessary withdrawal and retention of funds by the Chief Town Planner, Kohima, facilitated robbery of Rs.50 lakh.

(Paragraph 3.5.5.1)

Unnecessary withdrawal and retention of funds in the form of Deposit at Call (DAC) resulted in loss of interest of Rs.30.32 lakh.

(Paragraph 3.5.5.1)

There were delays ranging from 1 to 10 years in release of Central shares by the State Government. Central share (Rs.1.31 crore) for the years 1989-90 to 1992-93 was drawn by the State Government only in March 1999. Against the State share of Rs.3.60 crore pertaining to the years 1989-90 to 1999-2000, the State Government released only Rs.0.90 crore in March 1999. Though Government of India released Rs.1.09 crore in 1995-96 and Rs.1.23 crore in 1996-97 towards

PMIUPEP (Prime Minister's Integrated Urban Poverty Eradication Programme.), the State Government released Rs.2.32 crore only during 1997-98.

(Paragraph 3.5.5.2)

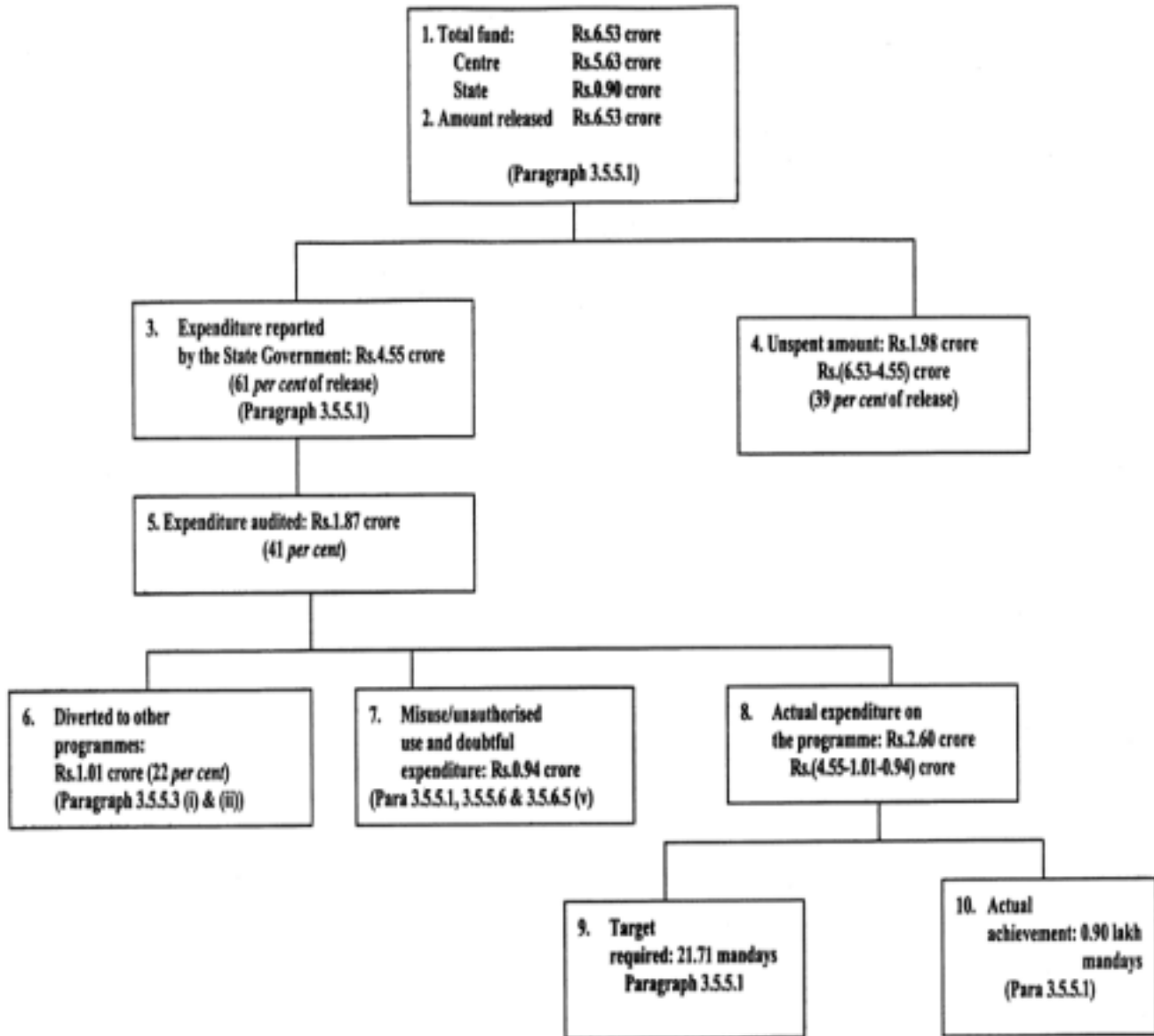
Vital records like Shelf of Projects, Muster Rolls etc., had not been maintained.

(Paragraph 3.5.5.4(ii) & 3.5.6.34)

The Scheme was implemented without identifying the target group. Expenditure of Rs.1.83 crore incurred during 1995-96 to 1999-2000 on creation of assets resulted more in one-time generation of employment than in sustained benefit to the poor.

(Paragraph 3.5.6.45)

FINANCE TREE



3.5.1 Introduction

Government of India launched Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), Prime Minister's Rozgar Yojana (PMRY) and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) between October 1989 and November 1995 to provide employment to the urban unemployed and under-employed youth living below poverty line (BPL) and to elevate them above poverty level. In December 1997, the Government of India launched 'Swarna Jayanti Sahari Rozgar Yojana' (SJSRY) by integrating NRY, UBSP and PMIUPEP. All these, together constitute the Urban Employment Generation Programme (UEGP), and aim at generating employment opportunities through setting up self-employment ventures (Self employment ventures included setting up of furniture shop, book stall, weaving unit, piggery, fishery, beauty parlour, rice mill etc.) and through creation of durable community assets in urban areas.

3.5.2 Organisational set up

While the Development Commissioner, Planning and Coordination Department, Nagaland is the nodal authority for implementation of NRY, PMIUPEP and SJSRY, the Secretary to the Government of Nagaland, Industries Department, is the nodal authority for implementation of PMRY in the State. SJSRY is implemented by the State Urban Development Agency (SUDA), Kohima and 8 (Kohima, Dimapur, Mokokchung, Tuensang, Mon, Wokkha, Phek and Zunheboto.) District Urban Development Agencies (DUDAs). PMRY is implemented by the Industries Department through 8 (Kohima, Dimapur, Mokokchung, Tuensang, Mon, Wokkha, Phek and Zunheboto.) District Industries Centres (DICs) under the supervision of the Director of Industries.

The Engineering wing of the Town Planning Division, Kohima renders technical assistance for execution of all works under the Programme.

3.5.3 Audit coverage

A review on the implementation of the UEGP for the period 1995-96 to 1999-2000 was conducted (March to May 2000) by test-check of records of the Chief Town Planner and its Engineering wing, SUDA and the Director of Industries, Kohima, 8 Kohima branches of Lead Banks (SBI (Main Branch), SBI (Bazar Branch), SBI (Lerie Branch), United Commercial Bank, United Bank of India, Bank of Baroda, Central Bank of India and Vijaya Bank.) as also the DUDAs and DICs Dimapur and Kohima.

The important points noticed during review are discussed in the succeeding paragraphs.

3.5.4 Impact assessment of implementation

No surveys were conducted to identify beneficiaries

The schemes under UEGP were implemented without conducting annual household surveys to identify targeted beneficiaries in urban areas. No mechanism was established to ascertain the number of beneficiaries crossing the poverty level as a result of implementation of these schemes. Hence the number of beneficiaries crossing BPL could not be ascertained in audit.

3.5.5 Financial outlay and expenditure

3.5.5.1 Funding pattern

While the expenditure under NRY and SJSRY is shared by the Central and State Government on 60:40 and 75:25 basis respectively, PMRY is funded entirely by the Central Government.

Year-wise details of opening balances, funds released by the Central and State Governments, and expenditure incurred under each scheme during 1995-96 to 1999-2000 are given in *Appendix-XXXII*.

The following points were noticed in audit-

Release of funds at the fag end of the year adversely affected implementation

Against the receipt of Rs.649.28 lakh during the period 1995-96 to 1999-2000, the Department incurred a total expenditure of Rs.455.06 lakh (*Appendix-XXXIII*) representing 70 per cent utilisation. Release of funds at the end of each year by the State Government was the main reason for such poor utilisation which resulted in less generation of 2.22 lakh mandays during the past 5 years ended 31 March 2000.

Though the unspent funds (Rs.140.81 lakh) under NRY, UBSP and PMIUPEP as of November 1997 were to be transferred to SJSRY, in December 1997, only Rs.131.44 lakh was transferred

(March 1999). The unspent balance of Rs.9.37 lakh in respect of PMIUPEP has not been transferred (January 2001) for reasons not on record.

As the schemes could not be implemented due to non-release of funds by the State Government, GOI stopped (June 1995) further assistance under the NRY and UBSP.

Generation of mandays was only 4 per cent of potential

It was seen at para 5.1 that, while the Department could generate 21.71 while the Department could generate 6.28 lakh mandays with the available funds under the scheme, it generated only 0.90 lakh mandays representing 4 *per cent* achievement. Execution of works through contractors in contravention of the scheme guidelines was the main reason for such low performance. No responsibility for such deviation has been fixed (January 2001).

SUDA booked final expenditure of Rs.156.15 lakh without obtaining Utilisation Certificates from the DUDAs.

It was also noticed that after making advances of Rs.156.12 lakh to 8 DUDAs for implementation of SJSRY during 1999-2000, SUDA, Kohima booked the entire amount as final expenditure without obtaining any Utilisation Certificates from the DUDAs. It was seen that out of Rs.57.61 lakh (Rs.29.68 lakh for Kohima and Rs.27.93 lakh for Dimapur) received by 2 DUDAs, Rs.43.05 lakh (Rs.20.66 lakh-Kohima and Rs.22.39 lakh, Dimapur) was utilised leaving an unutilised balance of Rs.14.56 lakh (Rs.57.61 lakh - Rs.43.05 lakh). Consequently, the expenditure figures in the accounts for 1999-2000 were overstated.

State Government claim that 4.63 lakh mandays were generated not verifiable in audit

Against the total expenditure of Rs.455.06 lakh incurred under all these schemes during 1995-96 to 1999-2000, the Department furnished Utilisation Certificates (UCs) for only Rs.49.58 lakh to the GOI. The GOI also did not insist (January 2001) on submission of UCs for the balance amount of Rs.405.48 lakh. Hence the claim of the State Government that 4.63 lakh mandays were generated could not be verified in audit.

Robbery of Rs.50 lakh.

The Chief Town Planner, Kohima drew Rs.123.18 lakh (September 1997) for implementation of PMIUPEP, out of which, Rs.4 lakh was spent (7 October 1997) for purchase of a computer. The balance amount of Rs.119.18 lakh was retained unauthorisedly in the form of Deposit at Call (DAC) receipt from 12 September 1997.

On 12/13 December 1997, the DDO and the cashier were abducted and evidently released only after paying Rs.50 lakh on 15 December 1997 out of the DAC as ransom. Had the money not been irregularly withdrawn and retained by the CTP in the form of DAC, the kidnappers would not have had access to departmental funds. Instead of fixing responsibility for the irregular drawal and payment, the Secretary PHED, at the instance (February 2000) of the Government advised (March 2000) the CTP to reduce the closing balance of the cash book by Rs.50 lakh. No action to write off the amount has been initiated (January 2001) as required under the financial rules. A new cash book was opened by the CTP on 6 January 1998 with 'NIL' opening balance, when the old cash book was still in operation. The old cash book was closed on 13 January 1998 with a closing cash balance of Rs.119.18 lakh. Thus, the CTP, Kohima maintained two parallel cash books between 6 and 13 January 1998 in violation of the Treasury Rules. Reasons for maintaining two parallel cash books, and for not entering the cash balance of Rs.69.18 lakh in the new cash book were furnished by the CTP, Kohima (January 2001).

It was seen in audit that out of Rs.123.18 lakh drawn in September 1997 (discussed above) the CTP Kohima and the Chairman SUDA kept between Rs.19.18 lakh to Rs.119.18 lakh out of Government account for periods ranging from 92 to 754 days during the period 12 September 1997 to 5 October 1999.

The Secretary, SUDA stated (May 2000) that money had to be kept outside Government account to avoid extortion by the insurgents who were demanding money. However, the contention is contradicted by facts, where it is seen that retention of such funds facilitated irregular encashment of DAC to pay Rs.50 lakh as ransom.

Loss of interest of Rs.30.32 lakh.

Besides, had the money been retained in the bank account, interest of Rs.30.32 lakh could have been earned, which could have been utilised for generating employment for 0.35 lakh mandays.

3.5.5.2 Delay in release of Central Assistance

The Programme envisages prompt release of the Central and State share by the State Government to the implementing agencies.

Short release of fund resulted in short generation of 3.08 lakh mandays.

It was noticed in audit that there were delays of 1 to 10 years in release of both Central and State shares (*Appendix-XXXIV*) by the State Government. Though, as per the funding pattern of the schemes, the State Government was to release Rs.360.05 lakh as its share, it released only Rs.89.98 lakh during 1996-97 to 1998-99. Consequently, 3.08 lakh mandays could not be generated due to non-receipt of funds (Rs.270.07 lakh) from the State Government.

State Government attributed (June 2000) the delay in release of funds to financial constraints. This is, however, not correct as the GOI's share for the programme was released in the respective years but not released by the State Government to the implementing agencies.

3.5.5.3 Diversion of funds

Due to unauthorised diversion of Rs.8.77 lakh, there was short generation of 0.10 lakh mandays.

(i) The Chief Town Planner, Kohima and the Executive Engineer, Town Planning Division, Kohima diverted Rs.8.77 (CTP, Kohima: Rs.4 lakh and EE, TPD, Kohima: Rs.4.77 lakh.) lakh in 1997-98 (Rs.5 lakh) and 1998-99 (Rs.3.77 lakh) for purchase of computers (Rs.4 lakh), vehicles (Rs.3.77 lakh) and repair of quarters (Rs.1 lakh), which was not permissible under PMIUPEP. This resulted in less generation of 0.10 lakh mandays on the 40 *per cent* wage component of the scheme.

Rs.92.58 lakh was spent beyond the provision of the scheme

(ii) In 1997-98, GOI sanctioned Rs.52.42 lakh for construction of basic municipal amenities like water supply, low cost sanitation etc., under PMIUPEP. Against this, the EE, Town Planning Division, Kohima spent Rs.145 lakh during 1997-98 to 1999-2000 by diverting funds from other components (Self Employment Generation Programme, Basic Special Amenities, Multipurpose Community Kendras etc.) of the scheme. Consequently, implementation of these components suffered.

3.5.5.4 Planning

(i) *Identification of beneficiaries*

Selection of beneficiaries was not transparent

As per guidelines, Municipal bodies are required to identify beneficiaries through surveys. Also, beneficiary lists should be given adequate publicity in the neighbourhoods. Though the CTP, Kohima stated (June 2000) that beneficiaries were selected by the Planning Department, the basis of selection was not known. The results of the BPL survey conducted by the Government in

November 1997 by spending Rs.1.94 lakh had also not been published. The identification process was thus not transparent making it difficult to confirm whether the workers employed actually belonged to the targeted groups. As a result, the implementation of the programme for identified beneficiaries remained questionable.

(ii) Preparation of shelf of projects and annual plans

No Shelf of Projects (SOPs) or Annual Action Plan was drawn up to identify the need-based economically viable projects. Award of works without drawing up SOPs and annual plans resulted in execution of works not specified in the scheme (discussed in para 5.5).

(iii) Non-fixation of targets

The Department did not fix any targets for generation of employment opportunities either by wage-employment or by providing assistance for setting up micro-enterprises. Works were executed through contractors, and solely on the basis of availability of funds. Achievements reported were not based on basic records like muster rolls/assets registers etc. (discussed in paragraph 3.5.6.3).

3.5.5.5 Non implementation of scheme

The NRY aimed at providing employment to the urban poor through setting up of Urban Micro Enterprises (SUME), Scheme of Urban Wage Employment (SUWE), and Scheme of Housing and Shelter Upgradation (SHASU).

Scrutiny of records of the CTP Kohima revealed that Government of India sanctioned Rs.31.59 lakh towards subsidy and training for setting up 866 micro enterprises under NRY during 1989-90 to 1994-95. The State Government was to select beneficiaries, impart training and provide loan assistance for setting up these enterprises.

Although the Central Government released sufficient funds in time for imparting training (Rs.10.40 lakh) and providing assistance (Rs.21.19 lakh), the Department could not implement the scheme due to non submission of Action Plan and also non-receipt of State's share.

The Scheme for Housing and Shelter Upgradation (SHASU) could not be implemented in the State for want of funds by the Department due to non-receipt of funds from the GOI.

3.5.5.6 Doubtful expenditure

Supporting records of Rs.35.18 lakh were not produced to audit.

Out of Rs.19.69 lakh received by the State Urban Development Agency (SUDA) Kohima in February 1998 under SJSRY, vouchers for Rs.19.18 lakh stated to be spent on different works (Development work, purchase of vehicle and renovation/repair/construction of quarters etc.) were not produced to Audit. Similarly, DUDA, Dimapur paid Rs.16 lakh to 10 (Mhonbemo (Rs.1.60 lakh), Wabang Ao (Rs.1.60 lakh), Thungyam Mor (Rs.4.80 lakh), Nchumbemo (Rs.0.30 lakh), Panger (Rs.0.30 lakh), Nungcha Aier (Rs.0.30 lakh), Lima Ao (Rs.0.30 lakh), Wapang (Rs.0.80 lakh), Mhonbemo (Rs.3 lakh) and Imti (Rs.3 lakh).) individuals (leaders) of beneficiary groups instead of to the beneficiaries themselves for construction of retention walls, public toilets, work sheds etc. No Muster Roll and other records substantiating procurement and utilisation of materials were maintained by the Agency. Therefore, in the absence of these basic records, the veracity of expenditure could not be verified in audit.

3.5.6 Generation of employment

3.5.6.1 Excess payment of wages

The approved (July 1992) daily wage rates for engagement of skilled and unskilled labour were Rs.35 and Rs.25 respectively. It was noticed in audit that DUDA, Kohima spent Rs.3.65 lakh between June 1999 and February 2000 paying wages at the rate of Rs.90 per head for generating 0.04 lakh mandays. Had the labourers been paid at approved rates, the Agency could have generated employment for 0.10 lakh to 0.15 lakh more mandays. During discussion, the Department stated that higher rates were paid on the basis of prevailing market rates as labourers were not willing to work on Government approved rates. The reply is not tenable since the objective of the Programme is to elevate the youth above the poverty line and not merely to provide employment. If the youth are not willing to accept the wages provided under the Programme, it is evident that they have alternative sources of employment and cannot be treated as beneficiaries belonging to the BPL category.

3.5.6.2 Execution of works through contractors in violation of scheme guidelines

Works executed through contractors resulted in loss of atleast 1.62 lakh mandays

Between 1997-98 and 1999-2000, the Department paid Rs.142.43 lakh to contractors for execution of 127 works (construction of footpath, community hall, approach road, drains etc.). Had the works been done departmentally, the Department could have generated 1.62 lakh to 2.28 lakh more mandays. Reasons for execution of works through contractors had not been stated (January 2001).

3.5.6.3 Non-maintenance of Muster Rolls

As the Department did not maintain any Muster Rolls (MRs) containing names of works and labourers along with their BPL card numbers, sex, addresses and wages paid to them in respect of the works executed, the genuineness of the works done under the scheme, wages paid to the workers and volume of employment generated remained unascertainable. Besides, probability of execution of unspecified works, and payment to ineligible beneficiaries could not be ruled out. Further, under the scheme, 30 *per cent* of the works were to be awarded to women. In the absence of list of beneficiaries and MRs, the number of women beneficiaries actually covered under the scheme could not be ascertained.

3.5.6.4 Non-maintenance of inventory of assets created

Test check of records of CTP and SUDA, Kohima and DUDAs (Kohima and Dimapur) revealed that no Asset Registers were maintained by them. The assets created were not handed over to local bodies for maintenance and no funds were also provided for this. As a result, the scheme provided only one-time relief to the beneficiaries. Moreover, in the absence of Asset Registers, the assets reported to have been created during the period 1995-96 to 1999-2000 at a cost of Rs.1.83 crore could not be verified.

3.5.6.5 Self employment schemes

(i) Selection of beneficiaries

Selection of beneficiaries under SJSRY and PMRY was done jointly by the Department and bank officials after collection of applications through advertisement. The selected applications along with the subsidy amount were sent by the Department to the Banks for release of loan. Since no BPL survey was conducted by the Department/Agencies, it could not be ascertained whether the beneficiaries under the scheme belonged to BPL category.

(ii) Urban Self Employment Programme under SJSRY

Under the scheme, the Department provides subsidies of Rs.7,500 per beneficiary; the beneficiary deposits 5 *per cent* of the project cost and the balance is given as loan by the banks, interest being chargeable by the Bank as per rates prevailing from time to time.

Unnecessary blockage of Rs.15.75 lakh towards undisbursed subsidy.

It was noticed in audit that, Rs.15.75 lakh paid to the banks by the Department during 1999-2000 towards subsidy for 210 beneficiaries remained undisbursed pending receipt of the mandatory 5 *per cent* contribution from the beneficiaries. Evidently, the Department had unnecessarily released subsidy to the banks without ascertaining the ability of the beneficiaries to meet minimum financial requirements.

It was also noticed that after making advances of Rs.156.12 lakh to 8 DUDAs for implementation of SJSRY during the years 1999-2000 SUDA, Kohima booked the entire amount as final expenditure without obtaining any Utilisation Certificates from the DUDAs. As a result of such booking, the accounts for the years 1999-2000 got distorted.

(iii) PMRY

Year-wise position of cases sponsored by the Department to banks and number of cases where loans were sanctioned by the banks during 1993-99 are given in *Appendix-XXXV*.

During 1993-94 to 1998-99 (figures for 1999-2000 are not available), the Department received 8,773 applications from educated youth for setting up of small businesses, against which and sponsored 1,688 cases were sponsored by the Department to Banks. The Banks, however, paid loan (Rs.1235.08 lakh) to only 1,505 applicants even though Bank officials were associated in the selection and sponsoring of beneficiaries. and Rs.1,235.08 lakh were disbursed as loan by banks to 1,505 applicants. The percentage of shortfall ranged between 6 and 92. Reasons for not releasing loan to the 183 sanctioned cases by Banks were not furnished by the Department. No follow up action was taken by the Department to ascertain if the projects were completed and benefit accrued to the beneficiaries.

The State Level Committee constituted (August 1996) to monitor the performance of PMRY, in its meeting (September 1997) observed that as the selection of beneficiaries was done without ascertaining the financial soundness of the applicants and viability of schemes, disbursements of loan should not be made to the remaining sanctioned cases. Considering that the bank officials were also involved in the selection process, it is evident that the entire selection process was defective. Moreover, poor recovery of the loans sanctioned in earlier years was also attributable to such poor pre-loan sanction appraisals.

(iv) Repayment of loan

The report ((March 2000) of the State Level Bankers Committee (SLBC) stated that since the inception of the scheme (October 1993) only Rs.6.98 lakh had been recovered against the total demand of Rs.1011.11 lakh assessed by SLBC under PMRY.

Poor recovery of loan due to inefficient selection of beneficiaries.

All the 8 lead banks attributed the poor recovery to the wrong selection of beneficiaries, non-existence of assets and wilful non-payment of loan by the beneficiaries. The replies are not acceptable as the selection of beneficiaries was a joint exercise of the Department and the lead banks. It is also evident that there were inherent defects in the selection process (discussed in the preceding sub-para) and failure of both the Department and the banks in taking follow-up action for recovery. No legal action was also initiated (January 2001) by the Department against the defaulters. Impact of the assistance on the beneficiaries could not be analysed due to non maintenance of records showing income earned by the beneficiaries consequent to the assistance received under the scheme.

(v) Training

Although as per SJSRY guidelines, each selected beneficiary was to be given training at least for 300 hours for development of vocational and entrepreneurial skills, the Department imparted

training for only 5 hours training to 255 beneficiaries at an expenditure of Rs.1.35 lakh against the available fund of Rs.21.72 lakh (6 per cent utilisation) and the balance amount of Rs.20.37 lakh remained unutilised (January 2001) in the bank account of the State Urban Development Agency. Reasons for shortfall in training despite availability of funds were not on record.

For want of records, correctness of utilisation of Rs.8.51 lakh could not be vouchsafed in audit

Although, during 1995-96 to 1999-2000, training was imparted in Industry sector (15 days) and Service and Business sector (7 days) by North Eastern Industrial Consultants Ltd., Dimapur to 1,626 beneficiaries at a total expenditure of Rs.8.51 lakh, no records showing the details of training imparted could be produced to Audit. The impact of training to the beneficiaries was never assessed by the Department, especially in terms of their getting employment or setting up businesses. Hence the effectiveness of utilisation of the money for training could not be verified.

As per the scheme each trainee was to be paid stipend @ Rs.300 and Rs.150 per month for Industry and Service and business Sectors respectively but no stipend was paid by the Department to the beneficiaries.

3.5.7 Monitoring and inspection

No monitoring was done by the Departments to see whether the beneficiaries under UEGP had set up any enterprises with the given loan and subsidy. Had the implementation of the schemes been done properly as per the scheme guidelines, the Department could have generated 5.56 lakh more mandays as discussed in paragraph 3.5.5.2, 3.5.5.3(i), 3.5.6.1 and 3.5.6.2. No evaluation to assess the impact of UEGP was also done (January 2001) by the Department.

No schedule of inspection was drawn up; nor was any progress report showing the year-wise performance of the schemes sent to the Government of India, who also did not insist for the same.

3.5.8 Recommendations

The Department should channelise effectively utilise the the available resources more efficiently and utilise the assets created to the best advantage of the targetted people. The scheme needs to be closely monitored and expenditure controlled so as to avoid diversions/unproductive retention of Central assistance funds, and to ensure that assets created provide sustained benefits to the targeted beneficiaries. The Department should also evolve appropriate mechanism for identification of beneficiaries, selection of works by drawing up SOP, annual plans, inspection schedule and maintenance of vital records like Muster Rolls, Measurement Books, Asset Register etc.

The matter was reported to the Government in July 2000; reply has not been received (February 2001).

SECTION: B

AGRICULTURE DEPARTMENT

3.6 Fictitious expenditure (Rs.28.26 lakh) and blockage of Government funds (Rs.8.34 lakh)

Government of India (GOI), Ministry of Agriculture, provided assistance (March 1997) of Rs.36.75 lakh for establishment of a Seed Processing Plant at the Merapani Seed Farm (MSF) in Wokha District, under the National Programme for Varietal Development (NPVD). The Central assistance was to be utilised during 1996-97 and 1997-98 for certain specified components (Purchase of equipment for Seed Processing Plant (SPP):Rs.13.60 lakh; construction of shed for SPP:Rs.8 lakh; construction of 2 threshing floors with roofing:Rs.4 lakh; and land development:Rs.11.15 lakh.).

Drawal of Rs.36.75 lakh unsupported by detailed sub-vouchers violated the treasury Rules

Test check (October-November 1999) of records of the Director of Agriculture (DA), Kohima (September 1997 to September 1999) and information furnished (June 2000) by the Department revealed that, on the basis of an expenditure sanction (Rs.36.75 lakh) accorded by the Government of Nagaland (GON) in December 1997 for the above purpose, the DA drew (8 January 1998) the entire amount through a fully vouched contingent bill, by merely enclosing a copy of the sanction order and a bill abstract for the components specified by the GOI. The amount thus drawn, was not supported by detailed sub vouchers as required under Rule 306 of the Central Treasury Rules, which are also applicable in Nagaland.

Further audit scrutiny revealed the following:

(i) The Director placed (12 January 1998) 4 work orders valued at Rs.21.80 lakh with four contractors A,B,C and D for construction of a godown (Rs.4 lakh) and irrigation channel (Rs.9.80 lakh) at MSF, and construction of a godown (Rs.4 lakh) and threshing shed (Rs.4 lakh) at Tizit Seed Farm (TSF), without entering into an agreement.

Fictitious payment of Rs.17.65 lakh without APRs and contractor's claim

Between January and August 1998, Rs.17.65 lakh (A: Shri T.Lotha (Rs.2.96 lakh), B: Shri R.Kikon (Rs.5.77 lakh) C: Shri A.Konyak Sri Belho Angami.) was stated to have been paid to the contractors. However, no Actual Payees' Receipts (APRs), or contractor's bill in support of the works done were produced to Audit. In the absence of any Register of Works, measurement books, and completion reports maintained by the Department, it cannot be said that works have been executed/completed. Besides, the contractors had also not given their contact addresses. Thus the payment of Rs.17.65 lakh was fictitious.

Fictitious payment of Rs.10.61 lakh

(ii) Out of the balance amount of Rs.19.10 lakh (Rs.36.75-Rs.17.65 lakh), Rs.5.50 lakh was shown as disbursed (January 1998) to an individual who was not connected with the works, and Rs.5.11 lakh to 3 Departmental officers (Deputy Director, Sr. Agricultural Engineer, Agronomist.) (27 August 1998), who were named only by their designation. The entire payment of Rs.10.61 lakh was also made without obtaining APRs.

The Director stated (June 2000) that Rs.5.50 lakh was paid to the said individuals on the authorisation of contractor 'D'. He however, could not explain as to how the contractor was paid Rs.11.27 lakh (Rs.5.77 lakh + Rs.5.50 lakh) when the work order was for only Rs.9.80 lakh. No bill in support of the said contractor's claim (Rs.5.50 lakh) was also made available.

The DA stated (June 2000) that, Rs.5.11 lakh was paid to the 3 Departmental officers for making payment to the casual labourers who were engaged for land development works. He, however, could not produce any documentary evidence in support of execution of works. Thus, the entire expenditure of Rs.10.61 lakh was fictitious.

Equipment lying unutilised, resulting in locking up of Rs.8.34 lakh

(iii) Out of the balance of Rs.8.49 lakh, the DA purchased (November 1998) one Mobile Seed Processing Unit (MSPU) worth Rs.8.34 lakh from a supplier 'E' (M/s Jakie Electro Machine Pvt., Ltd., Haryana.). The said MSPU is lying unutilised with the Sub-Divisional Officer (Stores), Dimapur since November 1998, as the Merapani Seed Farm had not been electrified.

Thus, hasty and injudicious purchases made by the Department resulted in locking up of Rs.8.34 lakh.

The matter was reported to the Government in February 2000; replies have not been received (February 2001).

3.7 Injudicious purchases led to locking up of Government funds of Rs.20 lakh

Government of India (GOI), Ministry of Agriculture, provided (March 1997) a one time non-recurring grant of Rs.20 lakh for purchase of equipment, chemicals and glassware for establishment of a Bio-Fertilizer Production Unit (BFPU) in Nagaland during 1996-97 and 1997-98.

Director of Agriculture made an excess payment of Rs.0.28 lakh.

Test check (October-November 1999) of the records of the Director of Agriculture (DA), Kohima revealed that, the DA drew (March 1998) Rs.20 lakh for setting up a BFPU at the Agricultural Chemistry Laboratory, Medziphema on the basis of an expenditure sanction accorded (March 1998) by the Government of Nagaland (GON), and unauthorisedly kept the amount in a current account operated by him with the State Bank of India (SBI). Subsequently, in September and December 1998, the DA placed supply orders with two agencies/firms, 'A' (International Commercial Traders, Calcutta.) and 'B' (M/s Lab Use, Dimapur.), for supply of equipment (Rs.17.39 lakh) and glassware (Rs.2.32 lakh). The materials were to be delivered to the Agricultural Chemist (AC), Medziphema by December 1998. Agency 'A's authorised dealer 'C' (M/s National Trade Agency, Guwahati.) claimed Rs.17.39 lakh in his bill (May 1999) on the supplies made (May 1999), and the DA paid Rs.17.68 lakh between December 1998 and June 1999, thereby making excess payment of Rs.0.29 lakh to the firm. Firm 'B' was paid Rs.2.32 lakh in April 1999 (Rs.1.17 lakh), and in July 1999 (Rs.1.15 lakh), on receipt of the material.

Drawal of money in March 1998 without a legitimate charge, and much in advance of placing supply orders was irregular, and violated the provision of Rule 290 of the Central Treasury Rules.

Materials worth Rs.20 lakh are lying idle

Further scrutiny revealed that, the entire material worth Rs.20 lakh was lying idle in the store of the Department as of June 2000, since the BFPU has not been set up for want of accommodation. Reasons for procurement of the materials before ensuring availability of accommodation for setting up the unit were neither on record, nor stated by the Department.

Thus, due to injudicious purchases by the Department, Government funds worth Rs.20 lakh were locked up, defeating the purpose for which the funds were released.

The matter was reported to the Government and the Department in February 2000. In reply (May 2000), DA stated that, the money had to be drawn by obtaining proforma bill from the supplier at the end of the year to avoid renewal of sanction, and that, there was no excess payment as the supply order was placed for Rs.17.68 lakh. The contention of the DA on advance drawal is not tenable. Also, since the supplier claimed only Rs.17.39 lakh in his bill, the payment of Rs.17.68 lakh was excessive. Reply of the Government is still awaited (February 2001).

HOME (POLICE) DEPARTMENT

3.8 Non-realisation of cost of Police Guards: Rs.56.73 lakh

Unit Commanders are yet to recover Rs.56.73 lakh towards cost of providing police Guards

Due to the adverse security conditions prevailing in the State, all commercial banks in Nagaland have been provided with Police Guards. Extant instructions of the Government of Nagaland (issued in March 1971), as reiterated by the orders (May 1995) of the Director General of Police (DGP), stipulate that the cost of providing Police Guards is to be recovered at the rate of 10 *per cent* (from the Currency Chest Bank Branch at Dimapur), and at 50 *per cent* (from other Bank branches and offices) of the pay and allowances of the guards deployed. The DGP also directed (May 1995) all unit Commanders to ensure that all payments due upto 31 March 1995 be realised within three months from the date of issue of that order, and credited to Government Account.

Test check (September 1997, July 1998, April 1999 and August-September 1999) of the records of the Superintendents of Police (SP), Dimapur and Zunheboto, and the Commandants, Nagaland Armed Police Battalions at Phek and Tizit, revealed that, claims of Rs.56.73 lakh (Dimapur: Rs.11.25 lakh, Zunheboto: Rs.18.83 lakh, Phek: Rs.12.41 lakh and Tizit: Rs.14.24 lakh-Appendix XXXV) raised against different banks and offices for the period April 1980 to December 1997 had not been settled as of March 2000.

The matter was reported to the Government/Department in June 1998, August 1999, February and March 2000. In reply (January 2000), SP, Dimapur stated that steps were being taken to realise the outstanding amount. Replies of the other unit Commanders, Department, and the Government, are awaited (February 2001). In the meantime, the Department continued to provide Police Guards without receiving payment for the services of police guards.

HOME (GENERAL ADMINISTRATION BRANCH) DEPARTMENT

3.9 Expenditure of Rs.79.32 lakh on unauthorised appointment

Home Department unauthorisedly appointed contingency paid/casual employees resulting in irregular expenditure of Rs.79.32 lakh

Extant orders (2 April 1993) of the Finance Department, Government of Nagaland prohibit the appointment of contingency paid employees and casual employees by Government Departments.

Test check (September-October 1999) of records of the Special Officer (Accounts), Civil Secretariat, Kohima, and the Deputy Commissioner (DC) Wokha, revealed that, in violation of the Government orders, the Department appointed 231 contingency paid/casual employees like Mali, Chowkidars, Peon, Typists etc., during April 1996 to October 1999 in excess of the regular sanctioned strength and incurred irregular expenditure of Rs.79.32* lakh towards their wages and salaries.

*Spl. Officer (Accounts): 179 contingent paid employees (2/97 to 3/99)	Rs.24.97 lakh
DC, Wokha: 52 casual employees (4/96 to 10/99)	Rs.54.35 lakh
	Rs.79.32 lakh

The matter was reported to the Government in March 2000; replies have not been received (February 2001).

3.10 Irregular drawal of funds and nugatory expenditure : Rs.13.61 lakh

Rule 290 of the Central Treasury Rules (which have been adopted by Government of Nagaland) stipulates that, no money shall be drawn from the treasury unless it is required for immediate disbursement.

Rs.13.38 lakh drawn on the basis of false certificate by Joint Secretary (Home)

Test check (September-October 1999) of the records of the Special Officer (SO) Accounts, Civil Secretariat, Kohima for the period February 1997 to August 1999 revealed that, based on an expenditure sanction (July 1997) of the Home Department for installation of a 200 line EPABX system in the New Secretariat Building, the SO drew and paid Rs.13.38* lakh (July 1997) to the Joint Secretary (JS) Home. The amount thus drawn was based on a certificate recorded (21 July 1997) by the JS Home (who was the consignee) on the body of a price schedule submitted by a firm 'A' (M/s Crompton Greaves, Calcutta.) to the Divisional Engineer, Telephone Exchange, Department of Telecommunications, Kohima, to the effect that the materials were received in good

condition and taken into stock. The certificate was fictitious, because the materials for installation of EPABX system were received by the JS only in October 1997 (Rs.6.12 lakh) and April 1998 (Rs.2.32 lakh), against the supply order issued (3 September 1997) to firm 'A'.

*(i)	200 lines EPABX System 1 unit @ Rs.5,76,800	Rs. 5,76,800
(ii)	EPBT with flash keys 200 Nos. @ Rs.570 each	Rs. 1,14,000
(iii)	Battery Bank 1 set @ Rs.570 each	Rs. 55,000
(iv)	Float cum boost charger 1 No. @ Rs.42,200	Rs. 42,000
(v)	Installation and commissioning	Rs. 5,28,000
(vi)	Cable and other ancillary requirement	Rs. 13,38,000

Payment of Rs.7.83 lakh on defective EPABX System

Firm 'A' was paid Rs.7.83 lakh (Rs.5.51 lakh in December 1997 and Rs.2.32 lakh in July 1998). The balance amount of Rs.0.61 lakh (including installation charges of Rs.0.22 lakh) had not been released to the firm, because the EPABX system was found to be defective, and remained unoperational till date (February 2001).

Since no contractual agreement had been executed, legal action could not be initiated

The Department could not take any legal action against the supplier, since no contractual agreement was made with the firm, and also, since, as per terms and conditions of the supply order, the supplier was allowed to receive full payment within one month of delivery i.e., irrespective of whether the equipment had been tested and commissioned successfully.

Payment of Rs.5.78 lakh without evidence of cabling job

Further, it was noticed that the JS paid Rs.5.78 lakh (March 1997: Rs.1.08 lakh, July 1998: Rs.0.60 lakh and March 1998: Rs.4.10 lakh) to firm 'B' (M/s Suraj Enterprises, Calcutta.) for the cabling job. The payment was not supported by records showing the services rendered by firm 'B'.

Thus, due to false certification by JS (Home), and subsequent payment to the supplier without contractual agreement, and without testing and commissioning the EPABX system, the entire expenditure of Rs.13.61 lakh proved infructuous. Besides, Rs.0.23 lakh (Rs.13.61 lakh - Rs.13.38 lakh) representing excess expenditure over the Government sanction, has not been regularised till date (February 2001).

The matter was reported to the Government in May 2000; replies have not been received (February 2001).

3.11 Fictitious payment of Rs.5 lakh

Government of Nagaland, Planning and Coordination Department, sanctioned (26 March 1997) Rs.5 lakh for execution of various (Construction of four fishery ponds at Baghty (Rs.2 lakh); Plantation of rubber trees at Baghty (Rs.1 lakh) works under the 'Chief Minister's Special Development Programme'. The works were to be executed through the Assistant Engineer, Civil Administration Works Division (AE, CAWD) under the Deputy Commissioner (DC), Wokha.

Test check (November-December 1999) of the records of the DC, Wokha (April 1996 to October 1999) revealed that, the DC issued (26 March 1997) work orders for Rs.5 lakh to three individuals/contractors 'A', (Shri Renbenthung Yanthan.) 'B' (Shri A. Lotha.) and 'C' (Shri A.

Lotha.), who were neither on the approved list of contractors, nor registered as contractors with the Department. The basis of selection of contractors was not on record.

DC Wokha made a fictitious payment of Rs.5 lakh to a person unconnected to the works

On the next day (27 March 1997) DC, Wokha drew Rs.5 lakh, and paid the entire amount to 'D' (Shri Liben Yanthan.) (27 March 1997), who was not connected with these works. As per the certificate recorded by the AE, CAWD and countersigned by the DC, Wokha on the body of the bill, the works (Earth work (4082 cubic metre) for fishery pond: Rs.2 lakh; Clearing jungle, digging pits, purchase of seedlings etc., (60 hectares @ Rs.5,000 per hectare): Rs.3 lakh) were completed on 28 March 1997.

It was physically impossible to complete work of such magnitude within two days. Department could not furnish any record to substantiate that the works were executed by any contractor. It is not clear how the DC, Wokha made payment (27 March 1997) without verifying the completion of this work. Department could not explain how payment was made to an unauthorised person ('D'), unconnected with the works.

Thus, the payment of Rs.5 lakh was fictitious.

The matter was reported to the Government and the Department in March 2000; replies have not been received (February 2001).

HOME (FIRE SERVICES) DEPARTMENT

3.12 Unauthorised and infructuous expenditure on purchase of land and building: Rs.13 lakh

Irregular payment of Rs. 13 lakh on land and building, the possession of which could not be taken over by the Department

Mention was made in para 2.7(a) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 that, the Deputy Inspector General (DIG) Fire Services, Kohima, drew Rs.18.12 lakh in March 1997 for construction of buildings for the Fire Services at Mon, on the basis of preliminary estimates, and kept the amount unauthorisedly in the form of Deposit-at-Call (DAC) receipt.

During subsequent audit (September 1999) of the records of the DIG, Fire Services, Kohima, it was noticed that, out of the Rs.18.12 lakh unauthorisedly retained, the DIG paid (June 1998) Rs.13 lakh in cash to an individual (Shri Pongnan Konyak, Mon.) for purchase of a plot of land measuring 1½ acres with existing building, on the basis of agreement made on 27 May 1998, without ascertaining the actual cost of the land from the Deputy Commissioner (DC), Mon. This was in violation of instructions of Government of Nagaland, Finance Department of 16 February 1988, which specifies that, all proposals for purchase of land should be routed through the Land Revenue Department, and that, no negotiation should be initiated, except in cases where the rates had been fixed by the DC. It was further stipulated that, payment of compensation for such land should be made through the DC's office.

Also, in terms of Paragraph 441 of the Nagaland Public Works Department Code, only the Government is competent to authorise purchase of buildings, for which purpose, a survey and valuation report is to be prepared by the Divisional Officer (the Project Engineer, Police Engineering Project Division, Chumukedima in this case), and submitted to Government for approval. By directly finalising the purchase, the DIG, Fire Services, Kohima, violated Government rules.

It was noticed that the cost of the land and building had not been specified in the agreement. Further, the Department could not take possession of the land and building as of January 2001 due to unauthorised encroachments. No Police case was registered; nor was any action taken by

the Department to secure the possession of the land and building. The identity of the persons who encroached on the land, and date(s) of encroachment, are not on records. Moreover, the Department also did not verify the title deed before making payment to the individual.

Consequently, the expenditure of Rs.13 lakh on purchase of land and building was unauthorised, irregular, and infructuous.

The matter was reported to the Government and the Department in November 1999. While the Department intimated (May 2000) that, the possession of the land and building would be taken within a short time, Government admitted (August 2000) the lapse on the part of the Department, and stated that the actual valuation of the land and building was not on record. Government also directed the Department to take possession of the assets early. Further action is awaited (February 2001).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.13 Payment of Rs.36.25 lakh towards clearance of fictitious past liabilities led to loss to the Government

Loss of Rs.36.25 lakh on payment of fictitious past liabilities

Based on a proposal submitted (March 1996 and September 1997) by the Director of Medical Services (DMS), Nagaland, Kohima, the Government sanctioned (August 1996 and December 1997) Rs.36.25 lakh for clearance of outstanding liabilities stated to have been created for purchase of equipment (Rs.10.71 lakh), furniture (Rs.22.63 lakh), nursing sundries (Rs.2.54 lakh), and medicines (Rs.0.37 lakh) during 1985-86 and 1994-95. Consequently, the DMS drew and paid the entire amount in September 1996 (Rs.13.61 lakh), and December 1997 (Rs.22.63 lakh), to four* suppliers without verifying the genuineness of the liabilities.

*Name of firms	Date of supply order recorded in the bill but not furnished	Items	Total amount (Rs.)
1. M/s Welco Trading Kohima	8/85	Equipment	1,89,099
-do-	12/85	Nursing sundries	2,53,710
2. M/s J.D. Pharmaceuticals, Guwahati	8/85	Medicines	36,777
3. M/s Hospital Suppliers, Dimapur	12/85	Equipment	8,81,680
4. M/s Eastern Agencies, Dimapur	Nil	Furniture	22,63,189
			Rs.36,24,455

Scrutiny (July-August 1999) of the records (March 1996 to June 1999) of the DMS, Kohima revealed that, while certificates for receipt of materials worth Rs.13.62 lakh against supply orders of 1985-86 were issued by the 2 Civil Surgeons (Mokokchung and Tuensang) during August and December 1985, there were no certificates recorded as to who actually received the materials worth Rs.22.63 lakh against supply orders of 1994-95. Receipt of materials was also not recorded in the Stock Account of the Department. Moreover, the DMS could not produce the relevant supply orders against which the supplies were made; nor were the certificates of verification of quality and

quantity by the departmental Consignment Verification Board, constituted for the purpose from time to time, made available to Audit.

Further scrutiny of records showed that, during President's Rule in the State in 1992-93, a High Powered Committee (HPC) constituted by the Government of Nagaland for the purpose of verification of genuineness of past liabilities of various departments, had certified the genuineness of bills worth Rs.43.93 lakh only, out of the bills for Rs.195.12 lakh submitted by the Department. However, bills for Rs.13.62 lakh cleared by the DMS were not included in the original list for Rs.195.12 lakh (either certified or rejected by HPC). Also, it was seen from various reports and returns submitted by the DMS to the Government upto 16 February 1996, that, the liability of Rs.22.63 lakh for 1994-95 had never been indicated in any of the reports/returns. The DMS also failed to produce any other evidence to establish the genuineness of past liabilities for which payment of Rs.36.25 lakh was made.

Thus, it was evident that the Department had spent Rs.36.25 lakh on fictitious liabilities, leading to loss to the Government.

The matter was reported to the Government and the Department in November 1999; replies have not been received (February 2001).

3.14 Excess payment of Rs.33.60 lakh on procurement of medicines and nursing equipment

Excess payment, due to allowance of higher rate and purchase from unauthorised dealers

(a) Extant orders (November 1994) of the Government of Nagaland list out 114 manufacturing firms whose products are approved for supply to Government medical institutions in Nagaland.

Test check (July-August 1999) of the records (March 1996 to June 1999) of the Director of Medical Services (DMS), Kohima revealed that, instead of effecting purchases through the authorised dealers of the approved manufacturers, the DMS procured medicines from various local firms (M/s Chemi Pharma Distributors, Kohima.), of which, only one firm was an authorised dealer. The DMS did not make any trade enquiries with the principal manufacturers, to ascertain whether the rates paid to the local firms were in consonance with the special bulk rates payable on purchases by Government medical institutions.

However, scrutiny of suppliers' bills revealed that, the firms (including the "authorised dealer") claimed higher rates of Rs.36.67 lakh, than those quoted by themselves as the approved rates (Rs.28.35 lakh) for supply to the Government. This alone, resulted in excess payment of Rs.8.99* lakh.

*Total payment made at higher rates	Rs.36.67 lakh
Amount payable at approved rate	Rs.28.35 lakh
Excess	Rs. 8.32 lakh
Add 8% Tax	Rs. 0.67 lakh
	Rs. 8.99 lakh

(b) The Government approved rates (23 March 1999) for I.V. (infusion) equipment was Rs.28 each. This was identical to the Maximum Recommended Price (MRP) shown on the packaging. It was seen however, that the DMS purchased 43,436 I.V. sets between March 1997 and March 1999, at Rs.45 per set, which led to excess payment of Rs.7.98* lakh.

* Total payment at higher rates (43,436 x Rs. 19.55

45)	lakh
Amount payable at approved rate (43,436 x 28)	Rs. 12.16 lakh
Excess:	Rs. 7.39 lakh
Add 8% tax	Rs. 0.59 lakh
	Rs. 7.98 lakh

(c) Between March 1996 to February 1999, the DMS procured 1,81,096 pairs of surgical gloves at the rate of Rs.28 per pair. The packaging however, showed the MRP at Rs.19.50 per pair. Thus, there was excess payment of Rs.16.63* lakh.

*Amount paid at higher rate (1,81,096 x 28)	Rs. 50.71 lakh
Amount payable (1,81,096 x 19.50)	Rs. 35.31 lakh
Excess:	Rs. 15.40 lakh
Add 8% tax	Rs. 1.23 lakh
	Rs. 16.63 lakh

Thus, the DMS unnecessarily paid a total of Rs.33.60 lakh in excess.

The matter was reported to the Government and the Department in November 1999; replies have not been received (February 2001).

HEALTH AND FAMILY WELFARE/EDUCATION DEPARTMENTS

3.15 Non-adjustment of medical advances of Rs.9.25 lakh

Laxity of the DMS, Kohima and DIS, Mokokchung resulted in unrecovered medical advances of Rs.9.25 lakh

The Central Medical Attendance Rules, which are also applicable in Nagaland, stipulate that claim for reimbursement of medical expenses should be preferred within 3 months from the date of completion of treatment.

Test check (July-August 1999) of the records (March 1996 to June 1999) of the Director of Medical Services (DMS), Kohima supplemented by test check (May 1999) of the records (June 1997 to April 1999) of the Deputy Inspector of Schools (DIS), Mokokchung revealed that medical advances of Rs.9.25 lakh (DMS: Rs.6.75 lakh and DIS: Rs.2.50 lakh) granted to 34 employees during August 1992 to May 1999 (*Appendix XXXVII*), the reimbursement claims of which stood forfeited due to non-submission of medical reimbursement claims within the stipulated time, were not recovered.

On this being pointed out (May 1999) by Audit, the DIS, Mokokchung stated (May 1999) that out of 10 erring officials, 4 had already retired without settling the advance, though notice had been served to all, including those who were in service. DIS, Mokokchung however, did not explain why the advances were not recovered from the 4 officials at the time of settling their retirement claims and also, why no disciplinary action had been initiated against those officials responsible for settling the retirement claims. Neither DIS Mokokchung, nor DMS Kohima, have taken any

conclusive action in the matter, even after Audit had pointed out the irregularity in May 1999 and August 1999.

Thus, due to failure of the Drawing and Disbursing Officers to discharge their statutory responsibilities, the above mentioned 34 employees have been allowed to reap undue financial benefit.

The matter was reported to the Government in November 1999 and February 2000; replies have not been received (February 2001).

INDUSTRIES AND COMMERCE DEPARTMENT

3.16 Fraudulent drawal by tampering with supplier's bill (Rs.1.47 lakh) and excess payment (Rs.1.60 lakh) due to irregular release of Nagaland Sales Tax

(a) The Director of Sericulture (DOS), Nagaland, placed (March 1993) a supply order with a local supplier 'A' (M/s Atom, Tuensang.) for supply of building materials viz., (i) 500 M.S. Angle iron corner posts (65 x 65 x 6 mm x 10 ft.) @ Rs.488.16 each and (ii) 1400 M.S. Angle iron intermediate posts (50 x 50 x 6 mm x 10 ft.). @ Rs.324 each with 8 *per cent* Nagaland Sales Tax (NST) deductible at source.

Short supply of 700 MS Angle iron intermediate posts

During audit (October 1999) of the accounts (July 1996 to September 1999) of the DOS, it was noticed that against the supply order for 1400 Angle iron intermediate posts, the supplier had actually supplied only 700 posts. The short supply (March 1993) of 700 posts was corroborated by collateral check of the Materials at Site (MAS) account by Audit.

Fraudulent drawal of Rs.5.80 lakh by tampering with the bill

Excess fraudulent payment of Rs.1.47 lakh

The DOS however, by tampering with the bill of the supplier, changed the quantity shown as supplied, from 700 to 1400 posts. He, thereby, inflated the bill amount from Rs.4,70,880 to Rs.6,97,680 and fraudulently drew and paid Rs.5,80,250* (excluding NST: Rs.50,990 and withheld amount: Rs.66,440) against the amount of Rs.4,33,210** payable to the supplier for the materials supplied. Thus, there was an excess fraudulent payment of Rs.1.47 lakh.

*Bill passed for payment	Rs.6,97,680
Less amount withheld	Rs. 66,440
	Rs.6,31,240
Less NST 8%	Rs. 50,990
Amount paid in cash:	Rs.5,80,250 (1)
**Amount payable	Rs.4,70,880
Less NST 8%	Rs. 37,670
	Rs.4,33,210 (2)
Difference of (1) and (2)	Rs.4,33,210

Irregular release of Sales Tax

(b) It was further noticed that, Sales Tax amounting Rs.1.60 lakh was deducted (September 1996) from the bills of 4 suppliers, but not remitted to the Sales Tax Department. Subsequently, DOS released this amount to the suppliers (March 1997) which resulted in loss of Rs.1.60 lakh revenue to the Government.

The matter was reported to the Government in March 2000; replies have not been received (February 2001).

SCHOOL EDUCATION DEPARTMENT

3.17 Non-adherence to Financial Rules led to misappropriation of Rs.10.87 lakh

Laxity on the part of the Deputy Inspectors of Schools resulted in misappropriation of Rs.10.87 lakh

The Central Treasury Rules followed by the Government of Nagaland stipulate that, all monetary transactions should be entered in the Cash Book, and attested by the Head of Office, as a token of check. The Head of Office should also verify the totalling of the Cash Book, or have this done by some responsible subordinate official other than the writer of the Cash Book and initial it as correct. At the end of each month, the Head of Office should verify the cash balance in the Cash Book, and record a signed and dated certificate to that effect. Further, totals of pay bills must be checked by the Drawing Officer himself, or by a responsible person other than the person preparing the bill.

(a) Audit (May 1999) of the accounts of the Deputy Inspector of Schools (DIS), Dimapur revealed that, in contravention of the aforesaid provisions, cash balances for the period from 8 October 1998 to 5 January 1999 were not physically verified and authenticated by the DIS, Dimapur. Non-observance of basic internal control procedures on cash maintenance and preparation of pay bills resulted in the following irregularities.

Misappropriation of Rs.4.20 lakh Rs.1.44 lakh

(i) An amount of Rs.1.44 lakh drawn from the treasury on 11 May 1998 in two bills was not entered in the Cash Book, and no Actual Payees Receipts (APRs) in support of disbursements were produced to Audit, which resulted in misappropriation of Rs.1.44 lakh.

(ii) The closing cash balance as on 8 October 1998 was wrongly worked out as Rs.43.76 lakh, instead of the correct balance of Rs.46.08 lakh. Similarly, on 5 January 1999, the opening balance was shown as 'Nil', though the closing cash balance on the previous working day was Rs.1.88 lakh. Thus, Rs.4.20 lakh was misappropriated, by understating the cash balance in the cash book (Rs.2.32 lakh + Rs.1.88 lakh).

Misappropriation of Rs.1.48 lakh

(iii) Test check of pay bills revealed that, between March 1997 and February 1999, Rs.1.48 lakh was drawn in excess, by inflating the totalling of figures in 9 bills. The amount was misappropriated.

Misappropriation of Rs.3.75 lakh

(b) Similarly, test check (May 1999) of records of the Deputy Inspector of Schools (DIS) Mokokchung (June 1997 to July 1999) revealed that, in 11 pay bills (December 1997 to November 1998), the grand total (net amount) of the bills had been inflated by Rs.3.75 lakh, and wrongly shown in the Cash Book as paid to the staff. Thus, Rs.3.75 lakh had been misappropriated by the DDO.

Thus, failure on the part of the DIS Dimapur and Mokokchung to comply with the statutory requirements facilitated the misappropriation of Rs.10.87 lakh (Rs.1.44 lakh + Rs.4.20 lakh + Rs.1.48 lakh + Rs.3.75 lakh).

The matter was reported to the Government in November 1999 and February 2000; replies have not been received (February 2001).

SOIL AND WATER CONSERVATION DEPARTMENT

3.18 Non-realisation of hiring charges of Bulldozers

Departmental instructions (July 1991) require that, hiring charges at Rs.500 per hour are to be recovered in advance from private individuals to whom departmental bulldozers are leased out by the Department.

Loss of Rs.5.29 lakh due to non-realisation in advance of hire charges of bulldozers from the users.

During audit (May 2000) of the records (1995-96 to 1999-2000) of the Mechanical Engineer, Soil Conservation, Dimapur and District Soil Conservation Officer, Mokokchung, it was noticed that, departmental bulldozers were hired out (for 1058 hours) to 11 individuals (10 in Dimapur and 1 in Mokokchung) during July 1993 to May 1998, but hiring charges of Rs.5.29 lakh had not been realised (August 2000), leading to loss to the Government. The loss was mainly due to Department's failure to comply with its own instructions in realising the hire charges in advance from users.

The matter was reported to the Government and Department in June 2000; replies had not been received (February 2001).

3.19 Loss due to payment of Rs.39.96 lakh towards clearance of fictitious past liabilities

Payment of Rs.39.96 lakh towards clearance of fictitious past liabilities

During audit (May 2000) of the accounts of the Director, Soil and Water Conservation Department (DSWC), Nagaland, Kohima, it was noticed that, following a sanction issued by the Government of Nagaland in March 1997, the DSWC drew (March 1997) Rs.50 lakh towards payment for procurement of building materials (Rs.40 lakh), and for clearance of outstanding liabilities (Rs.10 lakh). Of Rs.50 lakh, DSWC paid (March and April 1997) Rs.39.96 lakh to six suppliers* (who had not submitted their address), for supply of building materials against the supply orders issued in October 1995.

*Shri Kamkia, Kohima	Rs. 8.67 lakh
Shri Akum, Kohima	Rs. 7.34 lakh
Shri John Lotha, Kohima	Rs. 1.28 lakh
Shri Ato, Kohima	Rs. 9.73 lakh
Shri Tokiumong, Kohima	Rs. 3.24 lakh
Shri Hankam, Kohima	Rs. 9.70 lakh
	Rs.39.96 lakh

The materials were certified as received by the Assistant Engineer (Engineering Wing) in November 1995, and shown as issued to the 7 District Soil Conservation Officers (Kohima,

Mokokchung, Mon, Phek, Tuensang, Wokha and Zunheboto.) (DSCO) in January-February 1996. No records showing the assessment of requirements, details of works against which materials were utilised etc., were produced to Audit.

The DSCOs, Kohima and Mokokchung to whom materials worth Rs.11.25 lakh (Kohima:Rs.5.60 lakh and Mokokchung:Rs.5.65 lakh) were shown as issued by the Directorate, stated (April 2000) that, they had not received any building materials in the past 5 years. The DSCO, Kohima further added (April 2000) that his office did not deal with any construction matters. The DSWC also failed to produce any evidence to establish the genuineness of past liabilities for which payment of Rs.39.96 lakh was allegedly made. It is therefore evident that, the Rs.39.96 lakh stated to have been paid on fictitious past liabilities was misappropriated.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

3.20 Doubtful expenditure

Based on a proposal submitted (July 1995) by the Director of Soil and Water Conservation Department (DSWC), Nagaland, Kohima, the Government of Nagaland sanctioned (August 1995) Rs.44 lakh for bench terracing in 440 hectares of hill slopes @ Rs.10,000 per hectare, in all the 7 (Kohima, Mokokchung, Tuensang, Mon, Zunheboto, Phek and Wokha.) districts, under the scheme "Command Area Land Development".

During audit (May 2000) of the records (1995-96 to 1999-2000) of the Director of Soil and Water Conservation, Nagaland, Kohima, it was noticed that, following the Department sanction of Rs.44 lakh, for the above purpose, DSWC drew Rs.20.70 lakh in September 1995 through a fully vouched contingency bill by enclosing copies of suppliers' bills for spare parts of bulldozer dated March and September 1993, for making payment to 5 (S/Shri Hanso, Luntsa, Atam, Atsum & John (all from Kohima.) suppliers. The suppliers had no address (other than their location in Kohima) and were not authorised suppliers. Thus, the DSWC unauthorisedly diverted Rs.20.70 lakh from plan fund for meeting non-plan expenditure, reasons for which were not on record.

The materials were certified as received by the Mechanical Engineer, Soil Conservation (MESC), Dimapur, and shown as utilised on 7 bulldozers during March and September 1993.

Similarly, DSWC drew Rs.128.18 lakh in May 1996 towards cost of spare parts for the same 7 bulldozers that had been issued spare parts for Rs.20.70 lakh in 1993. All the materials were claimed to have been received by the MESC in November-December 1994 and shown as issued to 7 bulldozers between November 1994 and June 1995.

Doubtful expenditure of Rs.148.88 lakh

Further, since the Department did not maintain history sheets, log books of the bulldozers and inventory of unserviceable spares and accessories etc., the genuineness of the expenditure of Rs.148.88 lakh, and the utilisation of materials could not be established in audit.

The matter was reported to the Government in June 2000, replies had not been received (February 2001).

3.21 Extra expenditure on procurement of seedlings-Rs.17.58 lakh

In March 1996, Government of Nagaland approved rates for procurement of different varieties of seedlings for the year 1995-96. These rates were applicable upto the year 1998-99.

Loss of Rs.17.58 lakh due to procuring seedlings at higher rates

During test check (May 2000) of the records of the Director of Soil and Water Conservation (DSWCD), Nagaland, Kohima for the period from April 1995 to March 2000, it was noticed that, the DSWCD procured (November 1997 and March 1998) 4.77 lakh seedlings of 5 varieties (Mandarin Orange, Sweet Orange, Plum, Peach and Pear.) from 11 supplier(s) under the 'Watershed Development Project in Shifting Cultivation Areas' at a total cost of Rs.62.09 lakh, against the cost of Rs.44.35 lakh approved by the Government, resulting in extra expenditure of Rs.17.74 lakh as shown in *Appendix-XXXVIII*.

No tender was invited to ascertain the reasonableness/competitiveness of rates. No reason was also attributed by the Department for procurement of seedlings at higher rates.

Genuineness of utilisation of seedlings procured for Rs.62.09 lakh could not be verified

District Soil Conservation Officers (DSCOs), Kohima and Mokokchung (out of the 7 DSCOs to whom the seedlings were issued and whose records were test checked, also failed to produce plantation journals showing the area covered under the plantations, the number of trees actually planted/survived. Hence, genuineness of utilisation of the seedlings could not be verified in audit.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

3.22 Unauthorised/infructuous expenditure-Rs.73.35 lakh

Rs.33.87 lakh incurred on salaries of excess staff.

Test check (May 2000) of the records (April 1995-March 2000) of the Director of Soil and Water Conservation (SWC), Nagaland, Kohima revealed that, the Department incurred expenditure of Rs.33.87 lakh towards pay and allowances of 17 Group 'C' and 12 Group 'D' staff appointed in excess of the sanctioned strength*.

*Category of staff	Sanctioned strength	Men-in-position	Excess
Group 'C'	493	510	17
Group 'D'	204	216	12

Rs.16.05 lakh incurred on wages of idle staff.

Similarly, during 1995-96 and 1997-98, the Department engaged 17 and 15 employees* respectively, under the scheme "Soil Survey and Testing", even though the Department did not conduct any survey or soil testing during the said period. This resulted in payment of idle wages of Rs.16.05 lakh.

*Assistant Soil Survey Officer	2	Assistant Soil Survey Officer	2
Cart. Assistant	2	Cart. Assistant	2
Chain man	4	Chain man	4
Draftsman	2	Draftsman	2
Laboratory Assistant	2	Soil Conservation Assistant	4
Soil Conservation Assistant	4	Tracer	1
Tracer	1		

Total:-	17	15
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During audit of 3 (Mechanical Engineer, Dimapur, District Soil Conservation officers, Kohima and Mokokchung.) DDOs it was also noticed that:-

ME (SWC), Dimapur paid Rs.20.49 lakh on idle wages

(i) Mechanical Engineer (ME), SWC, Dimapur deployed 2 to 6 power tiller operators during July 1993 to March 2000, though the ME did not have any power tiller. In addition, 9 to 12 bulldozer operators were engaged during the said period, though the ME had only 7 bulldozers till June 1996, and 6 bulldozers thereafter, resulting in excess of 2 to 5 operators. Total idle wages paid on this account worked out to Rs.20.49 (Power Tiller Operator: Rs.9.37 lakh (July 1993 to March 2000.) Bulldozer Operator: Rs.0.81 lakh (April 1998 to March 2000)) lakh.

DSCOs (Kohima and Mokokchung) paid Rs.2.94 lakh on idle wages.

(ii) District Soil Conservation Officers (DSCOs), Kohima and Mokokchung, also engaged one tractor operator, and one power tiller operator, between March 1996 and March 2000, although there was no tractor/power tiller available with them during the reported period, resulting in infructuous expenditure of Rs.2.94 (Tractor Operator: Rs.0.81 lakh (April 1998- to March 2000). Power Tiller Operator :Rs.2.13 lakh (March 1996 to March 2000). lakh.

The matter was reported to the Government in June 2000; replies had not been received (February 2001).

3.23 Receipts of Rs.342.09 lakh not accounted for

As per the Central Treasury Rules, as adopted by the Government of Nagaland, all monetary transactions should be entered in the cash book immediately on their occurrence, and attested by the Head of the Office in token of check.

Non-accountal of Rs.342.09 lakh in the cash book.

During test check (May 2000) of the records (1995-96 to 1999-2000), of the District Soil Conservation Officers, Kohima and Mokokchung, it was noticed that, Rs.173.09 lakh and Rs.169 lakh received by them respectively for implementing 6 ((i) Command Area Land Development (ii) Integrated Watershed Management Project (iii) Contour Bunding (iv) Stream Bank Erosion Control (v) Drinking Water Source Development and (vi) Watershed Development Project in Shifting Cultivation Areas.) schemes during 1995-96 to 1998-99, were not entered in the cash book. Reasons for not routing the transactions through the cash book are not known.

Veracity of utilisation of scheme fund could not be authenticated

No documentary evidence in support of utilisation of these funds (Rs.342.09 lakh) was made available to Audit. As a result, the genuineness of utilisation of these funds could not be verified. Moreover, since the transactions were not routed through the cash books, the possibility of misappropriation of funds can not be ruled out.

The matter was reported to the Government and Department in June 2000; replies had not been received (February 2001).

HOME DEPARTMENT

3.24 Failure of senior officials to enforce accountability, and protect the interest of Government

The Accountant General (Audit) conducts periodical inspections of the Government departments, to test check the veracity of transactions, and verify the maintenance of important accounting and other records, as per prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs). When important irregularities etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of Offices inspected, with a copy to the next higher authorities. Though the State Government had accepted the recommendations of Shakdhar Committee regarding establishment of appropriate mechanism in Government to monitor Government's response to Audit, no separate monitoring cell has been established by the State Government as of January 2001. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, and rectify the defects and omissions promptly, and report compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the AG (Audit). A half yearly report of pending inspection reports is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring of settlement of the audit observations.

Review of Inspection Reports (issued upto June 2000) pertaining to three Departments viz., Police, Printing and Stationery and Jails disclosed that, 747 paragraphs relating to 153 IRs remained outstanding at the end of January 2001. Of these, 123 IRs containing 175 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix-XXXIX*. Seven Divisions/offices did not furnish even the initial replies to the 16 IRs issued between 2 March 1999 and 14 February 2000, although the Heads of Offices are required to furnish reply within six weeks from the date of issue of the observation. As a result, the following serious irregularities commented upon in these IRs had not been settled, as of February 2001.

Serial number	Nature of irregularities	No. of paragraphs	Amount (Rupees in lakh)
1.	Avoidable expenditure/excess payment	55	342.53
2.	Misappropriation/shortage/loss, of Government money/stores	79	452.91
3.	Irregular/unauthorised purchase/blocking of Government money/stock and unaccounted stores	173	1382.27
4.	Loss due to non-realisation of Government money	34	372.07
5.	Money kept outside Government accounts	14	10.29
6.	Advance drawal	28	561.84
7.	Deviation of fund/mis-use of funds	24	348.24
8.	Fictitious/Doubtful drawal	21	217.89
9.	Miscellaneous/Others	319	643.33
	Total:-	747	4331.37

A review of the IRs awaiting replies in respect of Police, Printing and Stationery and Jail Departments revealed that the Heads of Offices, whose records were inspected by AG and the concerned Head of the Department (Director General of Police, Director of Printing and Stationery and Inspector General of Prisons respectively), failed to discharge their responsibility, as they did not send any reply to a large number of IRs/paragraphs, indicating thereby their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. Secretaries of the respective Departments, who were appraised of the position through half-yearly reports, also failed to ensure that the concerned officers of the Department take prompt and timely action.

The above also indicated inaction against the defaulting officers and thereby facilitated the continuation of serious financial irregularities, and loss to the Government.

It is recommended that Government re-examine this matter, and ensure that procedure exists for (a) action against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/ outstanding advances/overpayments in a time bound manner, and (c) establish an appropriate mechanism in government to monitor Government's response to Audit.

The matter was referred to the Government in January 2001; replies had not been received (February 2001).