

RURAL DEVELOPMENT DEPARTMENT

3.4 Swarnjayanti Gram Swarozgar Yojana

Highlights

Swarnjayanti Gram Swarozgar Yojana (SGSY) aims to provide sustainable income to the rural poor by establishing a large number of micro enterprises in the rural area and bring every family assisted under this scheme funds above the poverty line in a period of three years. The programme was not adequately monitored and its evaluation was not generally done. There was shortfall in the coverage of vulnerable groups of the society.

Physical and financial progress reports prepared and submitted to the Government of India were not based on facts. Actual progress was not ensured.

(Paragraph 3.4.10)

The progress of 3911 BPL families identified and assisted under the scheme in 15 blocks was not monitored and evaluated. Achievement in percentage was only 0.08 BPL family brought above poverty line.

(Paragraph 3.4.17)

Lack of active participation of banks adversely affected implementation of the programme.

(Paragraph 3.4.25)

Funds amounting to Rs.5.77 lakh released by the Director, Rural Development Blocks could not be accounted for.

(Paragraph 3.4.53)

Introduction

3.4.1 Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched in Nagaland from 1 April 1999 by restructuring and merging of erstwhile self employment programmes like Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Tools Kits to Rural Artisans (SITRA) and Ganga Kalyan Yojana (GKY). The scheme was started by the Central Government to cover all aspects of self employment by organising the poor into self help groups (SHG) and meeting their training, credit, technology, infrastructure and marketing requirements to bring them above the poverty line in 3 years (1999-2000 to 2001-2002). The coverage was to be given to the people living below the poverty line (BPL).

Objectives/ salient features

3.4.2 The objective of Swarnjayanti Gram Swarozgar Yojana (SGSY) is to provide sustainable income to the rural poor by establishing a large number of micro-enterprises in rural areas generating self employment opportunities. The aim was to bring the assisted families (Swarozgaris) above the poverty line in three years by ensuring that the individual family had a monthly net income of at least Rs.2000 excluding repayment, be providing income generating assets through a mix of bank credit and Government subsidy.

Audit Coverage

3.4.3 The implementation of the Swarnjayanti Gram Swarozgar Yojana was reviewed in audit (April – June 2002) by test check of the records for the period from 1999-2000 to 2001-2002 in the office of the Director, Rural Development, 4 Districts Rural Development Agencies* (out of 8) and 15 Block Development Officers** (out of 52) covering an expenditure of Rs.474.59 lakh (67 per cent) during the period.

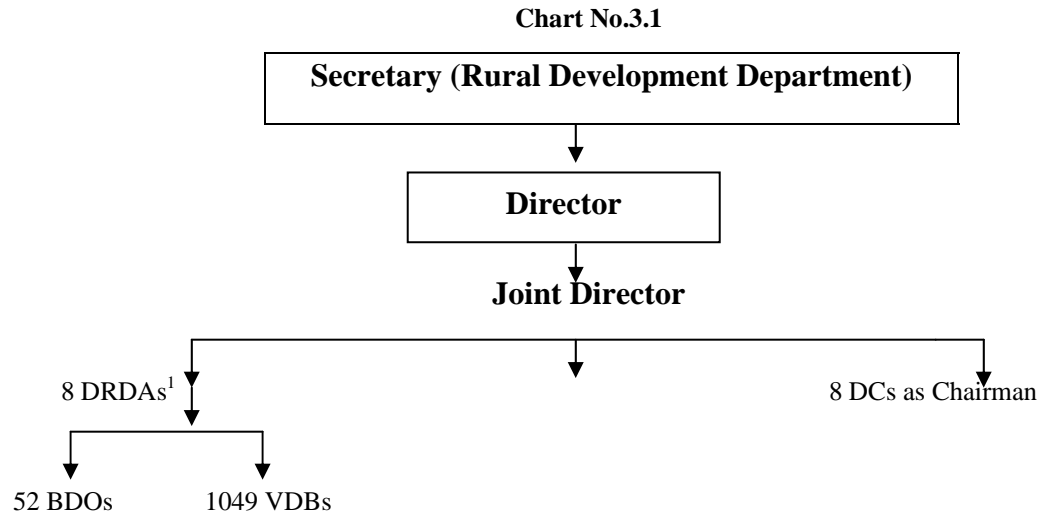
Organisational set up

3.4.4 Implementation of the scheme under normal programme was vested with the Rural Development Department headed by a Director, one Jt. Director and eight Project Directors (PDs) for each district of Kohima, Mokokchung, Tuensang, Wokha, Phek, Mon, Zunheboto and Dimapur. Altogether 52 blocks are under these Project Directors headed by one Block Development Officer each. At grass roots level Village Development Boards (VDBs), akin to Panchayati Raj

* Kohima, Mokokchung, Tuensang and Wokha

** Peren, Chiphobouze, Jaluke, Wokha, Wozhuru, Chukitong, Changtongya, Monkolemba, Ongpangkong (North), Ongpangkong (South), Chare, Sangsangyu, Chesooore, Noksen and Longkhim.

Institutions in other states, are also participating in implementation of the scheme to provide help and assist the self help groups and beneficiaries. Flow chart of organisational set up is shown below:-



3.4.5 In addition there is a State Level Co-Ordination Committee (SLCC) headed by Secretary, Rural Development as Chairman and in each district, District Level Committee (DLC) headed by Deputy Commissioner of the district as a Chairman for co-ordination and monitoring.

Financial Outlay and Expenditure

3.4.6 SGSY was funded by the Centre and the State in the ratio of 75:25. The unspent balances of erstwhile programmes as on 1 April 1999 were pooled under SGSY and utilised accordingly. Besides, 15 *per cent* funds out of total SGSY allocation were set apart by the Government of India for special projects under SGSY. Funds were directly released by the Government of India/State Government to the DRDAs.

3.4.7 Financial position showing allocation made by the Central/State Government release thereagainst and expenditure incurred etc. are shown in the *Appendix XX*.

i) Funds released by the Government of India compared to funds allocated during 3 years(1999-2002) are 56, 47 and 32 *per cent* respectively which fell short of allocated amount. Overall shortage, therefore, amounted to 55 *per cent* of allocation. The short release by the Government of India was due to excess carry over of funds as well as short release of State share. Simultaneously, fund

¹ DRDA (District Rural Development Agencies), DC (Deputy Commissioner),
BDO (Block Development Officer), VDB (Village Development Board)

released by Government of Nagaland constituted 89 *per cent* of funds allocated by them in 3 years. Thus, there was shortfall in the release to the extent of 11 *per cent*. Reasons for short release were not on record.

ii) Funds utilised during 1999-2002 out of total fund available are to the extent of 76, 52 and 71 *per cent*. Reason for under utilisation of fund was not on record.

iii) As per guidelines the unspent fund (Rs.206.08 lakh) under IRDP², TRYSEM³, DWCRA⁴, GKY⁵, SITRA⁶ and MWS⁷ as of March 1999 were to be transferred to SGSY in April 1999. An amount of Rs.70.80 lakh only was transferred during 1999-2000. The balance of Rs.135.28 lakh was spent on clearance of pending cases under erstwhile programmes upto September 1999, in violation of the new guidelines.

iv) Out of total available funds in 2001-2002, DRDA, Tuensang sanctioned Rs.105.78 lakh⁸ and reported it as final expenditure. Scrutiny of records revealed that the entire amount remained unspent with the implementing agency in cash/Deposit at Call/Cheques. Thus, the reporting of expenditure was incorrect and misleading (Details are discussed in succeeding paragraphs).

Physical and financial achievements

3.4.8 The objective of the SGSY was to extend benefit to at least 30 *per cent* of the total BPL population within 5 years to bring every assisted families above the poverty line. Test check of records of 4 districts revealed the following facts:-

Number of BPL families covered in 4 test checked districts during 1999-2000 to 2001-2002 were as under:-

Table No.3.21

Name of District	Total BPL families	Coverage
Kohima	15211	800 (5)*
Wokha	6567	800 (12)
Mokokchung	8936	1232 (14)
Tuensang	20032	1051 (5)
Total	50746	3883 (8)

Source:- Departmental figures

* Figure in bracket represents percentage

3.4.9 Thus, the achievement during the last three years constituted 8 *per cent* only of the total BPL population which was far below the targeted goal of 18 *per cent* to be covered within 3 years.

² Integrated Rural Development Programme

³ Training for Rural Youth on Self Employment

⁴ Development of Women and Children in Rural Area

⁵ Ganga Kalyan Yojana

⁶ Supply of Improved Tool kits to Rural Artisan

⁷ Million Well Scheme

⁸ (Rs.87.43 lakh for Subsidy, Rs.11.71 lakh for Training and Rs.6.64 lakh for Infrastructure Development)

3.4.10 Financial achievement reports prepared and submitted by the Director, Rural Development Department to the Government of India, Ministry of Rural Development were not supported by basic records of release of assistance by the banks/assets register etc. From *Appendix XXI*, it would be noticed that the amount of assistance released by the banks constituted 12 *per cent* of the total assistance released by the DRDAs during 1999-2000 to 2001-2002. This indicates the poor participation of banks in the implementation of SGSY, defeating the intention of the scheme that under any circumstances under financing was to be avoided by the banks.

Planning

3.4.11 Guidelines provided that, meaningful and effective implementation of the programme depends upon adequate planning at DRDA level for regular release of funds, key activities selection, identification of Swarozgaris, matching the activities with beneficiaries before release assistance, skill upgradation, technical transfer, market support and co-ordination with banks and line department involve in the process. Test check of records revealed that involvement of banks was negligible and no evaluation to ascertain the proper utilisation of the assistance received by the Swarozgaris had been done at block/district level.

Preparation of Annual/Perspective Plans

3.4.12 The department did not prepare annual plans and 5 year perspective plans. The release of fund was on the basis of utilisation certificate submitted by each DRDAs to the Government of India, Ministry of Rural Development. Thus, in absence of annual plans shortfall in achievement could not be ruled out in audit.

Identification of BPL families

3.4.13 The Directorate carried out the latest survey during the year 1997-98 to identify the total number of BPL families in the State. Thereafter no such survey or monitoring was done to update the list or identify the new BPL families to reflect the position of improvement or otherwise in the standard of living and achievement in self reliance after implementation of the scheme during the period 1999-2000 to 2001-2002.

Identification of Key Activities

3.4.14 Key activities identified for attaining self-reliance by the self-help groups and individuals were based mainly on local skills and resources available. Test check of records relating to 4 DRDAs (15 blocks) revealed that thrust was given mainly to livestock based activities which has local demand for consumption such as piggery and fishery.

3.4.15 The block level SGSY Committee was to identify the key activities through a participative process of interaction with village heads, groups of rural

poor, surveys of banks/technical organisations and with the recommendation of the VDBs forwarded to the District Level SGSY Committee for selection and grant of assistance. Scrutiny of records revealed that though the key activities were identified by the BDOs based on the local talent and resources in many cases, line departments and banks were not involved in identification of key activities as required under the scheme.

Evaluation, performance and achievement

3.4.16 Performance of the key activities were to be reviewed/ evaluated at the end of two years to ensure that Swarozgaris taking up the activities could realise the minimum income of Rs.2000 per month after repayment of bank loan.

3.4.17 Test check of records relating to 15 blocks revealed that no review /evaluation on the performance of the key activities had been done to ascertain its success/progress during 1999-2002. It would be seen from *Appendix XXII* that out of 3911 BPL families identified and assisted under the scheme only 3 BPL families (i.e., 0.08 *per cent*) could be raised above poverty line or could earn Rs.2000 per month. This poor achievement frustrated the objectives of the scheme in the State.

Preparation of Project Reports

3.4.18 Project Report for each key activities were to be prepared by the BDOs at block level indicating details on project cost, unit cost, number of individuals/SHGs to be covered etc. which were to be submitted to the Project Director. Test check of records relating to 4 DRDAs, revealed that the project reports for each key activities in respect of DRDA, Wokha and Tuensang were not prepared with the involvement of banks and line departments. Thus, due to non-involvement of banks and line departments, the Swarozgaris were deprived of necessary training/ skill and infrastructure created by the line departments.

Identification of Swarozgaris/formation of Self Help Groups

3.4.19 As per guidelines, BDOs, banks and VDBs were required to select the Swarozgaris through field visits. Test check of records revealed that the Swarozgaris of both individual and SHGs categories were selected from the list of BPL households by the BDOs,VDBs and approved and sanctioned by the DRDAs and no involvement of bankers were on record.

3.4.20 With the objectives of eradicating poverty and secure greater success to credit and other support services for enhancing the income levels, rural poor belonging to BPL families have volunteered to organise themselves into groups (consist of 10 to 20 and minimum of 5 persons). Though BDOs/ banks were required to visit the SHGs and explain about the process of graduation into taking up fullfledged self employment activities and DRDAs were required to enhance

the grading exercise but these agencies were not involved in the process of graduation.

Programme Implementation

3.4.21 The scheme was operational and implemented in all the 8 districts in the state. The districts covered under the scheme along with total population, number of blocks, details total number of BPL population (category-wise) etc. are shown in the *Appendix - XXIII*.

Assistance to Individuals

3.4.22 SGSY is a credit-cum-subsidy programme, credit is a major component and subsidy being only a minor and enabling element. The banks were to be involved closely in planning and preparation of projects, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs, selection of individual Swarozgaris pre-credit activities and post-credit monitoring, including loan recovery.

3.4.23 Test check of records relating to four districts covered in audit revealed that the involvement of banks were negligible which has adversely effected successful implementation of the programme. The following table would indicate the position of subsidy released/sanctioned so far and the position of release/sanction of loan by banks.

Table No.3.22

Year	As per records of SBI (R.O), Dimapur		As per records of Departments		Difference in No. of beneficiaries Shortage(-) Excess(+)	Difference in release of subsidy (Rs. in lakh)
	Number of beneficiaries	Subsidy (Rs. in lakh)	Number of beneficiaries	Subsidy (Rs. in lakh)		
1999-2000	1410	--	1560	56.63	(-) 150	(-)56.63
2000-01	1264	21.20	1695	75.81	(-)431	(-)54.61
2001-02 (upto Dec. 2001)	445	59.92	3782	200.36	---	---

Source:- Figures furnished by SBI Regional office, Dimapur

3.4.24 It would be seen from the above table that the banks were resorting to part payment/under finance without showing the position of pending disbursement. This went against directives of RBI that full amount of loan and subsidy was to be released to Swarozgaris and under any circumstances under financing was to be avoided. The SBI Regional Office, Dimapur could not furnish district-wise and bank-wise position of disbursement. Thus, the projected amount were not reliable since these were not supported by feed back report from the branch banks.

Role of Banks on release of subsidy

3.4.25 Study of materials collected from few banks revealed that participation of bank was quite poor and the same had resulted in the failure of programme as detailed in the table below:-

Table No.3.23

<i>(Rupees in lakh)</i>				
Name of DRDA	Name of Bank	Amount released by DRDA to Banks	Amount released by Banks	Pending disbursement
Kohima, DRDA	SBI, Main Branch, Kohima	3.80	0.20	3.60
Kohima, DRDA	UCO Bank, Kohima	2.35	0.50	1.85
Kohima, DRDA	UBI, Kohima	1.30	---	1.30
Wokha, DRDA	SBI, Wokha	18.09	3.62	14.47
Wokha, DRDA	Bank of Boroda, Wokha	14.91	2.34	12.57
Tuensang, DRDA	SBI, Main Branch, Tuensang	74.93	---	74.93
Tuensang, DRDA	Allahabad Bank, Changtongya	3.37	---	3.37
<i>Total</i>		<i>118.75</i>	<i>6.66</i>	<i>112.09</i>

Thus, out of Rs.118.75 lakh, the bank had released only Rs.6.66 lakh to the beneficiaries.

3.4.26 It was noticed in audit that the banks were releasing only the subsidy portion and withholding the loan portion. In some cases only the loan portion is being released keeping the subsidy portion as security. The branch managers were authorised to sanction projects costing only Rs.0.50 lakh under an old instruction issued by SBI, the lead bank in Nagaland. Fresh instructions in light of RBI guidelines to banks authorising sanction of loans upto Rs.3.00 lakh without insisting on security were yet to be issued by the lead bank.

Self Help Groups (SHGs)

(i) Evolution of Self Help Groups (SHGs)

3.4.27 On test check of records, it was revealed that Rs.202.82 lakh (Rs.188.40 lakh being subsidy + Rs.14.42 lakh being Revolving Fund) were sanctioned and cheques were issued by the four DRDAs to the respective block offices for making payment to the Swarozgaris through service area banks during 1999-2002. But no disbursal report of the banks and assets registers were available at block/ district level. Further, no evaluation was conducted after incurring such a massive expenditure. The absence of such records cast a doubt over any benefit derived by 3911 identified Swarozgaris.

(ii) Revolving Fund

3.4.28 As per the guidelines, every SHGs which is in existence for six months and demonstrated the potential of a viable group will be provided with a revolving fund of Rs.10,000. Test check of records of four DRDAs revealed that

except in some cases SHGs were not provided with adequate revolving fund (RF) during the last three years as detailed below:

Table No.3.24 (Rupees in lakh)

Name of DRDA	1999-2000			2000-2001			2001-2002		
	No. of SHGs formed	Amount of R/F released	Shortage(-) Excess (+)	No. of SHGs formed	Amount of R/F released	Shortage(-) Excess (+)	No. of SHGs formed	Amount of R/F released	Shortage(-) Excess (+)
Kohima	23	2.30	--	8	0.80	--	3	0.30	--
Wokha	24	--	(-) 2.40	27	3.82	(+)1.12	15	-	(-)1.50
Mokokchung	22	1.00	(-) 1.20	30	2.70	(-) 0.30	30	3.50	(+)0.50
Tuensang	--	--	--	--	--	--	26	--	(-)2.60

Infrastructure Development

3.4.29 As per scheme guidelines 25 per cent of the allocation should have been spent on SGSY infrastructure development. Marketing support is an essential component of infrastructure development. In Nagaland whatever key activity have been undertaken by the beneficiaries were based on availability of local resources and traditional skills. Key activities have been undertaken mainly in the field of livestock rearing such as piggery, fishery and also sericulture. There is enough local demand for pigs and fish. Test check of records related to 4 DRDAs revealed that the following amount had been spent in this sphere during 3 years from 1999-2000 to 2001-2002 as shown below:-

Table No.3.25 (Rupees in lakh)

Name of DRDA	1999-2000			2000-2001			2001-2002			Total fund available	Total Expdr.	Percentage of Expdr.
	Fund available	Expdr.	Percentage of Expdr.	Fund available	Expdr.	Percentage of Expdr.	Fund available	Expdr.	Percentage of Expdr.			
Kohima	120.08	10.00	8	49.52	--	--	97.27	6.15	6	266.87	16.15	6
Mokokchung	40.39	2.63	7	28.17	6.92	25	43.63	10.30	24	112.19	19.85	18
Wokha	35.56	--	--	27.21	7.52	28	23.32	3.97	17	86.09	11.49	13
Tuensang	70.13	10.30	15	70.80	8.05	11	124.74	6.64	5	265.67	24.99	9
Total	266.16	22.93	9	175.70	22.49	13	288.96	27.06	9	730.82	72.48	10

Source:- Departments accounts

3.4.30 Thus, out of available Rs.288.96 lakh in 2001-02 only Rs.27.06 lakh (9 per cent) was spent on infrastructure development.

3.4.31 The DRDA, Tuensang sanctioned and withdrew Rs.6.64 lakh (March 2002) reported it as final expenditure under infrastructure development. It was, however, noticed in audit that no infrastructure development work was undertaken during 2001-2002 and there was no record in support of the expenditure. This resulted in incorrect reporting of expenditure, and the risk of misappropriation of the amount also cannot be ruled out.

3.4.32 To provide marketing support 3 melas were organised at a cost of Rs.0.80 lakh by one DRDA (Kohima). The other three DRDAs failed to organise any mela or take any other steps for market development.

Skill Upgradation

3.4.33 As per scheme guidelines the success and sustainability or self-employment endeavors depend upon skill development through training programmes to be organised by the implementing agency and 10 per cent of the available funds had to be set apart for organising training programme. Records of 4 DRDAs and 15 Blocks revealed that 4731 Swarozgaris have been imparted various training programmes in different skills for 21358 days. The table below will indicate the position of expenditure incurred and training programme organised from time to time during last 3 years.

Table No.3.26

							(Rupees in lakh)
Name of DRDA	Year	Total Fund available	10 per cent of total fund	Total expenditure on training	No. of Training days X No. of Trainees	Excess (+) Less (-) Over norms	No. of Swarozgaris got trained
Kohima	1999-2000	120.08	12.01	0.10	1 X 1128	(-) 11.91	1128
	2000-01	49.52	4.95	0.22	1 X 175	(-) 4.73	175
	2001-02	97.27	9.73	3.73	1 X 750	(-) 6.00	450
Wokha	1999-2000	35.56	3.56	1.78	2 X 264	(-) 1.78	264
	2000-01	27.21	2.72	2.60	2 X 270	(-) 0.12	270
	2001-02	23.32	2.33	1.59	2 X 171	(-) 0.74	171
Mokokchung	1999-2000	40.39	4.04	0.90	12 X 376	(-) 3.14	376
	2000-01	28.17	2.82	2.37	6 X 433	(-) 0.45	433
	2001-02	43.63	4.36	4.14	12 X 504	(-) 0.22	504
Tuensang	1999-2000	70.13	7.01	0.45	4 X 63	(-) 6.56	63
	2000-2001	70.80	7.08	0.31	5 X 84	(-) 6.77	84
	2001-2002	124.74	12.47	11.71	5 X 813	(-) 0.76	813
Total		730.80	73.08	29.90	21358	(-) 43.18	4731

3.4.34 Though expenditure of Rs.29.90 lakh (4 per cent of the available funds of Rs.730.82 lakh) was much less than 10 per cent of the available funds (Rs.73.08 lakh) required to be spent on training, Rs.140.00 spent for each trainee (Rs.29.90 lakh ÷ 21358) was much higher than the ceiling of Rs.15 per day per trainee, which resulted in excess expenditure to the tune of Rs.26.69 lakh.

3.4.35 Thus, the total expenditure on training was less than the prescribed norms, while the expenditure per trainee was much higher. Had the expenditure per trainee been kept within the limit prescribed by the Government of India more beneficiaries could have been imparted training or skill development.

3.4.36 Out of 2000-2001 funds, PD, DRDA, Tuensang sanctioned Rs.10.54 lakh for conducting training during 2001-2002 and reported it as final expenditure. Scrutiny of records revealed that entire amount was withdrawn on 25 March 2002 and kept out of Government account till 30 May 2002 (Close of audit). The detailed account of actual expenditure on conducting training were neither submitted by the BDOs nor was it insisted upon by the PD concerned. Thus, expenditure reported had been inflated by Rs.10.54 lakh.

Special Project

3.4.37 Government of India sanctioned (March 2001) a separate scheme for an amount of Rs.15 crore namely “Eri Development Project”, having five years duration for development of Eri silk in the State specially, for Wokha and Mokokchung districts. The scheme was operational since 1 April 2000 with the same object of covering of BPL population on the same pattern of assistance of 75:25 Central/State share through self help groups (SHG) at the village level.

Organisational set up

3.4.38 State Sericulture Department was the nodal department for implementation of the scheme through two leaders of Project Implementation Team (Superintendent of Sericulture, Wokha and Mokokchung).

Audit Coverage

3.4.39 Records of Director, Sericulture and two Superintendents have been covered under test check for 2000-2001 and 2001-2002.

Finance

3.4.40 The following table indicates the position of Central share allocated, release of State share, banks assistance in the form of loan components and expenditure incurred so far.

Table No.3.27 (Rupees in lakh)

Year	Central assistance		State assistance		Bank assistance		Total release	Total expdr.
	Allocated	Released	Allocated	Released	Allocated	Released		
2000-01	481.50 ⁹	240.75	160.50 ¹⁰	50	838.00	---	290.75	247.01
2001-2002	---	---	---	---	---	---	---	---

3.4.41 From above, it can be seen that amount released by the State was not in keeping with the ratio at which the same was to be released. The Central Government has released Rs.240.75 lakh as first instalment against which the State had released only Rs.50 lakh as against Rs.80.25 lakh after a delay of 7 months though the same was to be released within 15 days from the date of release of Central assistance leaving a shortfall of Rs.30.25 lakh. The delay in release and shortfall was attributed to late finalisation of Plan outlay and non-availability of fund which is not tenable.

3.4.42 The non-release of fund by the banks to the beneficiaries was due to poor recovery rate in the past. As a result of non-participation of banks and non-release of loan to the beneficiaries, the purpose for which assistance was given by the Central and the State is frustrated. No fund has been released by the Centre during the year 2001-2002 till the date of audit.

⁹ Allocation for both the years 2000-01 and 2001-02

¹⁰ Allocation for both the years 2000-01 and 2001-02

3.4.43 Release of second instalment was subject to submission of utilisation certificates, audited statement of expenditure but the department has not submitted these reports so far.

Implementation

Identification of beneficiaries:-

3.4.44 Identification of beneficiaries (BPL) was undertaken by the nodal department through their field level workers. Altogether 1800 families (900 each in Wokha and Mokokchung) were identified by the department for coverage to be given in clusters (SHGs) of 10 each i.e., 180 self-help groups. The identified families or beneficiaries were selected arbitrarily though no BPL household number was assigned to them and there were no records to prove that they belong to BPL category. Basis of selection by the department could not be made available to audit.

Physical target and achievement

3.4.45 Under extension publicity (number of participants were targeted at 16000) there was shortfall in achievement of target as shown below:-

Table No.3.28

Particulars	Number of participants		
	Target	Achievement	Shortfall
Extension Publicity Meetings	16000	9500	6500
Audio Visual Programme	48	Nil	48
Printing of beneficiaries Pass Book	180	Nil	180

Source:- Departmental figure

3.4.46 Reason for shortfall could not be explained to audit.

Monitoring and Evaluation

3.4.47 No separate monitoring or evaluation report at State level/district level had been prepared other than compilation of periodical progress report.

3.4.48 The scheme guidelines provided that State Government was to monitor the progress of implementation of the programme through field visit by the Committees formed at the level of block/district/State. But no separate report of field visit undertaken by block/district/State levels were on records.

3.4.49 Further, guidelines provided annual physical verification of assistance by the officials at block/district/State level. No such report of physical verification could be made available to audit.

3.4.50 The performance of the projects executed under SGSY had not been evaluated since inception of the scheme.

Assets

3.4.51 No separate asset register showing the assets created out of assistance received by the individual beneficiaries were maintained in the DRDAs covered under audit. No physical verification of assets was also conducted.

Other points of interest

3.4.52 The balance 50 *per cent* i.e., Rs.60 lakh were parked in the Civil Deposit for 197 days and drawn and disbursed to DRDAs after a delay of another 34 days from the date of drawal out of Civil Deposit. Thus, in the process DRDAs suffered interest loss to the extent of Rs.2.06 lakh.

3.4.53 Out of the State's matching share of Rs.120.00 lakh an amount of Rs.11.54 lakh was transferred (April 2000 and October 2000) by Director, RD, Kohima to Project Director, Wokha. However, the records of Project Director, DRDA, Wokha showed a receipt of Rs.5.77 lakh only from Directorate. Thus, an amount of Rs.5.77 lakh could not be accounted for.

3.4.54 The Project Director, Tuensang received assistance of Rs.127.24 lakh from Government of India and Government of Nagaland during 1999-2002 out of which the Project Director sanctioned subsidy Rs.87.43 lakh and reported it as final expenditure during 2001-2002. Scrutiny of records revealed that Rs.8.76 lakh only in respect of two blocks was received by SBI, Tuensang as on 14 May 2002 and Rs.12.50 lakh (state share) pertaining to 2001-2002 had been kept in the form of Deposit at Call (DAC). Thus, no Swarozgaris selected out of BPL list was assisted under the scheme during 1999-2002 and expenditure for the year 2001-2002 was inflated by Rs.78.67 lakh.

3.4.55 The amount deposited in SBI was not released (May 2002). The bank replied that the project was being scrutinised.

Recommendations

3.4.56 Adequate planning and regular release of assistance which are essential to the implementation of programme may be ensured. Full involvement of bank in planning and implementation is imperative for success of scheme. They should help in preparation of project reports, expedite scrutiny and promptly release loan and subsidy amounts in keeping with the progress in implementation. Department should strengthen the monitoring mechanism. Evaluation should be done at regular interval to assess the impact of programme implementation.

3.4.57 The matter was reported to the Government in July 2002; their replies had not been received (February 2003).