



**Report of the
Comptroller and Auditor General of India
on
Social, Economic, Revenue and General Sectors
for the year ended 31 March 2015**



GOVERNMENT OF NAGALAND
Report No. 1 of 2016

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PREFACE

1. This Report for the year ended March 2015 has been prepared for submission to the Governor of Nagaland under Article 151(2) of the Constitution of India.
2. The Report contains significant results of the performance audit and compliance audit of the Departments of the Government of Nagaland under the Social, Economic, Revenue and General Sectors including the Departments of Youth Resources and Sports, School Education, Labour and Employment, Social Welfare, Rural Development, Public Works, Forest, Ecology, Environment and Wildlife, Agriculture and Allied Departments and National Highways.
3. The cases mentioned in this Report are those which came to notice in the course of test audit during the year 2014-15 as well as those which came to notice in earlier years, but could not be reported in the previous Reports; instances relating to the period subsequent to 2014-15 have also been included, wherever necessary.
4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This Report is arranged in six chapters and contains three Performance Audits under Social Sector (Chapter I) viz., '*Functioning of Youth Resource and Sports Department*', '*Implementation of 'Mid-Day Meal Scheme*', '*Functioning of Industrial Training Institute*' and five Performance Audits under Economic Sector (Chapter II) '*Implementation of Pradhan Mantri Gram Sadhak Yojana (PMGSY)*', '*Functioning of State Pollution Control Board*', '*Working of Nagaland Bamboo Development Agency*', '*Special Accelerated Road Development Programme (SARDP)*' and '*Backward Regions Grant Fund (BRGF)*'. There are eleven compliance audit paragraphs. According to the existing arrangements, copies of the draft audit paragraphs and draft performance audits were sent to the Secretary of the departments concerned by the Accountant General (Audit) with a request to furnish replies within six weeks. Replies were not received from the Secretaries of the Departments concerned in respect of five audit paragraphs.

Chapter-I Social Sector

Performance Audits

Functioning of Department of Youth Resource and Sports

Promotion and development of sports are integral part of an all-round development of the human personality. It also promotes good health, camaraderie and a spirit of friendly competition which has a positive impact on the overall personality development. Several lapses in planning, financial management, construction and management of sport infrastructure were noticed. Only aspect worthy of appreciation noticed was there was no gender bias in selection of sportspersons for imparting training at two training establishments in the State.

Major points noticed were

- *Failure to prepare a developmental plan for sports and youth activities led to adhoc promotion of sports and culture in the State.*
- *Search programme for scouting for talents at sub-division level were not conducted resulting in lost opportunity of tapping into sports talents at the grass root level.*
- *GoN did not release funds under Panchayat Yuva Krida aur Khel Abhiyan (PYKKA) resulting in refund of ₹1.27 crore to the GoI including penal interest of ₹0.24 crore.*
- *The Department of Youth Resources and Sports (DYRS) diverted ₹5.71 crore from the approved developmental activities by violating the conditions of the sanction.*
- *Multi-disciplinary Sports Complex was not functional despite an expenditure of ₹58 crore incurred on its construction.*
- *Sports infrastructure created at ₹45.43 crore to develop the cricket stadium at Sovima failed to meet National/International standards.*
- *DYRS released ₹6.02 crore against unexecuted items of work by recording fraudulent measurement in the Measurement Book against seven projects.*
- *Coaches and sportspersons were not motivated due to inadequate practicing facilities and equipment, lack of job reservation policies for the sportspersons, inadequate provision of rewards and incentives.*
- *There was no quality assurance mechanism in purchase of sports goods/equipments*

(Paragraph 1.3)

Implementation of National Programme of Nutritional Support to Primary Education 'Mid-Day Meal Scheme' in Nagaland

The 'National Programme of Nutritional Support to Primary Education', a Centrally Sponsored Scheme, commonly known as 'Mid-Day Meal' (MDM) Scheme, was launched in August 1995 with the primary objective of boosting the universalisation of primary education by increasing enrolment, retention & attendance and simultaneously improving nutritional status of school children. There were inadequacies in all these three key aspects, viz., effective implementation of scheme, efficient financial management and effective monitoring as brought out in this Report.

Major audit findings in the implementation of the Scheme were:

- *Annual Work Plan and Budget was prepared without compiling the data from the reliable source which led to over projection of number of children. The State Government during 2010-15 inflated the number of children enrolled by a total of 3,50,858 over the figures of Sarva Shiksha Abhiyan to avail more funds under MDM scheme. In selected four districts, the inflated figure was 2,02,515.*
- *Implementation of scheme was not satisfactory and did not achieve its objective of providing nutritious cooked meals to eligible children aimed to improve their enrolment and retention in the schools. Reliable centralized data on retention/dropout rates of children of Primary/Upper Primary stages was not available.*
- *Non-lifting of food grains from nearest Food Corporation of India (FCI), Food Stores Depot (FSD) resulted in excess expenditure of ₹ 1.21 crore on transportation cost during 2010-15.*
- *Against the Central release of ₹ 153.05 crore for 2010-15, GoN released only ₹ 131.93 crore to the Nodal Department leading to short release of ₹ 21.12 crore. Besides, the State Government did not release its matching share to the extent of ₹ 7.95 crore during 2012-15.*
- *There were instances of short allocation and short delivery of food grains. Similarly, there was short receipt of food grains, cooking cost, transportation charges, etc. at various levels. There was short receipt of ₹ 3.42 crore by the selected Sub-divisional Education Officers (SDEOs) and Schools on account of cooking cost.*
- *The inspection and monitoring mechanism was very poor. 55 per cent schools were never inspected or even a single inspection report was submitted by the inspecting officers.*

(Paragraph 1.4)

Functioning of Industrial Training Institutes

Under Craftsmen Training Scheme introduced by Government of India, 8 ITIs were established in Nagaland with the objective to ensure a steady flow of skilled workers to the industry to meet the manpower requirements in different trades; to raise the quality of industrial production by systematic training of workers and to reduce unemployment among the educated youth by equipping them for suitable gainful industrial employment and to create the opportunity of self employment ventures.

Significant audit findings noticed in the functioning of ITIs were:

- *Planning process was inadequate which resulted in failure to identify the trades/occupations needed in the State and challenges faced by the ITIs. ITIs were*

upgraded without preparing Institute Development Plans (IDPs) and conducting survey and new sectors were taken up without identifying the need of the trades.

- *There was lack of adequate infrastructure facilities and qualified human resources.*
- *Schemes were implemented without action plans resulting in procurement of machineries and equipment for discontinued trades*
- *Due to non-affiliation of the trades to National Council for Vocational Training (NCVT) the students who passed out from ITIs with State Council for Vocational Training (SCVT) certificates remained ineligible for recruitment to other than the posts and services under Nagaland State Government establishments and Public Sector Units.*
- *There was no placement cell in the ITIs to carryout follow up action of the successfully trained students.*
- *Drinking water and hostel facility with basic amenities were not available in any of the ITIs.*
- *There was no monitoring and supervision on the functioning of Institute Management Committees (IMCs).*

(Paragraph 1.5)

Compliance Audit Paragraphs

Director of Social Welfare extended an undue benefit of ₹ 1.25 crore to suppliers on procurement of ICDS materials by allowing VAT in addition to the tendered rate, though the tendered rate was inclusive of VAT.

(Paragraph 1.6)

An amount of ₹ 2.54 crore was fictitiously drawn by the Sub-Divisional Education Officer, Zunheboto on behalf of pseudo-anonymous employees during 2010-14.

(Paragraph 1.7)

Chapter-II ECONOMIC SECTOR

Performance Audits

Implementation of Pradhan Mantri Gram Sadak Yojana

The *Pradhan Mantri Gram Sadak Yojana* (PMGSY) programme was launched throughout the country by the Government of India to provide “all-weather road” to eligible unconnected habitations. 3629.63 Km was earmarked to be constructed under PMGSY since inception of the programme up to Phase VIII.

Important audit findings noticed in the implementation of the programme were:

- *13 unidentified habitations not incorporated in the Core Network were included in the Core Network Comprehensive Priority List (CNCPL)*
- *There were many instances of deviations and discrepancies between DPRs and actual execution of works indicating that Detailed Project Reports (DPRs) were prepared without obtaining inputs from the grass root levels.*

- *The prioritised Yezami village road was abandoned after formation cutting and widening works which deprived an all weather road to unconnected habitation. ₹5.56 crore spent on construction was wasteful.*
- *Out of 56 projects taken up in Phase VIII only five projects were completed in time. Of the remaining 51 projects, as of July 2015, 17 projects were completed after a delay ranging from 67 to 574 days and balance 34 projects remained incomplete*
- *An amount of ₹19.78 crore was paid against fraudulent depiction of completion of work. A total of 2460.50 metres length of retaining walls valued at ₹8.35 crore was not found constructed during physical verification.*
- *There were instances of compromise in specification and design and use of inferior quality of materials leading to damages.*
- *The Department did not initiate any action to rectify the workmanship and penalise the contractors on the adverse remarks made by National Quality Monitors (NQM) and State Quality Monitors (SQM) on the quality of the works.*

(Paragraph 2.3)

Functioning of Nagaland Pollution Control Board (NPCB)

The Nagaland Pollution Control Board (NPCB) is the main agency in the State for enforcement of environment law and responsible for formulation of policy for prevention, control and abatement of pollution in the State. The NPCB has been performing its functions enumerated under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Major audit findings in the functioning of the NPCB were

- *During the period 2010-15, NPCB did not prepare Annual Action Plan and therefore the activities undertaken were adhoc in nature.*
- *The Laboratory at Dimapur did not have facilities and equipment to analyse necessary parameters of water and air quality. Available equipment was non-functional in some cases. The laboratory could analyse only 36 parameters out of 57 parameters given by Central Pollution Control Board (CPCB).*
- *Out of 752 industries in the State as per Board's record, 617 industries (82 per cent) were operating without renewal of their Consent for Operation (CFO) from the NPCB after its expiry.*
- *Out of 112 HCEs, 109 Health Care Establishments (HCE) did not have the Bio-medical Treatment facility.*
- *Majority of vehicles are plying without Pollution Under Control (PUC) Certificates. Out of 154020 registered vehicles in Kohima and Dimapur upto March 2015, PUCs were issued to 3833 vehicles only during the last five years.*
- *There was substantial shortfall in conducting inspections of even highest polluting 'Red' category industries.*
- *The Board did not efficiently take up the issue of non-construction of Sewage Treatment Plants (STPs) by Municipal bodies nor advised the Government to take remedial measures.*

(Paragraph 2.4)

Nagaland Bamboo Development Agency

Nagaland Bamboo Development Agency (NBDA) is a registered society set up with the objectives to protect and conserve bio-diversity associated with bamboo forest and bamboo grown areas in the State, sustainable development and utilisation of bamboo resources through scientific management, promotion of bamboo plantations for future economy of the State and promotion of bamboo based industries by utilising the available resources for generating income.

Significant audit findings noticed in the working of NBDA were:

- *NBDA has not prepared Bamboo Development Mission Document (BDMD). Annual Action Plan was prepared without conducting feasibility studies.*
- *Faulty classification of “Forest area” and “Non-Forest area” led to excess and inadmissible financial assistance of ₹47.10 crore.*
- *An expenditure of ₹59.30 lakh was incurred on items without approval of National Bamboo Mission (NBM).*
- *Funds of ₹1.86 crore sanctioned by NBM for plantation activities was diverted to other activities.*
- *The agency procured saplings in excess of norm resulting in avoidable expenditure of ₹7.09 crore.*
- *₹0.32 crore released by NBM for disease and pest control was not utilised by the Board for the purpose resulting in high mortality ranging from 33 per cent to 39 per cent.*
- *NBDA failed to set up 11 bamboo bazaars and 3 whole sale markets resulting in retention of unutilised funds amounting to ₹0.93 crore.*
- *Against the target to impart training to 130 field functionaries the agency trained only 63.*

(Paragraph 2.5)

Special Accelerated Road Development Programme-Two Laning of four roads

The Ministry of Road Transport & Highways (MoRTH) Government of India (GoI) initiated (April 2008) a mega road development programme in North East region as Special Accelerated Road Development Programme in North East (SARDP-NE). The Ministry approved (April 2010) for two-laning of the four roads in the State of Nagaland in one package for ₹ 1,296 crore including centage charges. Accordingly administrative approval, technical approval and financial sanction for the work were accorded in December 2010.

The preliminary activities taken up by the Department of Public Works was inadequate for timely implementation of the project. The DPRs prepared for four roads were not based on adequate surveys and investigation resulting in large deviation in the implementation of the works from the approved DPRs. A proportionate amount of ₹ 36.44 crore paid to the Consultant for preparation of DPRs for four roads was a waste. As a consequence, **not a single kilometre in any of the four roads was completed as per the objectives of the scheme despite an expenditure of ₹ 602.34 crore on execution of work so far.** No further progress of work has been achieved on any of the four roads since August 2012. The single-lane roads which previously existed had since degraded and have been rendered almost unusable causing hardship to the commuters.

(Paragraph 2.6)

Backward Regions Grant Fund (BRGF)

Even though the BRGF programme has been wound up, deficiencies and lapses in the implementation of the scheme as pointed out in the report should be kept in mind while implementing programmes of similar nature so that such deficiencies and lapses do not recur. In the implementation of BRGF scheme instances of deficiencies and lapses in several areas were noticed. In planning the participatory approach as envisaged in the guidelines were not followed. The scheme was implemented without identification of critical development gaps. Financial management was not satisfactory. The funds were not released to the implementing entities in a timely manner. Deviations from the approved annual action plan were noticed. The High Power Committee's (HPC) decision to implement rural housing defeated the core idea of a decentralised bottom up planning approach. Monitoring and evaluation of the programme did not exist and there were cases of non-execution of works, short execution of works and execution of inadmissible works. There was no convergence with other flagship programmes.

(Paragraph 2.7)

Compliance Audit Paragraphs

Out of ₹ 10.19 crore received under MGNREGS by BDO, Tokiye during 2011-12, the BDO transferred ₹ 1.37 crore to his personal account, ₹ 0.43 crore to another officer's account and ₹ 0.93 crore was transferred back to the account of the PD, DRDA.

(Paragraph 2.8)

MGNREGS funds of ₹ 118.40 lakh claimed to have been paid by the BDO, Aghunaqa was not received by 12 VDBs and is suspected to have been misappropriated.

(Paragraph 2.9)

The Director of Industries and Commerce paid ₹ 2.32 crore to 48 ineligible and seven non-functional societies on the basis of false sales details and ₹ 65.71 lakh as Marketing Incentive to 16 Co-operative societies above the prescribed rate.

(Paragraph 2.10)

Due to lack of proper planning and consultation with stakeholders, the Inter State Bus Terminus constructed at a cost of ₹ 7.50 crore at Mokokchung Town remained idle for the last four years.

(Paragraph 2.11)

Chapter-III Economic Sector (Public Sector Undertakings)

Investment in State PSUs

As on 31 March 2015, the investment (Capital and long term loans) in six SPSUs was ₹ 106.17 crore. As on 31 March, 2015, 95.33 *per cent* of the total investment in SPSUs was in five working SPSUs and remaining 4.67 *per cent* was in one non-working SPSU. Investment in 2014-15 has increased in Finance Sector by ₹ 15.70 crore (30.29 *per cent*) while the investment in Other Sectors had increased by ₹ 12.46 crore (47.61 *per cent*).

(Paragraph 3.3)

Performance of State PSUs

Overall losses incurred by the working SPSUs had decreased from ₹ 2.07 crore in 2010-11 to ₹ 1.01 crore in 2012-13. During 2013-14 the working SPSUs had registered an overall profit of ₹ 0.50 crore but again incurred an over-all loss of ₹ 3.35 crore during 2014-15 mainly due to loss (₹ 3.18 crore) sustained by one SPSU. As per the latest finalised accounts of five working SPSUs as of November 2015, four SPSUs incurred loss of ₹ 3.97 crore, while the remaining one SPSU (Nagaland Industrial Raw Material Supply Corporation Limited) earned profit of ₹ 0.62 crore.

(Paragraph 3.6)

Arrears in finalisation of Accounts

The backlog of accounts of working SPSUs had reduced significantly from 46 accounts (2011-12) to 10 accounts (2014-15) with corresponding reduction in average arrear per SPSU. None of the SPSUs, however, had made their accounts up-to-date as on 30 November, 2015. Further, one out of five SPSUs (Nagaland Handloom & Handicrafts Development Corporation Limited) did not finalise any accounts during 2013-14 and 2014-15.

(Paragraph 3.7)

Chapter-IV Revenue Sector**Compliance Audit Paragraphs**

One motor vehicle dealer based in Dimapur district concealed taxable turnover amounting to ₹ 602.99 lakh leading to evasion of tax of ₹ 79.90 lakh during 2011-14. Interest amounting to ₹ 47.15 lakh was also leviable on the amount of tax evaded by the dealer.

(Paragraph 4.2)

Failure of the Assessing Authority to exercise the mandatory checks resulted in concealment of purchase turnover of ₹ 195.44 lakh and evasion of tax to the extent of ₹ 25.23 lakh by a dealer.

(Paragraph 4.3)

One dealer irregularly claimed Input Tax Credit amounting to ₹ 11.82 lakh against interstate sales which is taxable at concessional rates.

(Paragraph 4.4)

Chapter-V General Sector**Compliance Audit Paragraphs**

Failure of Drawing and Disbursing Officers and Treasury Officers to exercise checks as prescribed under various rules resulted in fraudulent drawal of ₹ 2.81 crore by 41 DDOs. Out of the fraudulent/excess amount drawn by the DDOs, a sum of ₹ 91.34 lakh was recovered by 27 DDOs at the instance of audit.

(Paragraph 5.3)

The Department of Treasuries and Accounts, Planning & Co-ordination and the Civil Secretariat fictitiously drew ₹ 9.40 lakh by presenting duplicate hotel bills and the Department of Treasuries and Accounts drew ₹ 18.05 lakh twice for computer hardware and peripherals.

(Paragraph 5.4)

CHAPTER – I

SOCIAL SECTOR

CHAPTER - I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2015 deals with the findings on audit of the State Government units under Social Sector.

The departments of the State Government under Social Sector and their total budget allocation vis-a-vis expenditure during 2014-15 are given below:

Table No. 1.1.1

₹ in crore

Name of the Departments	Total Budget allocation	Expenditure
School Education	1277.21	925.72
Technical Education	50.19	19.66
Higher Education	160.18	117.00
SCERT	42.97	27.35
Youth Resources and Sports	61.16	37.14
Art and Culture	18.51	17.61
Health and Family Welfare	521.09	418.09
Water Supply & Sanitation	216.89	164.46
Urban Development	247.40	84.00
Municipal Affairs	31.36	22.70
Information and Public Relations	24.25	22.94
Labour	15.10	11.15
Employment and Training	27.58	23.59
Social Welfare	204.85	154.24
Women Welfare	8.55	7.02
Total Number of Departments=15	2907.29	2052.67

Source: Appropriation Accounts

1.2 Planning and Conduct of Audit

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

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

During the year, test check of audits involving expenditure of ₹ 3026.22 crore (including funds pertaining to previous years audited during the year) of the State Government under Social sector were conducted. This Chapter contains findings on the audits of 'Youth Resource and Sports Department', 'Mid Day Meal Scheme' and 'Industrial Training Institute' and two compliance audit paragraphs.

Performance Audits

DEPARTMENT OF YOUTH RESOURCE AND SPORTS

1.3 Functioning of Youth Resources and Sports Department

Promotion and development of sports are integral part of an all-round development of the human personality. It also promotes good health, camaraderie and a spirit of friendly competition which has a positive impact on the overall personality development. Several lapses in planning, financial management, construction and management of sport infrastructure were noticed. Only aspect worthy of appreciation noticed was there was no gender bias in selection of sportspersons for imparting training at two training establishments in the State.

Highlights

Failure to prepare a developmental plan for sports and youth activities led to adhoc promotion of sports and culture in the State.

Paragraph 1.3.8.1

Search programme for scouting for talents at sub-division level were not conducted resulting in lost opportunity of tapping into sports talents at the grass root level.

Paragraph 1.3.9.2

GoN did not release funds under PYKKA resulting in refund of ₹ 1.27 crore to the GoI including penal interest of ₹ 0.24 crore.

Paragraph 1.3.9.2

The Department of Youth Resources and Sports (DYRS) diverted ₹ 5.71 crore from the approved developmental activities by violating the conditions of the sanction.

Paragraph 1.3.9.3

Multi-disciplinary Sport Complex was not functional despite an expenditure of ₹ 58 crore incurred on its construction.

Paragraph 1.3.10.2 (i)

Sports infrastructure created at ₹ 45.43 crore to develop the cricket stadium at Sovima failed to meet National/International standards.

Paragraph 1.3.10.4

DYRS released ₹ 6.02 crore against unexecuted items of work by recording fraudulent measurement in the Measurement Book against seven projects.

Paragraphs 1.3.10.6 and 1.3.10.7

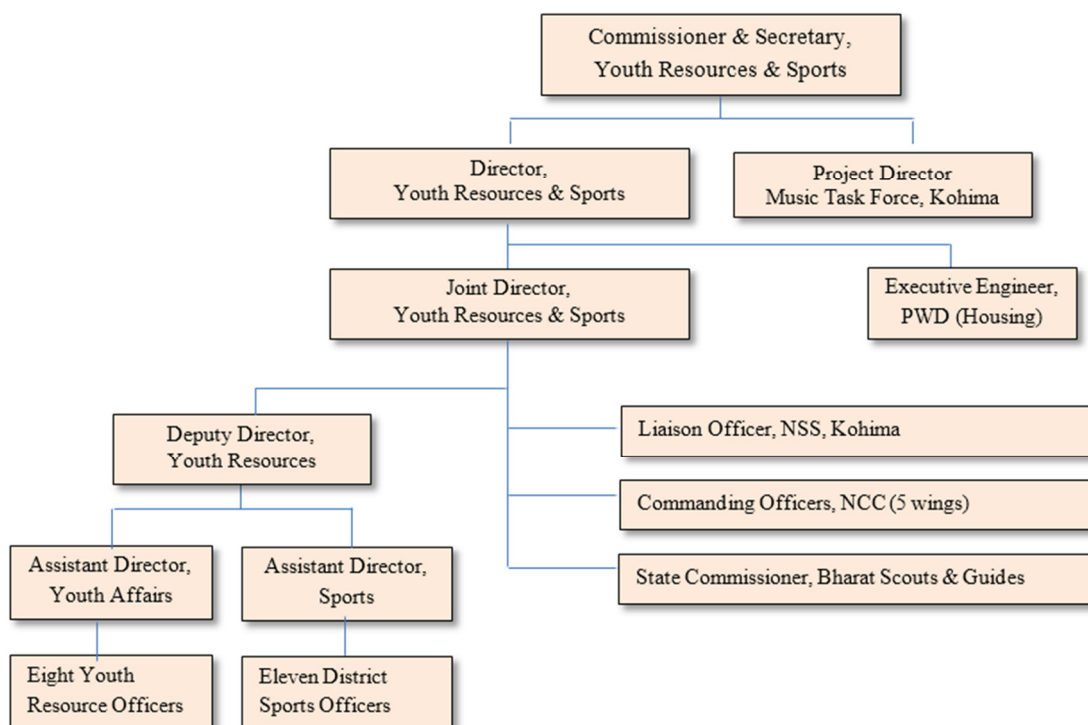
1.3.1 Introduction

The Department of Youth Resources and Sports (DYRS)¹ aims to provide adequate resources and infrastructure to the youth in the State to develop their talents and nurture the mind to a meaningful and rewarding career. To uplift the youth in the State, “Nagaland Sports Policy 2006” and “Nagaland Youth Policy 2006” were formulated focusing to facilitate a multi-dimensional and integrated approach to accelerate various youth programmes and sports.

1.3.2 Organisational Setup

The organisational arrangement of the Department is structured below:

Chart: 1.3.1



1.3.3 Audit objective

The objectives of the Performance Audit were to assess whether:

- The planning for development and promotion of potential talent of youth of the State was adequate;
- The fund allotted were utilised in an economic and effective manner;
- Programme/projects/activities were executed efficiently and economically to achieve intended goals; and
- Adequate management control system exists for assessing, monitoring and reporting of the programmes.

¹ Renamed in 1993.

1.3.4 Scope of audit

The Performance Audit covered the period from 2010-15. The audit covered the offices of the Directorate of Youth Resources and Sports, Engineering wing of DYRS, Music Task Force and four District Youth Resources and Sports offices. We also covered 19 completed and 27 on-going projects out of 90 infrastructure development projects implemented during 2010-15.

1.3.5 Audit methodology

Audit methodology comprised of an entry conference (April 2015), requisition and examination of documents/records, interview with various stakeholders, issue of audit observations, examination of responses to audit observations, joint physical verifications, photographic evidences, beneficiary survey, issue of draft report to the Government to solicit their replies and an exit conference (September 2015). The replies received and the views expressed during exit conference were considered and incorporated in the report.

1.3.6 Audit criteria

The findings were benchmarked against the following criteria:

- Nagaland Sports Policy 2006 and Nagaland Youth Policy 2006;
- Annual plan and activity reports;
- Detailed Project Reports of the developmental activities;
- Conditions and norms for release of funds;

1.3.7 Acknowledgement

We express our appreciation for the co-operation and assistance accorded to us by the Department at all levels during audit.

Audit findings

The audit findings are discussed in the following paragraphs.

1.3.8 *Planning for development and promotion of potential talent of the youth of the State.*

1.3.8.1 Preparation of development plan for sports and youth activities

Activities related to sports and youth affairs are essential components for human resource development, which need a broad-based forecasting through development plans. The plan should focus on organising sports and youth events to tap and harness the latent talents. The Nagaland sports policy envisaged that DYRS should prepare sports development plan in which the State Council of Sports (SCS) and Sports Associations (SA) are to be associated. While drawing up the plan, the DYRS also should obtain the views of District Sport Councils (DSC) to identify and groom young sports talents in the districts.

Examination of records revealed that development plan to cover the sports and games, youth affairs, physical education and infrastructure creation was not prepared.

DYRS stated (July 2015) that due to irregular earmarking of funds by GoN, annual developmental plans were not prepared. It is therefore evident that all the sports and youth activities during 2010-15 were organised without any planning resulting in poor promotion of sports culture and infrastructure in the State despite the State being home to several medal winners and athletes.

The Department accepted (September 2015) the audit finding.

1.3.8.2 Action plan for Sports activities

Nagaland Sports Policy 2006 envisaged review of the Sports Policy once in two years according to the potential, popularity and performance of a game in consultation with Nagaland Olympic Association (NOA) and Sports Associations (SA). It also envisages organising of activities like road shows and “catch them young” tournaments at sub-division/district level to open a forum for youth to exhibit inherent talents, appropriate inter-school and inter-college/university competitions at the State and District levels by drawing a joint action plan with NOA and SA to integrate sports with education curriculum, survey to identify the gap in infrastructure, manpower, sports equipment, sports and youth activities in collaboration with the DSCs etc.

Our examination of records revealed the following:-

- The Sports Policy of 2006 was not reviewed as per potential, popularity and performance of local sportspersons in various games as of June 2015.
- Road shows and talent search programmes for scouting for talents at sub-division level were not conducted during 2010-15. It was seen that, DYRS conducted "catch them young" tournament at State level but not at the district/sub-division level resulting in lost opportunity of tapping into sports talents at the grass roots level.
- Inter-school and inter-college/university competitions were not introduced at the State/district level to integrate sports with education curriculum.
- Surveys were not carried out to identify the gap in infrastructure, manpower, sports equipment, sports and youth activities in the State. Instead these were taken up according to the availability of fund in an adhoc fashion.

Eight coaches out of 34 stated during the interview to Audit (June 2015) that due to improper planning and coordination with the institutions, the talented sportsperson at grass roots level remained unexposed. These persons might have the potential to bring laurels to the State as well as to the Nation. This was also affirmed by the representatives from eight out of 22 sports association present during interview (July 2015).

The Department accepted (September 2015) the audit finding.

1.3.8.3 Promotion of youths resources

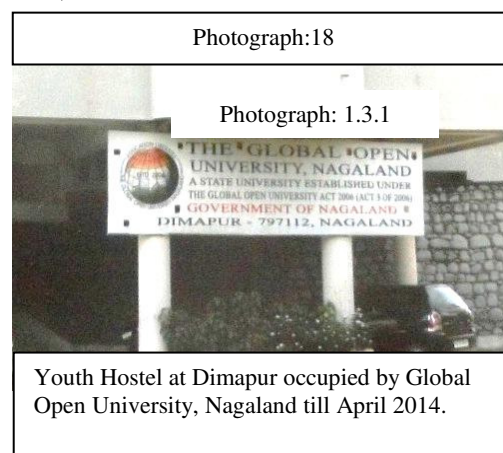
GoN in Nagaland Youth Policy 2006 has reiterated its commitment for the all-round development of youth in the State. The policy aims to fulfil the aspirations of youth and also to develop their personality to rise up to new challenges. The main focus of the Policy were promotion of traditional Naga sports to help youth from grassroots, organising of State Youth Festival every year, construction of Youth hostels at places of historical and cultural interest to promote youth tourism, etc.

Our examination of records revealed the following:

- Promotion of traditional Naga sports to lift the aspiration of local youth was not carried out.
- The state youth festivals organised were limited to only five disciplines².
- Four Youth Hostels were constructed at (a) Dimapur, (b) Mokokchung, (c) Mon and (d) Kohima to promote Youth tourism in the State.

However, we observed the following:

(a) Youth Hostel, Dimapur constructed (1990) at a cost of ₹ 0.50 crore was leased³ to the Global Open University, Nagaland (**Photograph:1.3.1**) from April 2007 to April 2014. No activities related to promotion of sports and youth was conducted during the leased period. The lease was discontinued (May 2015) as per the directives (August 2012) of the Ministry. During the course of audit it was also observed that during the period of lease, DYRS collected only ₹ 0.09 crore against the rent dues of ₹ 0.17 crore. Joint inspection (May 2015)



revealed that the hostel remained closed since taking over from the university as it was in a deplorable state. The DYRS stated (September 2015) that the hostel will be utilised after minor renovation. However, the fact remained that the promotion of youth tourism suffered in Dimapur district.

(b) The Youth Hostel Mokokchung, was not completed even after a lapse of 24 years although ₹ 50 lakh was spent on its construction. The GoN approved (June 2013) another ₹ 2.50 crore for its completion which is yet to be completed (August 2015).

² Folk Song, Folk Dance, Guitar recital, elocution and one act play.

³ ₹ 20,000/ month.

(c) Youth hall constructed (1980) at Mon (cost of construction not furnished) was dismantled (July 2011) and a church building (**Photograph: 1.3.2**) was constructed there. The unauthorised construction was recommended by the Deputy Commissioner, Mon.

Photograph: 1.3.2



Youth hall constructed (1980) at Mon was dismantled (2011) and a church building was constructed at that space

(d) Youth Hostel⁴ constructed (1993) at Kohima is being utilised as office of DSO and YRO, Kohima since 2003. The Department accepted (September 2015) the audit findings.

Thus, the youth hostels constructed were not utilised for the designated objectives defeating the stated policy of the promotion of youth in the State.

1.3.9 Financial Management.

Financial management system should be designed to control and monitor the fund flow to implement the programmes in a timely manner to achieve the intended objectives. Funds under CSS programmes were in the ratio of 90:10 between GoI and GoN. The release of instalments by GoI were on the basis of furnishing utilisation certificates, quarterly progress reports, photographs of the works completed and the inspection report of the nodal officers indicating the physical and financial progress of the project. Funds under the central pool must be released to the implementing agency/project authority⁵ by the State Government within 15 days of date of receipt of the fund from the GoI and a certificate to this effect should be sent to the Ministry by the State Planning Department. Funds under *Panchayat Yuva Krida aur Khel Abhiyan* (PYKKA) and Urban Sports Infrastructure Scheme (USIS) programmes laid down a condition that the grantee should not divert the grants or entrust execution of scheme or work concerned to another institution or organisation and should abide by the terms and conditions of the grant. If the grantee failed to utilise the grant for the purpose for which the same had been sanctioned, the grantee should refund the amount of grant with interest thereon at the rate of 10 percent per annum.

1.3.9.1 Budget outlay

The Nagaland Sports/Youth Policy 2006 envisages that all departments should provide five *per cent* of their budget for youth development programmes through DYRS.

The budgetary outlay of the DYRS with respect to the total budgetary outlay of the State during 2010-15 ranged from 0.46 *per cent* to 1.39 *per cent*. The details are given below:

⁴ Cost of construction was not furnished.

⁵ Executive Engineers, PWD (R&B) at Divisions.

Table: 1.3.1

₹ in crore

Year	State budgetary outlay	Budgetary outlay of DYRS	Percentage of Col. No. 3 with respect to Col. No. 2
1	2	3	4
2010-11	5664.15	70.58	1.25
2011-12	6540.75	90.86	1.39
2012-13	7683.96	79.08	1.03
2013-14	7951.54	73.01	0.92
2014-15	7972.00	36.53	0.46
Total	35479.13	353.06	0.99

(Source: Departmental data)

Allocation of negligible resources for sports and youth activities indicate the low priority accorded towards development of sports and youth activities in the State.

The Department accepted (September 2015) the audit finding.

In audit instances of diversion of funds, delay or non-execution of projects were noticed, which are discussed in the succeeding paragraphs.

1.3.9.2 Fund position

The fund position of the Department for the years 2010-15 are as detailed below:

Table:1.3.2

₹ in crore

Year	Opening Balance				Fund Received				Expenditure				Closing balance			
	CSS	State Plan	Non Plan	Total	CSS	State Plan	Non Plan	Total	CSS	State Plan	Non Plan	Total	CSS	State Plan	Non Plan	Total
2010-11	0.91	7.08	0.48	8.47	9.60	51.17	9.81	70.58	8.21	32.68	10.26	51.15	2.30	25.57	0.03	27.90
2011-12	2.30	25.57	0.03	27.90	14.30	65.16	11.4	90.86	16.56	48.87	9.47	74.90	0.04	41.86	1.96	43.86
2012-13	0.04	41.86	1.96	43.86	9.58	53.96	15.54	79.08	9.62	66.26	12.60	88.48	0	29.56	4.90	34.46
2013-14	0	29.56	4.90	34.46	13.98	43.44	15.59	73.01	13.07	49.99	12.58	75.64	0.91	23.01	7.91	31.83
2014-15	0.91	23.01	7.91	31.83	4.24	16.43	15.86	36.53	4.68	21.92	23.21	49.81	1.59	16.40	0.56	18.55
Total					51.70	230.16	68.20	350.06	52.14	219.72	68.12	339.98				

(Source: Departmental data)

Our examination of records revealed the following:

- GoI released ₹ 30.66 crore for construction of eleven sports infrastructure projects (Construction of mini outdoor stadium at Wozuro: ₹ 1.98 crore, Construction of Multi Disciplinary Outdoor complex at New Peren: ₹ 3.00 crore, Construction of Outdoor stadium at Pughoboto: ₹ 2.24 crore, Construction of Outdoor stadium at Mon: ₹ 2.01 crore, Construction of Multipurpose stadium at G Rio, Kohima: ₹ 1.18 crore, Construction of Multipurpose stadium at Pfutsero: ₹ 3.00 crore, Construction of Multipurpose Indoor stadium at Sanis: ₹ 3.37 crore, NLCPR Projects: Construction of Swimming Pool at Dimapur: ₹ 0.94 crore, Construction of Indoor and Outdoor Stadium at Peren Government College, Peren: ₹ 2.90 crore, Construction of Football Stadium at Tobu HQ in Mon District: ₹ 0.96 crore and Construction of multipurpose hall at Longleng: ₹ 9.08 crore) against which GoN was to release ₹ 3.65 crore as matching share. However, GoN released only ₹ 1.71 crore resulting in short release of ₹ 1.94crore.

- DYRS held closing balances ranging from ₹ 18.55 crore to ₹ 43.86 crore during 2010-15. Out of the closing balance, retention of the sports infrastructure development funds ranged from 96 to 97 per cent indicating poor implementation of the task of development of sports infrastructure by the DYRS. The Department stated that the retention was due to the release of funds at the end of financial year.
- Against four sports infrastructure projects to be created in the State under Non Lapsable Central Pool of Resources (NLCPR) funding, GoI did not release subsequent instalments of ₹ 8.05 crore due to the GoN defaulting in the release its matching share. Details are given below.

		Project Cost	Amount not released
1	Construction of Swimming Pool at Dimapur	₹ 2.60 crore	₹ 1.40 crore
2	Construction of Indoor and Outdoor Stadium at Peren Government College, Peren	₹ 8.23 crore	₹ 4.51 crore
3	Construction of Football Stadium at Tobu HQ, Mon	₹ 2.67 crore	₹ 1.44 crore
4	Construction of Multi-purpose stadium at Pfutsero, Phek	₹ 4.16 crore	₹ 0.70 crore

Therefore the completion of the projects was stalled/delayed

- Out of the CSS fund, ₹ 16.76 crore was earmarked for implementation of nine projects, out of which GoN parked ₹ 11.60 crore in civil deposit for periods ranging from 3 to 12 months in violation of the norms prescribed by GoI.
- The Ministry of Youth Affairs and Sports, GoI released (September 2012) ₹ 0.91 crore for conducting rural competitions and ₹ 0.12 crore for North East games. However, DYRS could not conduct the competitions due to corresponding amounts not being released by the GoN. The Ministry directed (July 2014) the DYRS to refund the grant including the penal interest (10 *per cent*) as per the guidelines of the programme. The DYRS refunded (March 2015) ₹ 1.27 crore including penal interest of ₹ 0.24 crore to the Ministry.
- During 2008-13, GoI released ₹ 16.95 crore for implementation of PYKKA, against which matching share of the State worked out to ₹ 1.88 crore, where the actual amount released by the State was ₹ 1.42 crore resulting in a short release of ₹ 0.46 crore. As per PYKKA guidelines, funds should be transferred to the DSOs for onward transfer to the implementing agencies.

Out of total release of ₹ 18.37 crore by GoI and GoN, only ₹ 13.43 crore was accounted for in bank accounts maintained at Axis Bank, Kohima.

Out of the total amount of ₹ 18.47 crore available (including ₹ 0.10 crore received as interest), only ₹ 12.87 crore was released to DSOs/implementing agencies. Further, ₹ 1.03 crore was refunded to GoI. Of the remaining amount of

₹ 4.57 crore, ₹ 0.89 crore was paid to individuals who were not legitimately entitled to receive them (**Appendix 1.3.1**). As of March 2015, there was a balance of ₹ 0.02 crore. Thus, the balance of ₹ 3.66 crore remained unaccounted and the possibility of misutilisation of this amount cannot be ruled out.

In reply, the Department furnished (September 2015) utilisation certificate for ₹ 17.39 crore excluding the amount refunded to Ministry.

The instances of short release of matching share, heavy retention of balances, misutilisation of Government money were indicative of poor financial accountability of GoN/the Department. Also, implementation of the scheme was impacted adversely.

1.3.9.3 Diversion of fund

GoN accorded sanction for developmental activities by specifying the nature of activities to be undertaken and funds to be utilised for the purpose for which it was sanctioned. Examination of records revealed that there were diversions of funds from the purpose for which sanction was accorded, as detailed in the table below:

Table: 1.3.3

₹ in crore				
Year of sanction	Amount sanctioned	Purpose of sanction	Amount diverted	Purpose of which diverted
2013-14	0.50	Young Naga Achievers award 2013-14	0.50	Purchase of sports goods such as TT tables, Footballs, Volleyballs, Badminton rackets, Volleyball nets, TT balls etc.
2011-12	0.50	Dr. T. Ao cash award for best coaches, eminent sports person or best institution to promote sports and games in the State	0.25	
2007-08	1.44	Under Prime Minister's package, for construction of swimming pool at IG stadium, Kohima	1.44	Construction of girls Hostel at IG stadium.
	4.16	Under Prime Minister's package, for construction of synthetic track at IG stadium, Kohima	3.52	
Total			5.71	

Source: Departmental data

It would be seen from the table above that the DYRS diverted ₹ 5.71 crore from approved developmental activities by violating the conditions of the sanction.

The Department accepted (September 2015) the diversion and stated that this was done after obtaining approval from the State Government in the first two instances to execute the developmental activities. Diversion without approval of funding agency is unauthorised. The fact remains that diversion of funds especially meant for construction of swimming pool and synthetic track sanctioned under PM's package would adversely impact on training of sportspersons. Funds for construction of girls' hostel could have been arranged from other sources such as State Plan fund.

1.3.9.4 Consultancy charges

The Nagaland Public Works Department (NPWD) Code broadly envisage that DPR prepared by the Department or consultant should be comprehensive, supported by complete details, drawings and design calculations.

GoN provided for consultancy charges at the rate of 4 *per cent* of the cost of the DPR. 10.30 *per cent* service tax charged on the claim was to be released to the consultant on furnishing the required certificate issued by the appropriate authority. The examination of records pertaining to consultancy charges paid in respect of 22 DPRs prepared by the consultants revealed that:

- As stated by EE (H) DYRS, the selection of the consultants for preparation of DPRs was made by the VIPs (the Ministers and the Parliamentary Secretaries of the State Government).
- The DYRS, awarded consultancy contract to M/s Zynorique, Kohima for preparation of DPRs for six projects (total cost of six DPRs - ₹ 148.05 crore) and M/s Planning Consortium, Dimapur for one project. (cost of one DPR - ₹ 14.22 crore). However, the consultancy charges of ₹ 8.11 crore were paid at the rate of 5 *per cent* instead of 4 *per cent* of the cost of DPR, which works out to ₹ 6.49 crore for the seven DPRs. Thus, by settling the claim of consultancy charges at the higher rate, the DYRS incurred an excess expenditure of ₹ 1.62 crore.

The Department accepted (September 2015) the audit finding and stated that the consultancy fee at the rate of 5 *per cent* was paid as per the approval of Chief Engineer PWD (Housing). The extra amount paid needs to be recovered from the consultants and disciplinary action initiated against the Chief Engineer for loss to Government.

1.3.10: Execution of programme/projects/activities

Nagaland Sports Policy 2006 aims to promote sports activities in which the State has potential strength (in 10 disciplines) and also to provide required infrastructure and opportunities to sportspersons so that the State can produce sportspersons of national and international quality. The Policy also aims to motivate the Naga youth positively and channelise their energy to sports, to build characteristics of leadership, team spirit, harmony, peace, competitive sports and make them healthy to contribute to the socio-economic development in the State as well as in the nation.

1.3.10.1 Detailed Project Report

An important activity before implementation of any project is to prepare Detailed Project Reports (DPRs) after conducting feasibility study consisting of survey, technical specifications, plans and drawings and detailed estimate of each item of work. During 2010-15, 90 DPRs for development of sports infrastructure was prepared and approved by the GoI/GoN. Examination of the DPRs revealed the following:

(a) The NOA/SSC, DSCs and SAs were not associated in the assessment of sports infrastructure while framing the DPR. For instance, the badminton stadiums in the State were constructed without meeting the requisite standards⁶ and unfit for organising national badminton events. This was also confirmed by the coach and SA during interview.

(b) Three DPRs⁷ for projects at Sovima approved by the DYRS were not supported by detail drawings and design calculations to arrive at the quantities. These DPRs were prepared anticipating escalation for two years as per RBI index 7.5 *per cent* per annum over and above the rate of items in SOR. Thus, by anticipating the escalation for two years, the total project cost was enhanced by ₹ 0.76 crore.

(c) Two DPRs⁸ were prepared without survey reports, technical specifications, plans & drawings and detailed estimate of each item of work. However, the Chief Engineer CE, Housing, PWD vetted and approved these DPRs.

The Department accepted (September 2015) the audit findings and assured that corrective measures will be taken.

1.3.10.2 Deviation of projects due to revision of DPRs

Para 204 of the NPWD code envisage that when owing to modification or deviation from the original proposals or when the preparation of the detailed estimate or during the course of execution, it becomes apparent that the cost of the work would exceed the administratively approved amount by more than 10 *percent*, revised administrative approval for the enhanced expenditure must be obtained; similar steps must be taken if the original proposals are deviated from, even if no increase is incurred.

Examination of records of the projects revealed the following:

(i) Multi-Disciplinary Sports Complex at Dimapur

The objective of Multi-Disciplinary Sports Complex (MDSC) at Dimapur was (a) to promote world class sports talents; (b) to expose the budding talents to world class competitions; (c) to encourage research and documentation of traditional sports; (d) to channelize the frustration and lack of direction of the youth towards constructive and responsible goals; and (e) also to keep abreast of the latest scientific and technological approaches to the sports and games. The mega complex was to include main athletic stadium with football ground and 400 m track, landscaped central island, archery range, swimming pool, velodrome complex, air conditioned indoor stadium, public parking to accommodate 500 cars, hostel blocks for boys and girls, guest house, sports medicine centre and helipad. The funds for execution of the project were to be met from Special Plan Assistance (SPA).

⁶ Poor light system and B class wood flooring instead of A class wood flooring in the badminton stadium.

⁷ Construction of Archery Academy, Shooting Center and Motorsports Center at Sovima, Dimapur.

⁸ Construction of Archery Academy at Sovima, Dimapur and laying of Synthetic track at IG Stadium, Kohima.

The DYRS took up (December 2005) the project in a phased manner and completed (June 2007) construction of the boundary in first phase. In the second phase, development of playground and site grading for an estimated cost of ₹ 13.40 crore was simultaneously taken up (December 2005) and physical progress of 83 *per cent* was achieved after incurring an expenditure of ₹ 10.78 crore. In the third phase, DPR for civil and allied works for main athletic stadium with seating capacity of 30,000 persons at a total estimated cost of ₹ 60.57 crore was prepared. The work was awarded (December 2006) to M/s. NN Construction & Décor for ₹ 55.28 crore. As per the terms and conditions, the work was to be completed by June 2009. No enhancement of rate other than price escalation (as per RBI index) in accordance with CPWD's Clause No. 10 CC was admissible. The work actually commenced in January 2008.

Photograph: 1.3.3



Construction of Gallery at the Main Athletic Stadium at MDSC, Dimapur.

For this project, GoN released ₹ 58 crore⁹ to the DYRS at regular intervals during 2009-13. The estimated cost of the project was, however, revised to ₹ 134.99 crore¹⁰ (123 *per cent* above) from ₹ 60.57 crore and was approved (March 2012) by the GoN as per the recommendations of technical committee.

CE, PWD (Housing) while proposing revision stated that the revision was due to escalation of material cost since 2008 and insufficient provision of fund to settle the claim of the contractor. It was, however, observed that there was no record to substantiate that the payment was not made to contractor due to paucity of funds. DYRS also paid ₹ 5.57 crore¹¹ to the contractor towards price escalation in five RA Bills. Even after the extension of time, the contractor could attain physical achievement of only 55 *per cent* delaying the completion of work. Joint inspection (May-June 2015) revealed that the work was stopped since December 2012 (*Photograph:1.3.3 above*).

In reply, the Department stated (September 2015) that the revision was necessitated for electrical work, seating gallery stands, plain cement flooring skirting, exterior plastering, additional seating and roofing areas.

⁹ ₹ 33crore from SPA, ₹ 15crore from State earmarked and ₹ 10crore under ACA = ₹ 58.00 crore

¹⁰ Total revised estimate of the project (100.00 crore) + Provisioned for internal electrification @ 8 per cent (8.00 crore) + Consultancy charges (₹ 5.97 crore) + contingencies (₹ 3.42 crore) + departmental charges (₹ 15.26 crore) + work charged establishment (₹ 2.34 crore) = ₹ 134.99 crore

¹¹ 1st to 3rd RA Bill for ₹ 1.00 crore (March 2011) plus 4th RA for ₹ 1.26 crore (July 2011) + 5th RA for ₹ 3.31=₹ 5.57 crore.

The Sporting complex is not functional as yet and expenditure of ₹ 58.00 crore incurred so far on its construction has remained unfruitful.

(ii) Construction of Swimming Pool at Dimapur

The Ministry of Development of North Eastern Region (DoNER) approved (September 2013) construction of a Swimming Pool at Dimapur for ₹ 2.60 crore under NLCPR in the land owned by the Nagaland Youth Gymnastic Club, Dimapur. Scheduled date of completion of the project was May 2016. The approved project was to cover an area of 2003.09 sq m to accommodate a swimming pool (525 sq m) with eight lanes, spectator gallery, changing rooms, store and entrance lobby with DYNA truss roofing. DYRS revised (May 2014) the plan into working estimate and awarded (May 2014) the work to M/s. Techno Enterprises for ₹ 2.52 crore to execute the project in a 1062.33 sq m area. Thus, the project area was compromised by 940.76 sq m by deviating from the approved DPR. The Ministry released (September 2013) first instalment ₹ 0.94 crore and DYRS incurred expenditure of ₹ 0.94 crore for structure gallery, changing room, store etc., (physical progress achieved as of May 2015 was 40 per cent).



Examination of records revealed that DYRS revised the DPR into working estimate by adding three new items and excess volume in 11 items for ₹ 0.63 crore and ₹ 0.44 crore respectively. Further, to compensate for the additional items in the working estimate, two items of works ₹ 0.38 crore were deleted and volume/quantity in 29 items of work ₹ 0.69 crore was reduced to match the approved cost of the project.

DYRS did not forward the revised working estimate for approval to the Ministry despite major variations from the approved plan (**Photograph 1.3.4**). During the joint inspection (May 2015) following deviations from DPR were noticed viz., (i) one-side gallery instead of it extending around the swimming pool, (ii) swimming pool in a corner instead of at the middle and (iii) deviation in roofing structure of the store and changing room etc..

While accepting the audit finding, the Department stated (September 2015) that the matter was brought to the notice of the Ministry of DoNER and the Ministry had conveyed that the fund utilisation was the prerogative of the State Government if it is within the sanctioned amount and for initially intended purpose.

(iii) Construction of Community Centre at Chumukedima

NEC, approved (March 2011) construction of a community centre at Chumukedima for ₹ 4.71 crore to develop community activities in Dimapur. As per the administrative approval, works should be awarded to a registered firm or contractor by constituting a committee or through the sports Engineering wing or through the PWD (Housing), GoN. Examination of records revealed that though a committee

consisting of seven members¹² was constituted, the committee never met to finalise the tendering, selection of contractor, etc. Four representatives NGOs, who were in the committee, finalised the tendering and selection of contractor without consulting the other committee members. The work was awarded (June 2011) to M/s. Universal Trading, Dimapur by the Chairman of the NGO (Jamina Multipurpose Co-operative Society) stipulating the completion of project by March 2014.

NEC released ₹ 1.56 crore in two instalments to the DYRS which was released directly to the NGO (Jamina Multipurpose Co-operative Society) without consulting the Engineering wing to ascertain the quantum of the work executed. The payment was made on the basis of expenditure statement furnished by the NGO. No monitoring of the progress of the work was done by DYRS.

The NEC officials during the inspection (November 2012) of the project noticed deviation from the approved DPR and the matter was reported to NEC. NEC permitted to revise the DPR taking into account the deviations already taken place during the course of work. GoN furnished (December 2014) a revised DPR for ₹ 4.52 crore. However, the NEC approved (May 2015) the project cost for ₹ 3.65 crore after considering the deviation.

Photograph: 1.3.5



Construction of community centre at Chumukedima at a cost of ₹ 1.56 crore

Joint inspection (May 2015) along with the Departmental officers revealed that the work was abandoned since March 2013 after achieving physical progress of 35 per cent (**Photograph:1.3.5**).

During the joint inspection, the delegate representing NGO (Jamina Multipurpose Cooperative Society) stated that the work would not be taken up in case the NEC did not agree to the proposal to revise the project cost to ₹ 4.52 crore. Thus, due to lack of proper monitoring by the DYRS there were deviation in the work, which necessitated revision of DPR. A stand-off on the revised cost resulted in abandonment of work and expenditure incurred on the project (₹ 1.56 crore) so far has remained unfruitful.

The Department while accepting the facts stated (September 2015) that the matter has been taken up with NEC to enter into a MoU with the NGO after the receipt of the revised approved DPR.

1.3.10.3 Centres of excellence at Kohima and Dimapur

The Centres of excellence located at Kohima and Dimapur were proposed to have adequate infrastructure and facilities to train youth/sportsperson. These centres should have separate wings for sports medicine and nutrition, physiotherapy etc., to provide scientific support in the field of nutrition and sports medicine.

¹²Three from Government and four from NGO.

Examination of records revealed that the DYRS created 12 infrastructure projects of ₹ 40.01 crore at these centres (Kohima and Dimapur) out of the approved cost of ₹ 50.39 crore as detailed below:

Table: 1.3.4**₹ in crore**

Sl. No.	Name of the project	Location	Approved cost	Expenditure as of date	Status
1.	Shaded gallery	IG Stadium, Kohima	2.83	2.83	Completed
2.	Laying Synthetic Track		5.00	4.62	Completed
3.	Girls hostel		10.27	10.27	Completed
4.	Installation of Acoustic in Hall-A and Hall-B		5.00	5.00	Completed
5.	Boys hostel		1.73	1.73	Completed
6.	Hall-A		4.16	4.16	Completed
7.	Hall-B		9.73	9.73	Completed
8.	Administrative block		0.67	0.67	Completed
9.	Cricket Pitch and rostrum		1.00	1.00	Completed
10.	Regional shooting center	Sovima, Dimapur	2.75	0	Ongoing
11.	Archery range		2.75	0	Ongoing
12.	Motor sports centre		4.50	0	Ongoing
Total			50.39	40.01	

Source: Departmental data

Joint inspection (May-June 2015) revealed that scientific support in the field of sports medicine and nutrition were not provided at the centres of excellence. It was also noticed that no efforts were made by GoN to recruit scientific support staff in the field of sports medicine and nutrition. The absence of services was confirmed during interview (May-June 2015) with the coaches, sports association and the sportspersons at the two academies Kohima and Dimapur.

In reply, the Department stated (September 2015) that the nomenclature of centres of excellence at Kohima and Dimapur are under revision. Mere change in nomenclature will not, however, fill the void caused by lack of skilled support staff.

1.3.10.4 Construction of cricket stadium, Sovima

For construction of cricket stadium at Sovima, Dimapur, the DYRS framed (July 2007) DPR for ₹ 2.15 crore which was revised (July 2008) to ₹ 3.07 crore by incorporating additional items of work. Two¹³ work orders were issued to M/s. RNDM Company for a total of ₹ 2.49 crore¹⁴. DYRS stated (May 2015) that work for ₹ 1.63 crore was executed (for construction of retaining wall and approach road only) and accordingly the payments were made to the contractor.

High Level Technical Committee (HLTC) approved (February 2010) the construction of cricket stadium at Sovima Phase-I to develop the playfield including earthwork, underground drain, play area and practice pitch etc. DYRS framed another DPR for construction of a cricket ground of international standards including construction of

¹³ November 2007 and November 2008.

¹⁴ Play field development, Retaining wall, Security fencing, Gates, Drains and Approach road.

main pitch, laying of Bermuda grass, installation of sprinkling machine and ground levelling equipment at a total cost of ₹ 10.31 crore. Execution of 13 items of work approved at a total cost of ₹ 73.92 crore was taken up in a phased manner during 2010-15 and an expenditure of ₹ 45.43 crore was incurred on the execution of work (as of March 2015). Out of these, DYRS completed nine items of work and two items were ongoing and two items were yet to be taken up for execution. Details are given below:

Table: 1.3.5

₹ in crore

Sl. No	items of the work	Approved cost	Work order value	Status	Cost on completion/
1	Play field ground	10.31	8.29	Completed	10.31
2	Cricket stadium Additional works	5.68	4.04	On-going	3.58
3	Construction of Cricket Hostel	8.07	6.02	Completed	8.07
4	Construction of Cricket Hostel additional	2.50	1.97	Completed	2.50
5	Construction of VIP gallery block	33.61	22.34	On-going	8.34
6	Flood light	10.33	7.02	Completed	9.33
7	Digital Scoreboard	0	0.92	Not started	0
8	Manual score board	0.12	0.12	Not started	0
9	Installation of Diesel generator set	0.85	0.82	Completed	0.85
10	Construction of generator shed	0.30	0.25	Completed	0.30
11	Development of Practice Pitch Roofing	0.30	0.24	Completed	0.30
12	Development of Toilet block	1.35	1.14	Completed	1.35
13	Maintenance of Cricket stadium	0.50	0.42	Completed	0.50
Total		73.92	53.59		45.43

Source: Departmental data

It was noticed in Audit that:

- DYRS framed DPR for ₹ 10.31 crore for construction of playground (Scheduled items: ₹ 3.95 crore, Non-scheduled items ₹ 3.72 crore, Equipment for field development: ₹ 0.59 crore and Centage charges: ₹ 2.05 crore).
- Among the non-scheduled item of work, the contractor M/s. Chabou & Co. Kohima was required to lay Bermuda grass¹⁵ for 16,600 sq m of the main playing area at the rate of ₹ 550 per sq m for ₹ 0.91 crore and also to maintain the playfield for three years after the completion of laying of grass. The DYRS released ₹ 1.19 crore to the contractor and work was reported as completed (March 2012). However, joint inspection (May 2015) revealed that Bermuda grass was not laid in the playing area. Thus, DYRS fraudulently released ₹ 1.19 crore to the contractor without execution of work. Cricket players in interview (May 2015) stated that in the absence of grass, the existing surface was unsuitable for a professional game of cricket.
- As per records, DYRS had purchased Stiga Lawn mower (₹ one lakh), Lawn care ride on Mower 18.5 HP (₹ five lakh), Ha-Ko 2 ton Pitch roller (₹ 10 lakh), Surge systems ground sprinkler (₹ 35 lakh), Pitch mower (₹ three lakh) and Pitch cover (₹ six lakh) for maintenance of the field out of the approved cost of ₹ 59 lakh from the supplier M/s. East End Enterprises, Kohima. However, during joint

¹⁵ Grass in cynodon family named as 'doob' in Hindi and 'durba' in Bengali.

verification (May 2015) equipment valued at ₹ nine lakh ¹⁶ only were available. Procurement of remaining maintenance equipment valued at ₹ 50 lakh was doubtful. The match referees of a cricket match between Arunachal Pradesh and Jharkhand Under-16 tournament shared their displeasure with the audit team during the interview and stated that the play field was not maintained with water sprinklers due to absence of ground sprinkler equipment.



- DYRS constructed a cricket hostel for a total cost of ₹ 10.57 crore to accommodate the cricket players. The work was executed by M/s. Neo Enterprises, Kohima. The payment made to the contractor included ₹ 0.85 crore for execution of item of work viz., 'Glazed walls made with 12 mm thick tough float glass in 862.49 sq m at the rate of ₹ 9800 per sq m in the wings of hostel building'. However, during joint inspection (May 2015) it was noticed that the contractor has executed the glazed wall in 220 sq m only and for this, ₹ 0.22 crore was only due to the contractor. Thus, an excess payment of ₹ 0.63 crore was fraudulently made to the contractor for unexecuted work.
- DYRS purchased gym equipment worth ₹ 0.50 crore out of the funds earmarked for construction of cricket hostel which were reported as issued to a gymnasium unit attached with the cricket hostel for physical fitness of the players. However, the gym equipment valued at ₹ 0.50 crore were not traceable during the joint inspection (May 2015) which was duly authenticated by the Departmental officers. Thus, the entire purchase was doubtful.
- GoN approved (April 2011) ₹ 10.33 crore for installation of floodlight at cricket stadium. Earlier, M/s. Dev-Musco lighting Pvt. Ltd, Delhi, an eminent supplier in the field of installation of floodlights expressed (January 2011) their willingness to complete the project at a cost of ₹ 6.50 crore. However, the work was finally awarded (July 2011) to the same firm M/s. Dev-Musco lighting Pvt. Ltd for ₹ 7.02 crore and the project was commissioned in April 2012. DYRS spent ₹ 9.33 crore (out of the approved funds of ₹ 10.33 crore) to commission the floodlight including the cost of consultancy, work charged establishment etc. DYRS could have avoided incurring of unnecessary expenditure of ₹ 2.31 crore for engaging consultants (M/s. Zynorique Consultant, Kohima, Nagaland), work charges and contingencies.

In Joint inspection (May 2015) of the project it was noticed that the floodlight could not be operated. The cricket association stated (May 2015) that the installation of floodlights was made earlier than required.

- DYRS incurred an expenditure of ₹ 1.35 crore for construction of a toilet block to extend public toilet facilities. Joint inspection (May 2015) revealed that the completed (February 2014) toilet block building of two floors consisted of rooms other than toilets with limited provision of four toilets facilities. It was also noticed during joint inspection that the toilet block was not opened to the public.

¹⁶ Stiga lawn mower, lawn care Ride on Mower 18.5 HP and pitch cover.

- Even after spending ₹ 45.43 crore for developing a cricket stadium, there was only an earthen gallery available for spectators. Further, there is no room provisioned for the match referee. It was also noticed that the referee was accommodated in a temporary shed which is unacceptable by international standards (*Photographs-1.3.6 & 1.3.7*).

Photographs-1.3.6	Photographs-1.3.7
	
Earthen Gallery	Shed for match referee

1.3.10.5 Laying of Synthetic Track at IG Stadium, Kohima



Based on the Department's proposal (July 2011) for construction of eight lane 400 metre IAAF¹⁷ certified synthetic (Porplastic M) running track and pole-vault/triple jump pits at IG stadium, the Ministry sanctioned (August 2011) ₹ 5.00 crore for construction of synthetic track at IG Stadium, Kohima covering (i) sub base preparation excavation, soiling, Water Bound Macadam, Asphaltic layer in 50 mm and (ii) synthetic track surfacing Styrene Butadiene Rubber (SBR) layer 13-16 mm, Ethylene Propylene Diene Monomer (EPDM) rubber layer and line marking. ₹ 5.00 crore was released to GoN in two instalments.

It was noticed that:

- DPR of the project concealed the fact that base work of running track was earlier constructed from the funds received under the PM package. Further, technical specifications and detailed estimate of each item of work were not elaborated to assess the volume and cost of running track base work.
- Department reported the completion (April 2014) of construction of synthetic track by utilising ₹ 4.62 crore.
- As per the DPR, the laying of eight lane 400 metre synthetic (Porplastic M) running track was estimated in an area of 50,895 sq ft. However, joint inspection (May 2015) revealed that the area for sub-base and synthetic track surfacing was only 48,809 sq ft. Thus, the area of laying synthetic track was curtailed by 2,086 sq ft.
- Joint inspection (May 2015) revealed that (i) the project was in the stage of SBR layer only, (ii) thickness of Asphaltic layer executed was 10 mm instead of 50 mm (*Photographs-1.3.8*), (iii) SBR layer was around 10 mm thick instead of

¹⁷ International Association of Athletic Federation

13 to 16 mm thick and was not surfaced by using compacting roller machine resulting in segregated non-sticky SBR layer (**Photograph 1.3.9**) and (iv) laying of Porplastic M at pole vault/triple jump pit (estimated to cost of ₹ 0.24 crore) was yet to commence.

<i>Photographs-1.3.8</i>	<i>Photographs-1.3.9</i>
	
Segregated SBR layer of Synthetic Track at IG Stadium,	Asphaltic layer found in 10 mm against the 50 mm standard in sample check

Thus, it is evident that DYRS released ₹ 4.62 crore to the contractor even though work was incomplete and of substandard quality of synthetic track surfacing. Further, running track base work already completed through the PM package was not accounted for. The SDO during the joint inspection, while admitting poor workmanship by the contractor, stated that the entire work needs overhauling before being used for IAAF competitions. However, facts remains that the Department extended undue benefit to the contractor by recording wrong measurement. Also, the sports association stated (July 2015) that the stadium was not used for sports activities.

1.3.10.6 Construction of sports complex at Tamlu

NEC approved (March 2011) construction of a sports complex covering three major developmental components at Tamlu, Longleng for ₹ 4.74 crore (Football stadium 125 metre x 75 metre: ₹ 3.21 crore, Indoor stadium 30 metre x 20 metre: ₹ 1.24 crore, Sports equipment: ₹ 0.20 crore and Consultancy: ₹ 0.09 crore), to upgrade the local ground to an ultra-modern sports complex to cater to the youth in nine surrounding villages. NEC directed the GoN to follow the execution of works by constituting a committee after inviting tenders from registered contractors or by the Engineering wing of the Sports Department or through the PWD (Housing), GoN. Though the Committee was formed with two officials from the Department¹⁸ and six from the NGOs, the tendering process and selection of contractor, etc., were made by the NGOs¹⁹ without involving Departmental representatives. The work was awarded (June 2011) to Shri.D.Mangne Ailly for ₹ 4.57 crore by the NGO stipulating the completion of project by June 2013. NEC released ₹ 2.25crore²⁰ and the DYRS

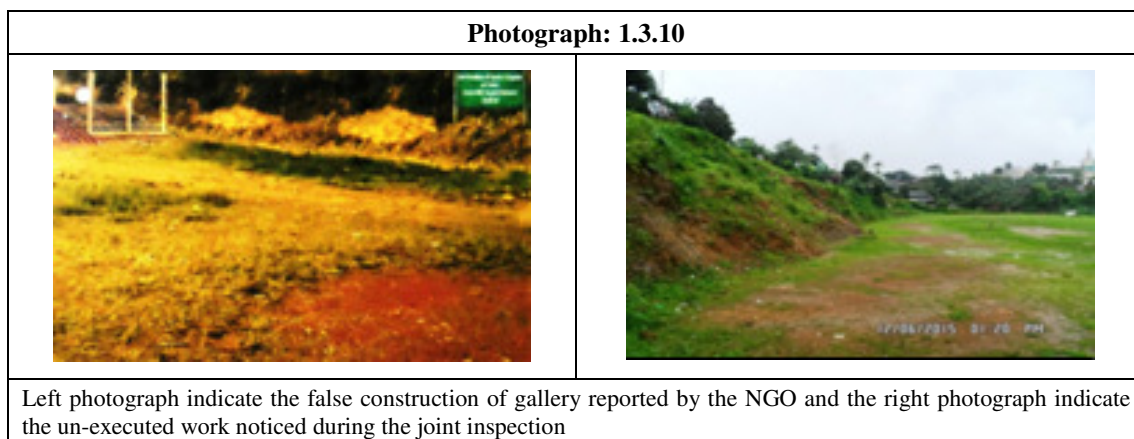
¹⁸ The ADC, Tamlu and officer from State Planning & Coordination.

¹⁹ M/s. Tribal Welfare Society, Tamlu.

²⁰ ₹ 0.35 crore in April 2011 and ₹1.90 crore in September 2011.

released ₹ 2.25 crore²¹ to the NGO. Examination of records and joint verification of the project revealed that:

- DYRS released ₹ 2.25 crore to the NGOs without any supporting documents such as running account bills/measurement book.
- Though the physical progress of 48 *per cent* was reported (March 2012) with supporting photographs and forwarded to NEC, joint inspection (June 2015) revealed that no work was executed (**Photograph-1.3.10**).



The fact that no work was executed was duly authenticated by the Departmental officers during the joint inspection.

- Tamlu Adhoc Town Committee lodged (April 2013) a complaint on the non-execution of work; however, no action was taken by the DYRS in this matter.

Thus, due to non-compliance of NEC instructions and failure of DYRS in monitoring the progress of the work resulted in payment of ₹ 2.25 crore to the NGO for unexecuted work. Further, fictitious reports about progress of the project was generated.

1.3.10.7 Works not executed

During 2010-15, 18 infrastructure development works were completed at a total cost of ₹ 115.85 crore in four test checked districts under funds provided by the Department. Joint inspection (May-June 2015) revealed that six projects (estimated at ₹ 3.77 crore) out of the 18 projects were either executed from different source of funding or not at all executed.

- Two projects namely, (i) Development of playground at Samzuiram, Peren (₹ 0.38 crore) and (ii) Laying of synthetic surface and security wall fencing at Chavino, Dimapur (₹ 0.30 crore) reported as completed by the DYRS, however, these projects were actually executed through funds provided under Mahatma Gandhi National Rural Employment Guarantee Scheme and Local Area Development Programme respectively.

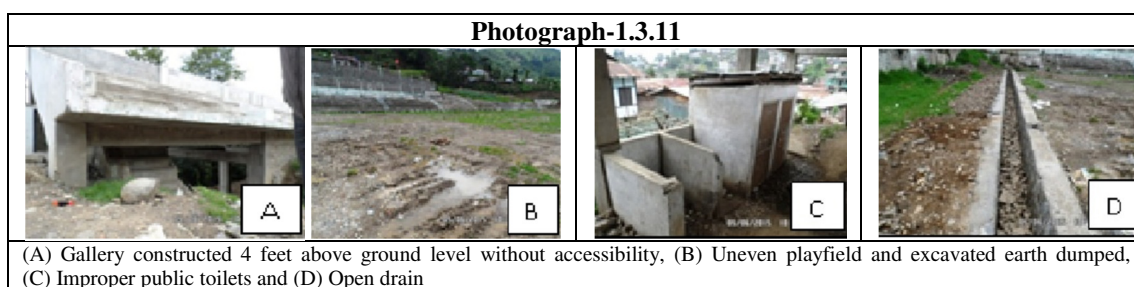
²¹ July 2011 (₹ 0.35 crore) and October 2011 (₹ 1.90 crore)

- Remaining four projects viz., Development of playground in New Peren (₹ 2.00 crore), Cricket pitch, Kohima (₹ 0.61 crore), Playground at Changlangshu, Mon (₹ 0.33 crore) and Development of Community ground at Jalukie (₹ 0.15 crore) reported as executed by the DYRS, however, were not found executed during the joint physical inspection.

Thus, the Department misappropriated ₹ 3.77 crore by reporting six project as complete which were actually executed under different programme.

1.3.10.7 Up-gradation of Playfield at Pfutsero

GoN approved ₹ 4.99 crore for up-gradation of playfield, construction of rostrum, drainage and galleries at Pfutsero. DYRS completed the construction at ₹ 4.99 crore. Joint inspection (June 2015) revealed that only 70 *per cent* of the work was completed and the workmanship was poor due to which the playfield could not be opened to the public. It was also observed that the galleries were constructed 4 ft above the ground level without accessibility. Further, drainage in the playfield was open instead of closed drainage, proper public toilets were not constructed, playfield was uneven and earth excavated was dumped in the playfield itself (**Photograph-1.3.11**).



However, DYRS had paid entire amount to the contractor despite deficiencies in the work and while only 70 *per cent* of the work was complete. Sub Divisional Officer (SDO) during the joint inspection assured that the deficiencies will be rectified through the contractor.

1.3.10.9 Unutilised sports development infrastructure

GoN approved (i) construction of an Administration Building at IG Stadium Kohima, (ii) low cost indoor stadium at Pfutsero and (iii) 80 bedded girls hostel at Mon at a total cost of ₹ 2.12 crore. DYRS constructed these infrastructure by incurring an expenditure of ₹ 2.12 crore as per details in the following table.

Table: 1.3.6

₹ in crore						
Name of the project	Objective	Funded through	Approved cost	Cost on completion	Completed in	Status
Construction of Administrator Building, IG Stadium, Kohima	To run the office for Administrator, IG Stadium	SPA	0.67	0.67	January 2014	Not occupied
Low cost indoor stadium, Pfutsero	For badminton and Table Tennis	SPA	1.00	1.00	July 2014	Not used
80 bedded Girls hostel at Mon	To accommodate girls sports women	SPA	0.45	0.45	March 2009	Not occupied
Total			2.12	2.12		



Source: Departmental data

However, joint inspection (May-June 2015) revealed that the constructed buildings were not at all put to use. 80 bedded girls hostel was not even provided with water and electricity and remained unoccupied (*Photograph-1.3.12*).





1.3.10.10 Infrastructure facilities for the sports students

The Department constructed boys and girls hostels at IG stadium, Kohima at a total cost of ₹ 12 crore²² to accommodate sports persons. Joint inspection of the boys' hostel at Kohima revealed that the hostel was used as residential quarters by three coaches (*Photograph:1.3.13*). The boys were accommodated on the ground floor of the girls hostel thereby depriving the girl students of hostel accommodation to that extent and also privacy. During joint physical verification it was also noticed that the girls' hostel inaugurated in June 2012 had damaged ceiling and leakage of water (*Photograph:1.3.14*).

Photograph:1.3.13	Photograph:1.3.14
	
<i>Boys hostel block occupied by coaches</i>	<i>Water seepage in newly built girls hostel</i>

The hostel for boys and girls at Sports Academy, Dimapur constructed in 1975 was not maintained properly since its construction. The hostels were in a deplorable state with major roof seepage problems. The DYRS ignored the grievances of the students accommodated in the academy, an issue which was voiced by 59 sportsperson and two coaches. *Photographs: 1.3.15 & 1.3.16* depicts the deplorable state of hostels.

²² Boys Hostel -₹ 1.73 crore and Girls hostel-₹ 10.27 crore.

Photographs: 1.3.15	Photographs: 1.3.16
	
<i>Deplorable state of Boys and Girls Hostel at Sports Academy, Dimapur</i>	

In a meeting with the Audit team, it was opined that the Government should change its focus from new constructions to promotion of sports activities in the State. They also added that newly constructed infrastructure could not be utilised by due to selection of locations which were not easily accessible.

The Department accepted (September 2015) the audit findings and stated that corrective measures are being taken up.

1.3.10.11 Procurement of sports equipment

Nagaland Sports Policy 2006 envisages procurement of branded sports equipment directly from manufacturers or authorised dealers in the State in consultation with the SSC/ NOA. Annual assessment of sports equipment should be made after carrying out a requirement analysis to encourage the sports disciplines in the State.

Examination of records revealed that:

- (1) The DYRS did not procure sports equipment directly from the manufacturer. Instead purchase was made from the local suppliers²³ at Dimapur and Kohima without consulting SSC/NAO.
- (2) Annual assessment for sports equipment was not done. Instead, the procurement was managed according to the availability of funds.
- (3) The quality aspect of sports equipment was not recorded while taking the equipment into stock. Hence, the quality assessment of the sports equipment was absent. The sports association reported that procurement was made without consulting them.
- (4) Four retail local sports goods suppliers in the State were selected for supply of sports equipment as per the rates approved by the purchase committee constituted by the DYRS. However, it was noticed that the purchases were not made at the approved rates by the Department. Thus, DYRS incurred an excess expenditure of ₹ 0.22 crore in respect of seven sports equipment as detailed in (*Appendix-1.3.2*).

²³ M/s. Kiran Sports, Dimapur, M/s. Star Sports, Kohima, M/s. Sports World, Kohima.

- (5) The DYRS purchased (February 2012) 23 categories of archery equipment from Nagaland Archery Making Unit, Kohima at a total cost of ₹ 1.00 crore to train 34 sports students enrolled with the Academy at Kohima. The procurement was made from the lone registered archery making unit in the State without observing any procurement procedures. It was noticed in audit that the stock register of the DYRS accounted for archery equipment worth ₹ 0.32 crore only for training the archers. Thus, there was a short accounting of archery equipment worth ₹ 0.68 crore (*Appendix-1.3.3*).
- (6) A Verification Committee performed verification of only the quantity of the sports equipment received and not the quality. DYRS purchased 1486 footballs²⁴ for ₹ 0.24 crore and 1197 volleyballs²⁵ for ₹ 0.17 crore. Joint inspection (July 2015) of sports equipment with DSO, Kohima revealed that these were of inferior quality. The fact was duly authenticated by the DSO.

During the interaction with the students, 30 football students stated that due to non-supply of quality football, old footballs were used during practices which were of very poor quality. Also, 19 athletes, three taekwondo players and five boxers stated that no equipment was received for practicing. Ten archers stated that they received did not receive any equipment for practice after 2011-12. It was also added that one of the best archers from the academy who was in the first position was lowered to fifth position at National event due to the use of defective arrows supplied by the DYRS.

The deficiencies were accepted by the respective coaches during the meeting (June 2015) conducted with the Audit team.

The Department stated (September 2015) that the Nagaland Sports Policy 2006 needs to be revised in regard to purchase of sports equipment. Inadequate fund was the reason for the non-assessment of sport goods. Also, the other irregularities will be examined and remarks communicated in due course. However, no further communication was received from DYRS (December 2015)

1.3.10.12 Capacity development programmes

Policies framed for sports and youth affairs covered (i) capacity development programmes to upgrade the skills of the coaches and sports candidates, (ii) reservation against sports quota for all types of appointments in the DYRS on contractual basis, (iii) facilities to the sports students, (iv) procurement of branded sports equipment to encourage the sports disciplines in the State, (v) awards and stipends to coaches and sports students, (vi) creation of adequate sports and youth infrastructure throughout the State and (vii) utilisation of grants in aid for sports associations; to promote and provide opportunities to sportspersons so that the State can produce sportsperson of national and international quality.

²⁴ Rate ranging from ₹ 1600 to ₹ 1878 per unit.

²⁵ Rate ranging from ₹ 1280 to ₹ 1600 per unit.

(i) Training to coaches

Sports Authority of India (SAI) provides refresher training to the coaches for which financial assistance of ₹ 50,000 per person would be borne by GoI. As per the intake capacity with SAI, a total of 20 coaches from various disciplines could be nominated for this training programme every year at the SAI centres located at Patiala, Bangalore, Kolkata and Thiruvananthapuram.

Examination of records revealed that DYRS has 34 coaches²⁶ in 11 disciplines in the State. Of which only six coaches (18 *per cent*) were nominated for undergoing training during 2010-14 in three disciplines. Thus, 28 remaining coaches did not get an opportunity to upgrade their training skills by undergoing refresher training at SAI.

It was also observed that against the 10 prioritised sports disciplines²⁷ in the State, no coaches were appointed in two disciplines (Table Tennis and Cricket). In seven disciplines, 22 coaches were engaged for training the sports students in two academies. Thus, the remaining 12 coaches in four disciplines²⁸ were appointed for coaching in non-prioritised games. Besides, no student was enrolled in these disciplines. Interestingly, there is no hockey field in the State though four hockey coaches are appointed. Further, another important aspect to note is that most of these coaches were appointed after the State Sports Policy was framed, which is indicative of the fact that while appointing the coaches the priorities in sports disciplines spelt out in the State Sports Policy though identified was not considered.

Thus, due to poor management control within the DYRS, the services of the coaches appointed by the DYRS were neither utilised properly nor their skills upgraded through trainings in reputed institutions.

The Department accepted (September 2015) the audit finding and assured that the process for imparting training of coaches through refresher courses would be taken up.

(ii) Selection and training at academies

Selections of the candidates to the academies were made as per the recommendation of the committee headed by the Deputy Director, Sports subject to the condition that the candidates should be below 14 years of age.

The State has two sports academies at Dimapur and Kohima with a total intake capacity of 279 sportspersons. The position of sportsperson enrolled (for 2014-15 session) with these two academies in seven sports disciplines are tabulated below:

²⁶ Football (6), Athletic (4), Archery (2), Sepaktakraw (1), Badminton (2), Wrestling (3), Boxing (4), Handball (1), Hockey (4), Volleyball (4) and Basketball (3)

²⁷ Football, Table tennis, Badminton, Athletics, Archery, Wrestling, Boxing, Sepaktakraw, Taekwondo and Cricket.

²⁸ Handball (1), Hockey (4), Volleyball (4) and Basketball (3)

Table: 1.3.7

Name of the discipline	Intake capacity			Actual intake			Shortfall in intake	Number of sportsperson	
	IG, Stadium Kohima	Dimapur	Total	IG, Stadium Kohima	Dimapur	Total		Male	Female
Archery	34	-	34	34	-	34	0	18	16
Wrestling	30	-	30	30	-	30	0	15	15
Football	32	100	132	32	32	64	68	32	32
Boxing	20	-	20	20	-	20	0	10	10
Taekwondo	30	-	30	30	-	30	0	30	0
Athletics	-	18	18	-	18	18	0	0	18
Sepaktakraw	-	15	15	-	15	15	0	0	15
Total	146	133	279	146	65	211	68	105	106

Source: Departmental data

It could be seen from the table above that the Department enrolled only 32 sportsperson in football discipline in State Sports Academy at Dimapur against the available intake capacity of 100. It was also observed that five over-aged sportspersons²⁹ were selected and admitted into the Academy at Dimapur in Archery and Athletics for 2014-15 sessions. This was confirmed by the sports association in the interview (July 2015).

However, it is worth pointing out that female sportsperson were given equal opportunity except in taekwondo and in two disciplines of athletics and sepaktakraw all enrolled sportsperson were female.

We also observed that during 2010-15, the sportspersons from Nagaland achieved 636 medals (Gold 164, Silver 221 and Bronze 251) during participation in National sports events. The candidates from the academy achieved 12 gold medals in four disciplines³⁰ whereas the remaining 152 gold medals in 10 disciplines were for sportspersons who were not from the two academies. This indicates that genuine talents missed selection during conduct of road shows or talent searches or “catch them young” programmes at district/sub-division levels. It was also seen that DYRS recommended only 14 persons (2 *per cent*) in seven disciplines out of 636 medal winners for diploma course from SAI and only one candidate after completion of diploma was appointed as a football coach with the DYRS.

Sub-junior (below 14 years of age) football team of the State won the Subroto Cup (**Photograph:1.3.17**) in two alternative years 2012 and 2014 indicating great potential in the game of football.

An interview (May-June 2015) of 88 sports students in two academies at Kohima (29 students) and Dimapur (59 students) was conducted. During the interaction,



²⁹ Under 16 categories in Archery (Shri. Neisalhoun Pienyu and Smti. Thenukienou) under 14 category in Athletics (Shri. Krieno Tero, Shri. Visakou Thenou and Shri. Danyele Kesen)

³⁰ Sepaktakraw (2), Archery (2) Athletics (1) and Football (7)

the following facts were reported by the students:

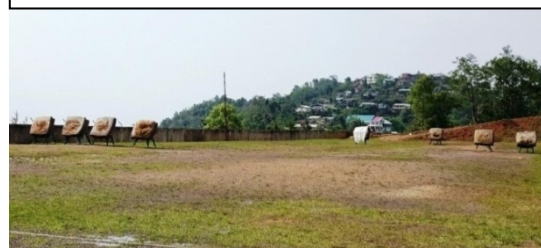
Table: 1.3.8

Sl. No	No. and category of sports students	Views of sports students.
Sportspersons at IG Stadium, Kohima (29 sportspersons)		
1	9 Football	Football team (Female) from Nagaland reached the semi-final tournament held at Patiala 2013 but lost due to poor training imparted to them. Lack of skill up-gradation of football coaches which subsequently may have affected in imparting training to the sportspersons in technical aspects.
2	5 Boxing	Irregular attendance of the boxing coaches and also lack of space for boxing practice at IG Stadium, Kohima. <i>The fact was also reported by the boxing association regarding the non-availability of boxing stadium and the sport equipment required for practice.</i>
3	3 Taekwondo	Sportspersons in taekwondo stated that one of the taekwondo talent was nominated to represent at the National event during 2010-11, however could not take part in the event due to denial of financial assistance by the GoN As a result, the sportsperson left the academy.
4	10 Archery	Two archers could not participate at National events due to denial of financial support by the GoN. The archery talents also added constraint of space for training which could accommodate only 20 persons though 34 archery sportspersons were enrolled with the academy. (Photograph 1.3.18)
5	2 Wrestling	In adequate girls hostel facility
Sports Academy, Dimapur (59 sportspersons)		
6	25 football	Football students (Male) attached with the Academy at Dimapur stated that though there were occasions for participation of tournaments at international level, they were not sent for that. Participation was held back due to lack of financial assistance from the GoN.
7	15 Sepaktakraw	Due to lack of indoor space facilities, the talents were forced to practice in outdoor space in general ground without any basic facilities.
8	19 Athletics	High jump winner in North Eastern event stated that in the absence of landing pit for high jump, the practice is being carried out in mud in the local ground.

Source: Results of interview with the sportspersons

The deficiencies were endorsed (June 2015) by the respective coaches during the meeting with the Audit team. The representative of the badminton association July 2015 stated that there was enrolment of badminton players with academies outside the State due to the absence of facilities in the academies within the State.

Photograph:1.3.18



Archery range at IG Stadium, Kohima without adequate space and dilapidated targets.

The Department accepted (September 2015) and agreed that corrective measures would be taken.

(iii) Training to the Youths

During 2013-14, GoN released (February 2014) ₹ 6.00 crore to the DYRS for capacity building for youth empowerment which included (i) clearance of backlog of Young Naga Achievers Award 2012, (ii) skill development through Youth Net, (iii) training of North East India International Model United Nations,

- (iv) skill grooming project to commemorate 50 years of statehood and
- (v) self-employment and career progression training to 186 beneficiaries @ ₹ 2.00 lakh per beneficiary.

Examination of records revealed that the DYRS spent ₹ 0.36 crore for clearing backlog of Young Naga Achievers Award 2012; ₹ 3.82 crore³¹ to 79 applicants for creation of assets with little emphasis on career progression training; ₹ 1.55 crore to Youth Net for skill development of youth and ₹ 0.27 crore on skill grooming project. Thus, the DYRS diverted ₹ 3.82 crore for purposes other than providing career progression training. It was also observed that, out of ₹ 1.55 crore paid to Youth Net³² for skill development of 225 entrepreneurs, the organisation utilised ₹ 0.60 crore for asset creation/up-gradation of eight farms of entrepreneurs. Only the remaining amount of the allocated funds were utilised for the specific purpose.

During commemoration of 50 years of Statehood, the DYRS launched a skill grooming project in collaboration with reputed off-shore multinational industries aimed at building the potential toward a long career in reputed organisations. By utilising the funds earmarked (₹ 0.27 crore), 56 candidates were to be trained in two batches (each batch consisting of 28 candidates - 8 females and 20 males). However, only 17 candidates (30 *per cent*) were trained against the targeted 56 candidates even though entire fund was utilised.

The Department stated (September 2015) that creation of assets are also a part of career development. However, Youth Net was intended for career development and not for asset creation in any case.

1.3.10.13 Appointment of talented youths and sports persons in the DYRS

As per the Nagaland Sports Policy 2006, all appointments in the DYRS should be done on a contractual basis and with prior approval of P&AR Department to attract and recognise the best sportsman who participated at the State, National and International events.

The Directorate of YRS had a total strength of 141 staff. During 2010-15, the DYRS appointed 88 staff. Of this 77 were appointed on regular basis, 43 in Grade-III (male-28, female-15) and 34 in Grade-IV (male-31, female-3). Remaining 11 were (male-8, female-3) on Contractual basis. The staffs were posted in the Directorate and various field offices.

³¹ Photo studio (four categories: ₹ 0.36 crore), Canteen (one category: ₹ 0.05 crore), Computer shop (one category: ₹ 0.16 crore), Grocery shop (six categories: ₹ 0.11 crore), Bakery (one category: ₹ 0.15 crore), Fabrication center (one category: ₹ 0.10 crore), Stationery Shop (one category: ₹ 0.13 crore), Furniture unit (one category: ₹ 0.10 crore), Farm unit (four categories: ₹ 0.28 crore), Purchase of truck (one category: ₹ 0.08 crore), Hotel (three categories: ₹ 0.11 crore), Pharmacy (one category: ₹ 0.05 crore), Coaching for appearing Civil Services exam (two categories: ₹ 0.02 crore), Fashion designing (two categories: ₹ 0.14 crore), Vehicle servicing center (two categories: ₹ 0.09 crore), Laundry and dry cleaner (one category: ₹ 0.35 crore), Self-employment (one category: ₹ 0.10 crore), Music Task Force (one category: ₹ 0.15 crore), Naga chef (one category: ₹ 0.50 crore), NSF and Naga Orpheus (two categories: ₹ 0.15 crore), Diploma course for Indian aviation (one category: ₹ 0.20 crore), and others (41 categories: ₹ 0.44 crore) = ₹ 3.82 crore.

³² Youth Net in Nagaland is a partnership with the Department to impart professional skills and training in agro, fine arts, handloom, handicrafts, livestock rearing, business and entrepreneur development.

Out of 88 staffs appointed, 22 were in the cadre of coaches, of which 11 were on regular basis (male-9, female-2) and remaining 11 were on contract basis (male-8, female-3). Five were appointed in Grade-III ministerial staff (male-4, female-1) through Nagaland Public Service Commission (NPSC). DYRS appointed 61 staff³³ on ad-hoc basis without any reservation for sports quota, thereby depriving employment opportunity to the national and international sportsperson from the State.

The coaches, during the meeting (June 2015) with the Audit team stated that lack of job reservation quota for sportspersons deprived the promising players of employment with the State Government. Also, the sports association stated (July 2015) that the sports policy was inadequately framed, resulting in lack of job security due to the contractual appointments.

Accepting the fact, in its reply the Department stated (September 2015) that the Nagaland Sports Policy 2006 is under the process of revision.

1.3.10.14 Music Task Force

The Special Task Force for Music was constituted (August 2004) as an advisory think-tank to the Government during the year of Youth Empowerment 2004-05. Music Task Force (MTF) was focused to support, create, nurture and develop latent talent in music. GoN adopted a policy to develop 'Music as an Industry'.

1.3.10.14.1 Construction of Music Academy at Jotsoma, Kohima

The construction of a Music Academy aimed to provide infrastructure for recording and production studio, in-house auditorium, demonstration and training labs, archive session and library to encourage promising amateurs.

GoN approved (in 2005) construction of Music academy at New Secretariat, Kohima for ₹ 5.00 crore. The work was awarded (August 2006) to M/s N.N. Constructions for ₹ 4.27 crore in 1193 sq m built-up area. However, work was delayed due to shifting of location from the New Secretariat to Jotsoma. Subsequently, the project cost was revised (February 2010) to ₹ 17.80 crore to cover built-up area in 3630.24 sq m as per the directives (June 2009) of a High Power Committee (HPC). While revising the project, extra items of work³⁴ were approved besides the items in the previous DPR. The work order for ₹ 10.52 crore for the additional items of work was awarded (October 2010) to the same contractor. GoN released ₹ 17.80 crore to DYRS against which ₹ 14.29 crore³⁵ was incurred. GoN further, approved and released (July 2014) ₹ 5.00 crore for construction of approach road, landscaping, retention wall, furniture and furnishing, etc. The Executive Engineer EE, YRS spent ₹ 3.06 crore for civil works and ₹ 0.50 crore for purchase of furniture and furnishing materials. The academy was operational from December 2013.

³³ 27 Grade-III (Male: 15, Female: 12) and 34 Grade-IV staffs (Male:31, Female: 3).

³⁴ Conference hall, cafeteria, administrative block, lecture hall, extension of balcony to enhance the seating capacity to 506 from 422, ring road with parking lot and additional toilets.

³⁵ Civil work (₹10.59 crore), equipment (₹ 3.70 crore), consultant and centage charges (₹ 3.51 crore).

Examination of records revealed that:

- The Department constructed the academy (**Photograph:1.3.19**) in the built-up area of 3330.40 sq m by utilising the total approved cost of ₹ 17.80 crore instead of 3630.24 sq m as per revised sanction. This resulted in excess payment of ₹ 0.87 crore³⁶ to the contractor by compromising on the built-up area by 299.84 sq m.
- DYRS did not construct the recording and production studio and hall for recording, demonstration and training. The space of the auditorium with seating capacity of 506 was also compromised to 481.
- Equipment worth ₹ 0.53 crore reported as installed/commissioned were either found un-executed or damaged or unserviceable as detailed in the **Appendix-1.3.4**. Out of these, Lumens projector was defunct since October 2014 and the fire detector arrangement was not commissioned even after completion of the academy (December 2013).
- Out of the additional provision of ₹ 5.00 crore, the EE (Housing), YRS spent ₹ 0.50 crore for purchase of furniture and furnishings without observing tendering process. Further, the procurement of furniture and furnishings were neither supported by relevant vouchers nor with any records and the amount was drawn from the bank account by the EE (Housing), YRS through self cheque³⁷.



1.3.10.14.2 Music promotion activities

Project Director, MTF framed (November 2012) guidelines regarding the funds for music promotion activities to encourage promising amateurs through (i) skill development through in-house seminars and workshops, (ii) entrepreneurial capacity building through hardware supports, (iii) organising partnered events/collaboration through creative Public-Private- Partnerships and (iv) hoisting of musical flagship programmes and infrastructure generation at the Centre for excellence, Jotsoma.

GoN released ₹ 11.84 crore³⁸ during 2010-14 to support skill development, capacity building and infrastructure development, collaboration with public-private partnership PPP, organisation of flagship music programmes and procurement of vehicles. We observed that:

- MTF did not frame any criteria for selection of beneficiaries to whom the assistance was to be extended under skill development, infrastructure support, etc. Also, there were no guidelines regarding the quantum of financial assistance to be extended for pursuing music as a profession. In the absence of such criteria for the

³⁶ (₹ 14.29 crore - ₹ 3.70 cost of equipment and accessories) x 299.84 sq m/3630.24 sq m = ₹ 0.87 crore

³⁷ No. 679578 dt.26.8.2014

³⁸ 2010-11 (₹ 3.04 crore), 2011-12 (₹ 3.00 crore), 2012-13 (₹ 3.80 crore) and 2013-14 (₹ 2.00 crore) = ₹ 11.84 crore

selection and assistance to be extended, the selection of beneficiaries was done on ad-hoc manner and mostly based on the recommendations made by the Advisor³⁹ and VIPs, as informed by Project Director, MTF. Moreover, DYRS did not monitor and evaluate the achievements made through music promotions in the State.

- During 2010-14, MTF extended ₹ 0.57 crore assistance under skill development programme to promote 57 beneficiaries at the rate of ₹ 1.00 lakh per beneficiary. It also extended assistance of ₹ 4.14 crore under infrastructure support to 324 music entrepreneurs for procurement of branded musical instruments. DYRS did not obtain recommendations from the specialists in the field of music and instead the assistance was released to the beneficiaries on the basis of recommendations of the Advisor and VIPs as stated by Project Director, MTF. As a result, audit could not confirm whether candidates to whom the assistance was extended were the deserving candidates.
- MTF spent ₹ 2.74 crore for partnered and collaborative events to support 131 music entrepreneurs during 2010-14. Musicians and beneficiaries who were assisted did not participate in any of the partnered and collaborative events. Thus, the objective to sponsoring the institutions promoting music through partnered and collaborative events could not be achieved.

In the absence of any criteria for selection of beneficiaries and financial assistance to be extended, the efficacy of the expenditure (₹ 7.18 crore) incurred on music promotion activities in the State could not be assessed.

Three YROs stated (June 2015) that MTF did not carry out music promotion activities in three districts⁴⁰ during the last five years.

1.3.10.15 Awards and stipends

Nagaland Sports Policy 2006 envisages introduction of awards and incentives to encourage the sportspersons who bring laurels to the State. Quantum of incentives to players and coaches according to the category of medals achieved were also stipulated in the sports policy. DYRS received ₹ 1.25 crore⁴¹ during 2010-13 for providing awards to eminent sportspersons in the State.

Examination of the payment register revealed that:

- Award to the medal winners pertaining to 2010-11 were disbursed according to the list approved by the Department.
- During 2011-12, the DYRS selected 482 eminent sportsperson (289 males and 193 females) for recognition with awards and incentives. Of these, incentives to 346 sportspersons were disbursed according to the provisions of the sports policy. However, in 102 cases (**Appendix-1.3.5**) the sportspersons were either paid less or

³⁹ Parliamentary Secretary, Youth Affairs/Member of Legislative Assembly.

⁴⁰ Kohima, Peren and Mon.

⁴¹ 2010-11 (₹ 0.25 crore), 2011-12 (₹ 0.30 crore), 2012-13 (₹ 0.70 crore) = ₹ 1.25 crore

not at all paid or in excess and in 34 cases it was paid to individuals who were not entitled as elaborated in the table below:

Table: 1.3.9

₹ in crore

Number of sportspersons who were selected for awards and		Incentive admissible	Incentive paid	Difference	
				Short	Excess/ inadmissible
Paid less	34	0.08	0.03	0.05	-
Paid in excess	19	0.02	0.04	-	0.02
Not at all paid	49	0.06	0	0.06	-
Total	102	0.16	0.07	0.11	0.02
Paid to individuals not entitled	34	-	0.09	-	0.09
Grand Total	136	0.16	0.16	0.11	0.11

Source: Departmental data

- The GoN approved ₹ 70 lakh for awards and incentives to the meritorious sportspersons during 2012-13. DYRS approved a list of 110 sportspersons for cash awards of ₹ 18 lakh. DYRS reported the expenditure of ₹ 70 lakh. However, there was no records available to substantiate the payment of awards and incentives of ₹ 18 lakh to 110 sportspersons and utilisation of remaining ₹ 52 lakh.

During interview of sportspersons in two academies, 59 sports students opined that sportsmen were not recognised with adequate awards/incentives though they won medals at national events.

The sports students at two academies were supported with stipends throughout the year to compensate their daily allowances. GoN revised the rate of stipend from ₹ 100 per day to ₹ 150 per day with effect from 1.8.2012. The DYRS received ₹ 4.57 crore towards stipends during 2010-15 and reported an expenditure of ₹ 4.57 crore.

88 sports students during the interview stated that free boarding was given to them instead of stipends. They added that on an average they spent 30 to 40 days in a year during summer and winter vacations away from academies and during that period no allowances were paid to them. However, DYRS showed that it had incurred the expenditure on stipend throughout the year including holidays. Thus, the DYRS drew and reported an expenditure of ₹ 36.56 lakh towards stipend which was not actually distributed to the hostellers as worked out in the following table.

Table: 1.3.10

Year	No. of hostellers at			Minimum number of days spent on vocation	Rate of Stipend (per day)	Excess expenditure reported (in ₹)
	IG Stadium, Kohima	Sports Academy Dimapur	Total			
2010-11	61	72	133	30	100	3,99,000
2011-12	63	88	151	30	100	4,53,000
2012-13	65	108	173	30	150	7,78,500
2013-14	65	174	239	30	150	10,75,500
2014-15	65	146	211	30	150	9,49,500
Total						36,55,500 Say ₹ 36.56 lakh

1.3.10.16 Grants-in-aids to Games and Sports

Sports Associations in the State should be affiliated with SSC or NOA to avail Grants-in-Aid (GIA) from GoN for the purpose for promotion of sports. During 2010-15, GoN released ₹ 6.30 crore⁴² to the DYRS for disbursement as GIA to the affiliated sports associations. However, DYRS did not frame guidelines specifying the areas to provide GIA to the Sports Associations to promote sports events at district levels organised by the Sports Associations.

Out of the GIA of ₹ 6.30 crore, the DYRS released ₹ 3.76 crore only to 22 affiliated Sports Associations during 2010-14 as per recommendations of NOA. The DYRS released ₹ 1.36 crore to different organisations/individuals and ₹ 1.00 crore was spent for renovation of playground at 11 locations outside the recommendations of the NOA (*Appendix-1.3.6*).

The technical estimates duly approved by the Chief Engineer PWD (Housing) to support the renovation of playground were not on record. The balance of ₹ 0.18 crore was lying in the bank account of the Department.

The sports association stated (July 2015) that due to poor financial assistance extended by the Department they could not participate in national events.

1.3.11 Monitoring and reporting.

1.3.11.1 Monthly meetings with Education/ Higher Education wing

As per Chapter 6 of the Nagaland Youth Policy 2006, monthly meetings should be conducted by the DYRS with the Education/Higher Education Departments for creation of sports and recreational facilities and full utilisation of the services of Physical Education Teachers/Instructors/Coaches/DSOs/YROs to encourage the potential students.

It was noticed in audit that no meetings were conducted with the Education wing as envisioned. Due to laxity of the education wing neither the students nor the parents came forward to encourage sports through the school curriculum. To encourage the meritorious sports students, coordination between DYRS and Education/Higher Education departments should be overhauled by crafting provisions for incentives like awarding marks for sports in the school curriculum.

1.3.11.2 Maintenance of assets

The sports infrastructure created needs to be handed over to the user group for its utilisation and is also required to be maintained. The EE, YRS handed over 21 completed projects (54 *per cent*) to the Director, YRS out of 39 infrastructures created during 2010-15 for further handing over to the user groups. It was observed that only cricket play field at Sovima was maintained by the Department during the last five

⁴² ₹ 1.00 crore (Bill No. 210 dt. 01-11-2010), ₹ 1.00 crore (Bill No. 255 dt. 13-12-2011), ₹ 1.00 crore (Bill No. 241 dt. 13-12-2012), ₹ 2.00 crore (Bill No. 316 dt. 19-03-2013), ₹ 1.00 crore (Bill No. 318 dt. 25-03-2014) and ₹ 0.30 crore (Bill No. 328 dt. 26-03-2014) = ₹ 6.30 crore.

years. Further, no records were available to indicate that DYRS had made efforts to get funds for maintenance of assets from the State Government. The DYRS stated (July 2015) that non-maintenance of assets was due to non-availability of funds from GoN. The sports association stated (July 2015) that no assets were handed over to them and as a result, the scheduled sports events in their calendar of programmes could not be organised in the State.

1.3.11.3 Monitoring and evaluation mechanism

State Government should carry out periodical inspection at various levels for an effective system of reporting and monitoring of the project. The results of the inspection reports of the projects should be discussed in the quarterly review meetings. DYRS did not frame any guidelines for monitoring and evaluation of developmental activities in the State to improve sports and infrastructure created to support the sports and youth affairs during the period under review. Further, in the absence of a project monitoring mechanism through periodical inspections at various levels by the Engineering wing of YRS, there were instances of unexecuted work, delay in completion of projects and poor workmanship.

1.3.12 Conclusion

Planning process adopted by DYRS was inadequate for long term sports development in the State. DPRs and technical estimates were based on inadequate surveys. Deviation from approved DPRs and non-execution of works were noticed during joint physical inspections. Financial management was poor and there were instances of financial commitments not being honoured and delay in release of funds affecting the development activities. Sports infrastructure created were either non-functional or not used for intended purposes. There were instances of payment made for unexecuted works by recording false measurements. Coaches and sportspersons were not motivated due to inadequate practicing facilities and equipment, lack of job reservation policies for the sportspersons, inadequate provision of rewards and incentives. There was no quality assurance mechanism in purchase of sports goods/equipments and construction works. Mandatory inspections of developmental activities and projects by State/District level officers were not carried out. Absence of monitoring mechanism in the State also adversely affected the implementation of developmental programmes.

1.3.13 Recommendation

- *DYRS should prioritise plan for upgradation/creation of the sports infrastructure in the State taking in to account the views of the Sports Councils/Associations.*
- *The Department should plan sports development programmes by considering the participatory approaches from eminent sportspersons and coaches. Search programme for scouting for talents should be conducted at sub-division level for tapping into sports talents at the grass root level.*
- *GoN should honour the financial commitments and also avoid delays in release of funds.*

- *Disciplinary action should be initiated against erring officials involved in excess payment to contractors.*
- *The Department should ensure that the projects taken up are completed in time and as per specification. Also put in place effective mechanism for maintenance of the assets created.*
- *A system should be put in place to regulate the activities in capacity development programmes, payments for awards and stipends and other incentive schemes.*
- *Monitoring mechanism should be strengthened to improve the sports activities and infrastructures.*

SCHOOL EDUCATION DEPARTMENT

1.4 Implementation of National Programme of Nutritional Support to Primary Education 'Mid-Day Meal Scheme'

The 'National Programme of Nutritional Support to Primary Education', a Centrally Sponsored Scheme, commonly known as 'Mid-Day Meal' MDM Scheme, was launched in August 1995 with the primary objective of boosting the universalisation of primary education by increasing enrolment, retention & attendance and simultaneously improving nutritional status of school children. There were inadequacies in all these three key aspects namely, effective implementation of scheme, efficient financial management and effective monitoring as brought out in this Report.

Highlights

The State Government during 2010-15 inflated the number of children enrolled by a total of 3,50,858 over the figures of Sarva Siksha Abhiyan to avail more funds under MDM scheme. In selected four districts, the inflated figure was 2,02,515.

Paragraph 1.4.8.1

Non-lifting of food grains from nearest FCI, FSD resulted in excess expenditure of ₹1.21 crore on transportation cost during 2010-15. Besides, in the absence of any instructions, there was non-realisation of revenue of ₹57.97 lakh due to non-disposal of empty gunny bags

Paragraph 1.4.10.6

Against the Central release of ₹ 153.05 crore for 2010-15, GoN released only ₹131.93 crore to the Nodal Department leading to short release of ₹ 21.12 crore. Besides, the State Government did not release its matching share to the extent of ₹7.95 crore during 2012-15.

Paragraphs 1.4.11.1& 1.4.11.2

There was short receipt of ₹ 3.42 crore by the selected SDEOs and Schools on account of cooking cost.

Paragraphs 1.4.11.8 & 1.4.11.9

The inspection and monitoring mechanism was very poor. 55 per cent schools were never inspected or even a single inspection report was submitted by the inspecting officers.

Paragraph 1.4.12.3

1.4.1 Introduction

The GoI launched the “National Programme of Nutritional Support to Primary Education”, a Centrally Sponsored Scheme, popularly known as Mid-Day Meal (MDM) Scheme on 15 August 1995 for primary school children Classes I-V in Government, Local Body and Government aided schools. The scheme was intended to boost the universalisation of primary education by increasing enrolment, retention, attendance with simultaneous improvement on the nutritional status of students. The scheme was renamed as ‘National Programme of Mid-Day Meals in Schools’ from 1 October 2007. The scheme was also extended to Education Guarantee Scheme (EGS) and Alternative & Innovative Education (AIE) Centres (October 2002) and Madrasas/Maqtabs (April 2008) supported under *Sarva Shiksha Abhiyan* (SSA).

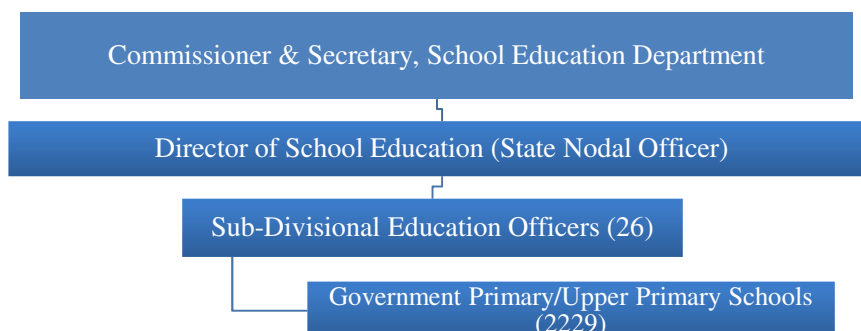
The revised guidelines (September 2006) made it mandatory that cooked meals be served to eligible children with nutritional value of 450 calories, 12 grams of protein and adequate quantities of essential micronutrients and de-worming medicines. The calorific value for the Upper Primary stage was fixed at 700 calories and 20 grams of protein.

The central support was provided by way of supply of free food grains through the nearest Food Corporation of India (FCI) godown @ 100 grams/150 grams per child per school day in Primary/Upper Primary schools. GoI also provided funds for cooking costs, construction of kitchen sheds-cum-stores, purchase of kitchen devices, transportation cost of food grains, honorarium to cooks and expenditure on Management, Monitoring and Evaluation (MME).

1.4.2 Organisational set up

The Commissioner & Secretary to the Government of Nagaland, Education Department is the head of the MDM programme in the State. The Director of School Education (DSE) is the State Level Nodal Officer responsible for planning, implementation and monitoring of the programme. The organisational setup for implementation of Mid-Day Meal Scheme in the State is depicted in the following chart.

Chart 1.4.1



1.4.3 Audit Objectives

The audit objectives were to assess whether:

- the scheme was implemented in a planned manner to cover all the eligible primary and upper primary level school children;
- the scheme achieved its objective of enhancing enrolment, retention and attendance in Primary and Upper Primary schools;
- the scheme achieved its objective of improving the nutritional status of children in Primary/Upper Primary classes;
- the funds allocated were utilised in an economic and efficient manner; and
- the implementation of the scheme was being effectively monitored.

1.4.4 Scope of Audit

The Performance Audit of the scheme ‘National Programme of Mid-Day Meals in Schools’ covering the period from 2010-11 to 2014-15 was conducted from April to August 2015. The records of DSE, eight⁴³ Sub-Divisional Education Officers (SDEOs) in four⁴⁴ selected districts, 120 schools out of 1034⁴⁵ in the sample districts were selected by the Simple Random Sampling without Replacement (SRSWOR) method and Food Corporation of India were examined.

1.4.5 Audit Methodology

The audit methodology comprised of an entry conference (29 August 2014), issue of audit requisitions, examination and analysis of records, issue of audit observations, joint physical verification, photographic evidence, beneficiary survey and exit conference. The draft report was issued to the government to solicit their replies. The replies and the views expressed during the exit conference (05 October 2015) were duly incorporated wherever relevant in the report.

1.4.6 Audit Criteria

Audit findings are benchmarked against the criteria contained in the following sources:

- Scheme guidelines on National Programme of Nutritional Support to Primary Education MDM 2006;
- Guidelines for decentralisation of payment of cost of food grains to FCI at District level under MDM February 2010;
- Guidelines to ensure quality, safety and hygiene under MDMS July 2013;
- Various orders, notifications, circulars, instructions issued by MHRD/State Government;

⁴³ Kohima, Chiephobozou, Dimapur, Niuland, Mon, Aboi, Tuensang and Shamator.

⁴⁴ Kohima, Dimapur, Mon and Tuensang.

⁴⁵ Excluding 17 Special Training Centres.

- Annual Work Plan and Budget prepared by the State Government;
- General Financial Rules; and
- Evaluation reports of the scheme.

1.4.7 Acknowledgement

We acknowledge the co-operation and assistance extended to us by the Department at all levels during the conduct of audit.

Audit Findings

The audit findings are discussed in the following paragraphs.

1.4.8 Plan to cover all eligible Primary and Upper Primary level school children.

1.4.8.1 Preparation of Annual Work Plan & Budget

Annual Work Plan & Budget (AWP&B) was required to be prepared by States based on information maintained at school level and aggregated in Block, District and State levels. It envisages a bottom-up approach, rather than a top-down approach.

Examination of records revealed that in preparation of AWP&B, the Department projected the children enrolment on the basis of information from District Information System for Education (DISE)/Unified District Information System for Education (UDISE) provided by Sarva Shiksha Abhiyan instead of independently compiling from the information maintained at school levels.

1.4.8.2 Excess projection of number of children

The allocation of food grains as well as funds for cooking cost, etc for implementation of the scheme was based on the projected number of children falling under the eligible bracket and approved by Programme Approval Board (PAB). Position of enrolment of students as per AWP&B and DISE/UDISE-SSA is given in the following table.

Table-1.4.1

Year	Enrolment of children Class-I to Class VIII		
	As per MDM AWP&B	As per DISE/UDISE- SSA	Excess over SSA
2010-11	2,62,324	1,87,117	75,207
2011-12	2,75,294	1,89,938	85,356
2012-13	2,68,678	1,94,387	74,291
2013-14	2,65,375	1,91,879	73,496
2014-15	2,08,121	1,65,613	42,508
Total	12,79,792	9,28,934	3,50,858

As could be seen from the table above, the Department prepared AWP&B with inflated student enrolment figures when compared to DISE/UDISE-SSA data. Thus, the Department was furnishing inflated figures of student enrolment to the GoI.

Audit analysis of DISE/UDISE-SSA vis-a-vis MDM-AWP&B data in the four selected districts revealed discrepancies as given in the table below:

Table-1.4.2

Year	Enrolment of children Class-I to Class VIII		
	As per MDM AWP&B	As per DISE/UDISE- SSA	Excess over SSA
2010-11	1,31,106	89,414	41,692
2011-12	1,37,524	89,231	48,293
2012-13	1,31,848	90,291	41,557
2013-14	1,30,914	90,123	40,791
2014-15	1,13,679	83,497	30,182
Total	6,45,071	4,42,556	2,02,515

Source: SSA and Departmental records

As could be seen from the above table above, the AWP&B in respect of the four districts were prepared by inflating student enrolment by 2,02,515 numbers over the figure of SSA.

Audit observed that the Department furnished inflated figures to the GoI to avail more food grain as well as funds than actually required for implementation of MDM.

The Department stated (October 2015) that the projections of children enrolment were inclusive of pre-primary and National Child Labour Project as the DISE/U-DISE figure does not cover the same. However, the fact remains that pre-primary children are covered by Supplementary Nutrition Programme implemented by the Social Welfare Department and are not eligible to be covered under the MDM programme.

1.4.8.3 Convergence with other development programme not achieved

Para 2.5 of the scheme guidelines envisaged that the MDM should be implemented in close convergence with several other development programmes such as Sampurna Grameen Rozgar Yojana, Basic Service for Urban Poor, Integrated Housing & Slum Development Programme, Swarna Jayanti Shahri RozgarYojana, Backward Regions Grant Fund for construction of Kitchens-cum-Store; SSA for new school construction; Accelerated Rural Water Supply Programme (ARWSP) and 'Swajaldhara' Scheme to meet water supply requirements; National Rural Health Mission (NRHM) for school health programme; etc. to ensure that all requirements of the programme were fully met in the shortest possible time-frame.

Examination of records in the five SDEOs in four districts revealed that the Department claimed to have constructed 11 kitchen-cum-stores at a cost of ₹ 36.50 lakh at the same schools constructed under SSA with provision for construction of kitchens (**Appendix-1.4.1**). It was also observed that 66 schools out of 120 inspected did not have provision for safe drinking water and none of the schools had maintained proper health check-up register to record gradual increase/maintenance of proper body weight of the children to watch if they were anaemic or not.

In reply to audit questionnaire, the Department stated (August 2015) that there was no convergence of MDM scheme with other development programme in the State.

Thus, non-convergence with other schemes led to deficiencies in smooth implementation of the scheme as many schools were left without drinking water facilities, health check-up to assess nutritional status of the children etc., as noticed during physical verification of selected schools.

The Department accepted the facts during exit conference.

1.4.8.4 Information, education and communication (IEC) activities

As per the scheme guidelines, State Governments/UT Administrations, Panchayati Raj Institutions PRIs and Municipal Bodies were expected to undertake IEC activities using their regular budget for publicity as well as by mobilising contributions from media groups, philanthropic organisations and the community.

It was noticed in audit that the Department had not made any effort to create awareness among parents through IEC activities like TV, Radio, print media, etc. Thus, the Department had not ensured adequate dissemination of information to parents and the public to ensure enrolment of their children in schools.

The Department accepted the fact during exit conference.

1.4.8.5 Community Support

Para 4.4 of the scheme guidelines envisaged that school management should be encouraged to draw support of the community. For this, Gram Panchayats and Village/Town Communities may be approached for nomination of community members regularly on a rotation basis to help the school management in ensuring efficient cooking, serving and cleaning operations.

The scheme also offers opportunities for involvement of Self Help Groups (SHGs) in management of the programme to ensure that the teaching process in the classroom was not affected.

Examination of records in eight selected SDEOs revealed that participation of community was minimal as given below:

- SDEO, Mon - Village Education Committee and Student Union were involved in verifying the distribution of MDM components to the schools.
- SDEO, Kohima - A women society (SHG) was engaged for providing cooked meal to 14 schools under common kitchen basis till September 2014.

The Department stated (October 2015) that since all the Government Schools in the State are community centric, the VECs/WECs has to monitor and oversee proper implementation of the scheme. The fact however remains that the community participation was minimal which led to teachers being engaged for cooking and supervising of MDM activities as mentioned at Paragraph 1.4.10.5.

1.4.9 Enhancement in enrolment, retention and attendance in Primary and Upper Primary schools.

1.4.9.1 Enhancement in enrolment

Para 1.4 of Scheme Guidelines envisages that the primary objectives of the scheme were enhancement of children enrolment, retention and attendance and simultaneously improving the nutritional levels among school going children.

The year-wise enrolment for the period from 2010-15 in the State is given below:

Table 1.4.3

Year	Enrolment of children as per the AWP&B		
	Primary	Upper Primary	Total
2010-11	2,29,010	67,051	2,96,061
2011-12	2,20,781	57,411	2,78,192
2012-13	2,12,519	57,159	2,69,678
2013-14	2,10,907	55,468	2,66,375
2014-15	1,68,202	39,919	2,08,121

Source: Departmental figure

As seen from the table, the enrolment figure decreased from 2,96,061 to 2,08,121 during 2010-15. Thus, the objective of enhancing enrolment of children was not achieved.

The Department while accepting the facts stated (October 2015) that the decrease in enrolment in Government schools was due to huge increase of enrolment in the private schools. This is indicative of the fact that the government schools were unable to attract the students despite number of welfare measures such as MDM, etc.

1.4.9.2 Maintenance of daily attendance, retention and dropout

The Department did not have any system of capturing daily attendance of children in Primary/Upper Primary Schools covered under the MDM scheme for consolidation at State/Sub-Divisional levels. This was also confirmed during examination of records as well as physical inspection of the selected 120 schools. Thus, the impact of MDM scheme on the basis of daily attendance of children during the period of review could not be ascertained. Similarly, it was also observed that the Department did not have any system of data capturing on retention/dropout rate of children in Primary/Upper Primary Schools covered under the scheme.

However, audit attempted to ascertain the position of child retention by comparing the enrolment of children from lower class to higher class in the following year. Year-wise position of number of children who could not be retained in the school on their promotion from lower class to higher class is detailed in the following table.

Table-1.4.4

Year	Number of children who left the school Class 1 to 8
2011-12	722
2012-13	1,344
2013-14	1,461
2014-15	1,520
2015-16	2,633
	7,680

As could be seen from the table above, the number of children who could not be retained on promotion from lower class to higher class in the following year was showing an increasing trend.

The Department, while accepting the facts, stated (October 2015) that the decreasing nature of children enrolment was due to children opting for private school.

1.4.9.3 *Impact on teaching*

Para 4.3 of the Scheme Guidelines envisage that teachers should, under no circumstances be, assigned responsibilities that will impede or interfere with teaching. Teachers should, however, be involved to ensure that good quality food served and the actual serving/eating is undertaken in a spirit of togetherness, under hygienic conditions, in an orderly manner so that the entire process is completed in 30-40 minutes.

Physical verification of the 120 selected schools revealed that in 101 schools, teachers (ranging from one to six) were found engaged directly in cooking or supervising cooking of food which may have impact on quality of teaching.

The Department stated (October 2015) that the teachers assist the cooks on rotational basis in their off/free periods.

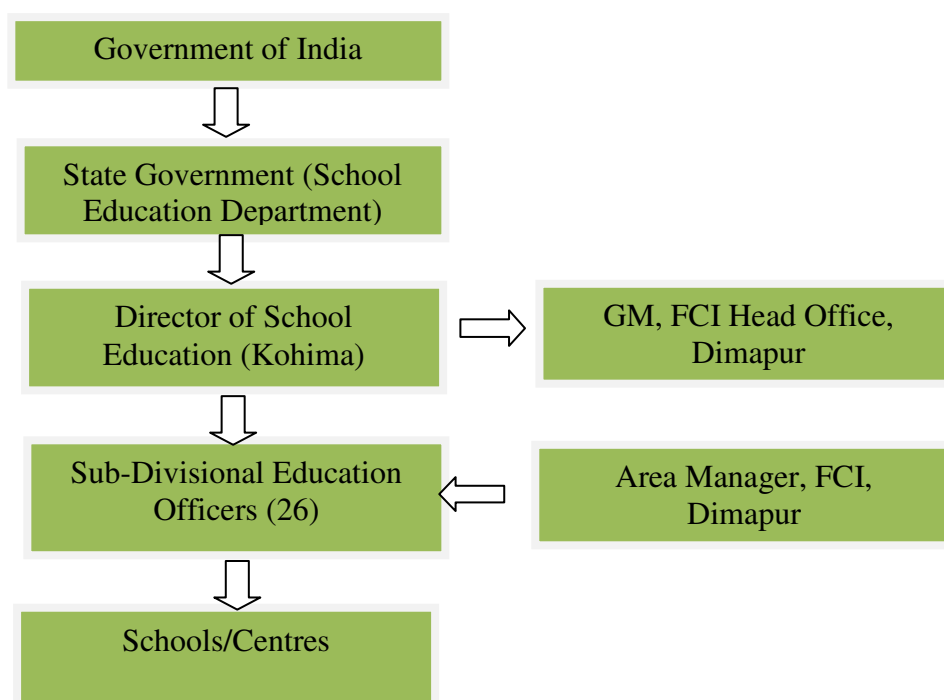
1.4.10 *Improving the nutritional status of children in primary and upper primary classes.*

1.4.10.1 Allocation, lifting and utilisation of food grains

The MDM scheme provided for supply of rice/wheat free of cost by the GoI at the rate of 100 grams and 150 grams per child per school day for Primary and Upper Primary students respectively.

In Nagaland, Rice was allotted by the GoI on the basis of plans approved by the Programme Approval Board of Mid-Day Meal. Thereafter, food grains were sub-allocated to the SDEOs and schools proportionately according to the number of eligible students and school working days for the year. Allocation and flow of food grains is shown in the Flow Chart below:

Chart 1.4.2



As per scheme guidelines the allocation and lifting of food grains should be routed through the respective District Administration (Deputy Commissioners) in the districts. However, it was observed that the Department did not adhere to the provision of the guidelines and instead engaged M/s. Vitoi Sumi a Dimapur based firm for lifting and transportation of food grains since 2004 without entering into any written agreement. In the absence of agreement, Audit could not ascertain the actual position for management of food grains as to whether:

- the firm engaged was a stockiest/handling agent/carriage contractor or supplier
- the firm was entitled to maintain any buffer stock;
- the firm was to furnish periodical details of food grains lifted and distributed along with claim of bills.

The position of allocation, lifting and distribution of food grains during the period 2010-15 are detailed in the table below:

Table-1.4.5

Year	Food grains allocated (PAB)		Food grains lifted			Food grains distributed			Undistributed balance
	Primary	Upper Primary	Primary	Upper Primary	Total	Primary	Upper Primary	Total	
2010-11	4316.70	1910.86	4316.70	1910.86	6227.56	4316.70	1910.86	6227.56	0.00
2011-12	4277.20	1582.20	4277.20	1582.20	5859.40	4277.20	1488.66	5765.86	93.54
2012-13	4620.00	1706.70	4620.00	1706.70	6326.70	4626.59	1699.23	6325.82	0.88
2013-14	4603.54	1694.27	4603.54	1694.27	6297.82	4563.60	1733.23	6296.83	0.99
2014-15	4509.46	1718.51	4509.46	1718.51	6227.97	3747.74	1517.60	5265.34	962.63
Total	22326.90	8612.54	22326.90	8612.54	30939.45	21531.83	8349.58	29881.41	1058.04

Source: Departmental figure

As seen from the above table, out of the total quantity of 30,939.45 MT lifted by the firm during 2010-15, only 29,881.41 MT was distributed, leaving an undistributed balance of 1058.04 MT. Examination of the quarterly progress report and utilisation certificate for the 4th Quarter of 2014-15, however, revealed a balance of 942.67 MT. Thus, 115.37 MT of food grains valued at ₹ 6.52 lakh remained unaccounted.

The Department stated (October 2015) that there was unspent balance of 48.34 MTs of food grains during 2009-10 which was utilised as buffer stock as the same quantity was short allocated by GoI during 2010-11. After verifying the stock position, the current unspent balance buffer stock available with the stockist as of 2014-15 was 1352.16 MTs. It is an admission by the Department that balance shown in the utilisation certificate for the 4th quarter of 2014-15 was wrong.

1.4.10.2 Discrepancy between lifting, allocation and actual delivery of food grains

The position of allocation orders of food grains issued by the DSE, actual quantity delivered by the firm and the departmental figure is shown in the following table:

Table-1.4.6

Quantity in MT			
Year	Departmental lifting figure	Quantity lifted as per delivery challans	Difference Col.2-3
1	2	3	4
2010-11	6227.56	5654.29	573.26
2011-12	5859.40	5161.44	697.95
2012-13	6326.70	6485.14	-158.44
2013-14	6297.81	6283.93	13.88
2014-15	6227.97	5401.68	826.28
Total	30939.45	28986.48	1952.93

Source: Departmental figure and delivery challans

As seen from the table above, there was short delivery of 1952.93 MT amounting to ₹ 1.10 crore.

The Department stated (October 2015) that the discrepancy arose due to non-submission of delivery challans to audit that was misplaced.

1.4.10.3 Delay in allocation of food grains

Para 3.3 of the scheme guidelines envisages that State Government should ensure that there is uninterrupted supply of food grains from FCI godown to schools. Para 3.4 of the guidelines further envisages that the State Nodal Department will convey district-wise allocations for the next financial year to all District Nodal Agencies.

Examination of approval letters and lifting/allocation revealed that there was delay ranging from three to 95 days by the Government of Nagaland and three to 62 days by the DSE in lifting of food grains. This contributed to considerable delay in transportation of food grains by the carriage contractor to the SDEOs ranging from one month to 5 ½ months in the eight selected SDEOs. Details are shown in the following table:

Table-1.4.7

Sl. No.	Name of the SDEO	Period of delay in months									
		2010-11		2011-12		2012-13		2013-14		2014-15	
		Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
1.	Aboi	1	3.5	2	5.5	2.5	4.5	2	3.5	1	4.5
2.	Mon	1	4.5	3	5	2	4	1	3	1	4.5
3.	Chiephobozou	1	4	2.5	5	2	3.5	2	2.5	1	4
4.	Kohima	1	4	3	4.5	2	3.5	1	2	1	4
5.	Shamator	1	4	2	5.5	2	4.5	2	3	2	4
6.	Tuensang	1	4	3	5.5	2	4	1	3.5	1.5	4.5
7.	Niuland	3	4	4	4.5	3	3.5	2.5	3	1.5	4
8.	Dimapur	2	4	4	4.5	3	3.5	3	3.5	1	4

Source: Departmental figure

As could be seen from the table above, there were delays in allocation which resulted in delayed distribution of food grains. The delayed distribution of food grains resulted in non-provision of mid-day meals to the beneficiaries.

The Department stated (October 2015) that food grains could not be delivered to the destination in time considering the topographical and difficult terrains particularly in the monsoon season due to deplorable road condition. However, the reply was silent regarding the delays on the part of the Government and the Department.

1.4.10.4 Discrepancy between Government lifting order and Departmental lifting report

The year-wise position of food grains as per State Government lifting order and Departmental lifting report are shown in the following table:

Table-1.4.8

Year	Quantity as per State Government approval	Quantity as per Directorate lifting report	Quantity in MT
			Excess - /short + Col. 2-3
1	2	3	4
2010-11	6179.19	6227.56	-48.36
2011-12	6645.92	5859.40	786.50
2012-13	5899.98	6326.70	-426.75
2013-14	6297.84	6297.81	0.03
2014-15	6251.71	6227.97	23.74
Total	31,274.59	30,939.44	335.16

Source: Information furnished by FCI and Departmental figure

As seen from the above table, there was overall short lifting of 335.16 MT of food grains reported by the Department valued at ₹ 18.94 lakh.

The Department stated (October 2015) that there should not be any discrepancy as the Government lifting order and Nodal Department lifting order are the same and the same had been compared with FCI bills and payments made. However, the facts remain that the above position were reported to the GoI by the Department itself.

1.4.10.5 Status of infrastructural back-up

Para 4.2 of Scheme Guidelines envisaged construction of kitchen cum store separate from class room well ventilated and designed, so that there is a separate storage facility with locks to check pilferage. Examination of records of 120 schools in four districts revealed that 35 schools had no kitchen shed. Schools where kitchen sheds were available did not have provision for ventilation, drainage or waste disposal and enough space for cooking and washing of utensils. 26 schools reported cooking of food in the open space and 17 in teachers' room.

Some photographs showing irregular use of kitchens and storage of food grains are shown below:

Photographs 1.4.1

Status of kitchen cum store in the physically verified schools		
		
Kitchen cum store room constructed under MDM of GMS, Chumukedima	Inside of Kitchen cum store of GMS, Chumukedima, Dimapur	
		
Kitchen cum store room constructed under MDM of GHS, Mon Town C	Preparation of MDM in a unhygienic surrounding at GHS, Mon Town C	Inside of Kitchen cum store of GHS, Mon town C
		
Kitchen cum store constructed under MDM of GMS, Yangli, Tuensang	Inside of Kitchen cum store and uncleaned cooking devices of GMS, Yangli, Tuensang	

The Department stated (October 2015) that many of the kitchen sheds constructed prior to 2010-11 were in dilapidated condition, damaged due to winds, fire,

landslide etc. and some were dismantled due to bad condition. The Department further stated that guidelines for safety & hygienic measures, proper usage and maintenance of the kitchen shed were issued to the SDEOs concerned and action taken reports were being obtained.

1.4.10.6 Nutritional support

Government of India issued instructions that children in Primary classes were to be provided with Pulse-20 gms, Vegetables-50 gms, Oil- 5 gms and children in Upper Primary classes were to be provided with Pulse-30 gms, Vegetables-75 gms and Oil-7.5 gms per meal.

Para 2.2.2 of the Scheme Guidelines envisaged providing of cooked meal to the eligible children with nutritional content of 450 calories, 12 grams of protein on all school working days and adequate quantities of micronutrients like iron, folic acid, vitamin-A etc.

Physical inspection (April-June 2015) of 120 schools spread over four districts revealed the following:

- As per norms beneficiaries were to be provided with cooked meal for 220 days in a year. In the selected 120 schools cooked meals were to be provided for 26400 days⁴⁶ during the period covered by audit. Against this cooked meals were provided for 3834 days only resulting in short fall of 22566 days. Thus the beneficiaries were deprived of cooked meals for 85.50 *per cent* of days. Average annual short fall ranged between 100 and 219 days;
- 35 schools had no kitchen-cum Stores;
- Foods were cooked in open space in 26 cases, in teachers' room in 17 cases and in class rooms in 2 cases;
- 72 schools did not have sufficient cooking pots;
- 224 teachers in 101 schools were engaged in cooking of food for more than maximum permissible time;

As per norms cooked meals were to be provided to the beneficiaries. However, 43 schools reported distribution of 103 quintals of raw rice to the children. Distribution of raw rice defeated the objective of providing cooked meals to the students. Further, chances of the food grains reaching to unintended beneficiaries such as parents and siblings outside the age group of 6-14 could not be ruled out;

- 6 schools sold 21.50 quintals of food grains to meet transportation cost etc.;
- 66 schools were not inspected by higher authorities;
- 66 schools did not have drinking water facility;

⁴⁶ 120 x 220 = 26400

- 40 schools out of 86 reported that immunization health check-up only was conducted.

Thus, the children were denied nutritional food, micro-nutrient supplements and periodical health check-up as prescribed in the guidelines of the Scheme.

The Department stated (October 2015) that necessary steps to improve the lapses are being taken up.

1.4.10.7 Food grains not lifted from nearest FCI, FSD

Para 2.3 of the Scheme Guidelines envisaged lifting of food grains from the nearest FCI, FSD in the State. GoI revised the existing transport assistance at a flat rate of ₹ 125 per quintal to the rate prevalent under Public Distribution System PDS in the respective State with effect from 1.12.2009.

For transportation of food grains under MDM, the Department engaged M/s Vitoi Sumi, Dimapur and allowed transportation cost at flat rate of ₹ 125 per quintal instead of applicable PDS transport carriage rates within the State.

According to information furnished by the Manager, Food Corporation of India, Dimapur there were four FCI, FSD in Nagaland viz., Dimapur, Mokokchung, Mon and Tuensang functioning as on August 2009. However, the State Nodal Department limited lifting of MDM food grains only from the FCI, FSD Dimapur in contravention to guidelines.

The details of PDS rates prevalent in the districts, food grains transported to the eight selected SDEOs and cost involved during 2010-11 to 2014-15 are shown in the following table:

Table-1.4.9

Sl. No.	Name of the SDEO	Total quantity of food grains transported (in quintal)	Rate allowed	Prevalent PDS rate	Excess allowed	Total (in ₹)
			(₹ per quintal)			
1.	Dimapur	41,654.59	125	10	115	47,90,277.85
2.	Niuand	11,327.57	125	26	99	11,21,429.43
3.	Mon	21,668.28	125	19	106	22,96,837.68
4.	Aboi	7,385.05	125	80	45	3,32,327.25
5.	Tuensang	20,526.97	125	19	106	21,75,858.82
6.	Shamator	8,167.31	125	96	29	2,36,851.99
7.	Kohima	10,582.44	125	40	85	8,99,507.40
8.	Chiephobozou	3,447.05	125	45	80	2,75,764.00
Total		1,24,759.26				121,28,854.42 Say ₹ 1.21 crore

Source: Delivery challans

Thus, non-adherence to adopt PDS rates and follow lifting norms the Department incurred excess expenditure of ₹ 1.21 crore on transportation of food grains.

The Department stated (October 2015) that process for lifting of food grains from the FCI & FSD located in different districts in the State is on as agreed by the FCI authority.

1.4.10.8 Doubtful delivery of food grains

M/s Vitoi Sumi, was engaged for transportation of food grains under the Scheme. The firm furnished (July 2015) carriage capacity of 20 vehicles used for transportation of food grains to 26 SDEOs. Out of the 20 vehicles, the carriage capacity of two vehicles was 160 bags 50 kg each and that of the remaining 18 vehicles were 200 bags.

Cross verification of the carriage capacity and the food grains transported to the SDEOs for the period 2010-15 revealed that 3627.50 quintals of food grains were shown transported in excess of the carriage capacity certified by the firm. Details are shown in the following table.

Table-1.4.10

Particulars	Total quantity transported (as per delivery challans in bags)	Carriage capacity in bags	Excess transportation shown beyond the carriage capacity		
			Bags	Quintals	Food grain value @ ₹ 565 per quintal
18 vehicles with capacity of 200 bags	14,313	13,400	913	456.50	2,57,922.50
2 vehicles with capacity of 160 bags	43,942	37,600	6342	3171.00	17,91,615.00
Total	58,255	51,000	7255	3627.50	20,49,537.50 Say ₹ 20.50 lakh

Source: Delivery challans and certified carriage capacity furnished by the firm

As seen from the table above, 3627.50 quintals of food grains valued at ₹ 20.50 lakh was transported beyond the self-certified carriage capacity of 20 vehicles. Since the vehicles are not allowed to carry more than its laden capacity, the carriage of food grains valuing ₹ 20.50 lakh remained doubtful.

The Department stated (October 2015) that the carriage capacity of the vehicles was as per RC book. However, the carriage contractor followed the practice of loading more than the laden capacity mostly in Dimapur district.

1.4.10.9 Loss of revenue due to empty gunny bags not being accounted

As per allocation made by the Department the carriage contractor transported 289865.09 quintals of food grains to the 26 SDEOs in 11 districts during 2010-15. The food grains were supplied in gunny bags of 50 kg each. Details are shown in the following table:

Table-1.4.11

Year	Quantity in quintal	Quantity per bag in kg	No. of gunny bags required	Value @ ₹ 10 per bag
2010-11	56542.99	50	1,13,086	11,30,860
2011-12	51614.46	50	1,03,229	10,32,290
2012-13	64851.42	50	1,29,703	12,97,030
2013-14	62839.37	50	1,25,678	12,56,780
2014-15	54016.85	50	1,08,033	10,80,330
Total	289865.09		5,79,729	57,97,290 Say ₹ 57.97 lakh

Source: Delivery challans of foodgrains

However, the Department did not issue any instruction on the manner for disposal of empty gunny bags. Thus, there was non-realisation of revenue of ₹ 57.97 lakh.

The Department stated (October 2015) that there was no provision for disposal of empty gunny bags in the guidelines. However, the Department stated that the audit observation has been noted for future action.

1.4.10.10 *Dissemination of information*

Para 6.3 of the Scheme Guidelines envisaged display of information in all schools regarding quantity/quality of food grains received etc., on a weekly/monthly basis.

None of the 120 test-checked schools adhered to the above provisions of the Guidelines. This indicated that the implementing schools did not ensure adequate dissemination of information to the general public and also failed to ensure transparency, as envisaged in the Guidelines.

The Department stated (October 2015) that respective schools will be instructed for dissemination of such information.

1.4.11 *Financial Management.*

1.4.11.1 *Funding pattern*

Funding of three components of the Programme namely cooking cost, honorarium for cook and construction of kitchen sheds were shared by Centre and State on 90:10 basis. Other components of the Programme were fully funded by the Government of India.

In terms of Scheme Guidelines, funds released by the GoI to the State were to be released to the State Nodal Officer, who then released it to the State Nodal Department. The Department subsequently disburse funds to schools, based on actual enrolment of children.

In Nagaland, for implementation of the scheme, funds from the GoI along with State's matching Share of 10 *per cent* are placed at the disposal of the DSE. The DSE disbursed the funds to the SDEOs who subsequently disburse to the schools under their jurisdiction.

1.4.11.2 *Release of funds and expenditure*

The details of funds provisioned and released by Centre/State Governments, and expenditure during 2010-15 are shown in the following table:

Table-1.4.12

₹ in lakh

Year	Fund provision				Central fund released by State			Total fund with the Department.	Expenditure	Excess+ /Saving-
	Share Central or State	Budget	Actual	Short release of state share	Centre	State	Excess(+) Saving(-)			
2010-11	Central	4041.32	4041.32	20.52	4041.32	1788.99	(-) 2252.33	1994.96 ⁴⁷	2164.11	169.15
	State	709.90	689.38							
	Total	4751.22	4730.70							
2011-12	Central	2464.37	2464.37	00	2464.37	2895.05	430.68	3433.40 ⁴⁸	3379.16	(-)54.24
	State	216.25	216.25							
	Total	2680.62	2680.62							
2012-13	Central	2818.23	2818.23	248.29	2818.23	2997.64	179.41	3158.95 ⁴⁹	3398.19	239.24
	State	248.29	00							
	Total	3066.52	2818.23							
2013-14	Central	2924.51	2924.51	262.33	2924.51	2376.40	(-) 548.11	2376.40 ⁵⁰	3178.69	802.29
	State	262.33	00							
	Total	3186.84	2924.51							
2014-15	Central	3056.93	3056.93	272.75	3056.93	3135.29	78.36	3135.29 ⁵¹	1000.13	(-)2135.16
	State	272.75	00							
	Total	3329.68	3056.93							
Grand total		17014.88	16210.99	803.89	15305.36	13193.37	(-) 2111.99	14099.00	13129.28	-978.72

Source: Release of funds by Central and State Governments

As seen from the table above, out of total Central release of ₹ 153.05 crore, GoN released an amount of ₹ 131.93 crore to the Department for implementation of MDM Scheme resulting in short release of Central fund of ₹ 21.12 crore. Out of the total available fund of ₹ 140.99 crore, the Department spent of ₹ 131.29 crore leaving an unspent balance of ₹ 9.79 crore as on March 2015.

1.4.11.3 Non-release of State share

During 2010-15, the GoI released ₹ 153.05 crore against which GoN share would work out to ₹ 17.01 crore. However, the State Government released only ₹ 9.06 crore. Thus, there was short release of State share of ₹ 7.95 crore which had adverse impact on the implementation of the scheme. On an average at least 3263 children in a year were deprived of cooked meal and in some instances food grains were distributed instead of cooked meal.

The Department stated (October 2015) that it is pursuing the State Planning Department for release of State share.

1.4.11.4 Delay in release of Central assistance funds by the State

According to Para 3.3 (ii) of the scheme guidelines, State Nodal Departments need to ensure that the State Finance Department releases the funds for Mid-Day Meal expeditiously.

Examination of the records relating to Central and State Governments release orders revealed that there were delays in release of funds by the State Finance Department

⁴⁷ Includes unspent balance of ₹ 52.69 lakh for the year 2009-10.

⁴⁸ Includes ₹ 2581.81 lakh for the year 2010-11.

⁴⁹ Includes ₹ 1982.96 lakh for the year 2011-12.

⁵⁰ Includes ₹ 1642.24 lakh for the year 2012-13.

⁵¹ Includes ₹ 2190.36 lakh for the year 2013-14.

ranging from 97 to 429 days to the Nodal department (*Appendix-1.4.2*). Due to this the Department could not release MDM cash components to the districts on time.

1.4.11.5 Funds parked in Civil Deposit shown as final expenditure in the UC

The Department parked ₹ 8.30 crore in 2012-13 and ₹ 9.06 crore in 2014-15 in '*Civil deposit*'. The amount parked in 2012-13 (₹ 8.30 crore) was withdrawn in two instalments in March 2013 (₹ 3.45 crore) and October 2013 (₹ 4.85 crore) respectively. However, the amount of ₹ 4.85 crore withdrawn during 2013-14 was reported as final expenditure in UC issued for the financial year 2012-13 itself. Thus, there was misreporting in submission of utilization certificate to the GoI resulting in inflated expenditure figures during 2012-13.

The Department stated (October 2015) that UCs were submitted to the GoI in anticipation of expenditure as the funds had already been sanctioned by the State Finance Department. However, the Department assured that such recurrence will be avoided in future.

1.4.11.6 Non-release of funds under Management, Monitoring and Evaluation (MME)

Para 6.4 of scheme guidelines envisages that 2 *per cent*, of Central Assistance, of cost of (i) food grains, (ii) transportation cost and (iii) cooking cost is earmarked for Management, Monitoring and Evaluation (MME), to be utilised by Centre and State in the proportion of 0.2 *per cent* and 1.8 *per cent* respectively.

Out of the total available MME funds to be allocated to State, 50 *per cent* should be earmarked for school level expenses on procurement of stationery, furniture etc.; 35 *per cent* for management, supervision, training and internal monitoring and evaluation and 15 *per cent* for external monitoring and evaluation.

The GoI released ₹ 2.27 crore under MME during the period 2010-15. Out of total release of ₹ 2.27 crore, the Department received only of ₹ 1.90 crore which resulted in short receipt of ₹ 0.37 crore as MME. However, examination of records of SDEOs/Schools revealed that none of the schools received any funds under MME. Thus, the schools were deprived of their share of MME.

The Department stated (October 2015) that MME funds had been utilised in meeting various expenditure such as SDEO's godown rent, printing, workshop and seminars etc. However, the fact remained that the funds were not used for the purpose it was meant.

1.4.11.7 Framing of State norms of expenditure

As per para 3.3 of the scheme guidelines, every State Government should prescribe and notify its own norms of expenditure on the MDM Scheme, known as "State Norms". The State norms should spell out inter alia, modalities for ensuring regular and uninterrupted provision of nutritious cooked meal.

It was observed that GoN had not prescribed any State norms of expenditure on the MDM Scheme to ensure uninterrupted supply of nutritious cooked food.

The Department stated (October 2015) that it had brought out 'State norms' in Implementation Manual for Mid-Day Meal Scheme (September 2015) only after being pointed out in audit.

1.4.11.8 Irregularities in management of cooking cost

The scheme guidelines envisage that a minimum of one month's requirement of cooking cost is made available to the schools in advance. Central assistance release for one component will not be re-appropriated or diverted for any other components of the programme.

Examination of records of the Department revealed that there were irregularities in management of cooking cost fund as detailed in the following table:

Table-1.4.13

Year	Funds released			Funds available to the Department			Released to SDEOs	Balance Col.7-8
	Central	State	Total	Central	State	Total		
1	2	3	4	5	6	7	8	9
2010-11	1308.60	154.28	1462.88	1308.60	154.28	1462.88	1254.61	208.27
2011-12	1507.22	167.59	1674.81	1507.22	167.59	1674.81	1581.16	93.65
2012-13	1724.01	0	1724.01	1724.01	0	1724.01	1520.47	203.54
2013-14	1850.67	0	1850.67	1850.67	0	1850.67	1122.84	727.83
2014-15	1985.23	0	1985.23	595.57	0	595.57	0	595.57
Total	8375.73	321.87	8697.60	6986.07	321.87	7307.94	5479.08	1828.86

Source: SDEOs and Departmental records

As seen from the above table, the State did not release ₹ 13.89 crore of Central assistance for the year 2014-15. State Government also did not release its matching share of ₹ 6.18 crore⁵² during 2012-13 to 2014-15. Out of ₹ 73.08 crore made available to the Department, only ₹ 54.79 crore was released to the SDEOs (March-2015).

Against the un-utilised fund of ₹ 18.29 crore, the Department furnished (August 2015) details of funds for the years 2013-14 and 2014-15 amounting to ₹ 13.23 crore only and an amount of ₹ 5.06 crore remained unaccounted.

The Department in reply (October 2015) stated that the required documents were misplaced during shifting of the office, therefore, the related Actual Payee Receipts (APRs) could not be produced during the process of audit. It added that APRs for ₹ 249.27 lakh (2010-11) have now been traced and furnished to audit. It also added that the short release was due to amount paid (₹ 366.40 lakh) to FCI being the carried over payments for food grains supplied during the year 2011-12 and 2014-15.

⁵² State share ₹ 191.56 lakh (2012-13), ₹ 205.63 lakh (2013-14) and ₹ 220.58 lakh (2014-15)= ₹ 617.77 lakh

The reply is not acceptable as ₹ 249.27 lakh (2010-11) claimed as disbursed to the SDEO's were not received in the selected eight SDEOs. No proof of the receipt of the amount and its further disbursement to the schools was available or furnished. As regards, ₹ 366.40 lakh paid to the FCI, the fact is that the funds were not used for the purpose (i.e., cooking cost, transportation cost and honorarium, etc) it was meant.

1.4.11.9 Short receipt of cooking cost by SDEOs

During the period 2010-15, a total fund of ₹ 73.08 crore was sanctioned to the Department as cooking cost. Out of this, ₹ 54.79 crore was allocated to the 26 SDEOs in the State. The total fund allocated to the eight selected SDEOs was ₹ 22.32 crore.

Examination of records of the selected eight SDEOs revealed short-receipt by the seven SDEOs. One SDEO Chiephobozou stated non-availability of records for the period 2010-11 and 2011-12. Details are shown in the following table:

Table-1.4.14

Sl. No	Name of the SDEO	Amount as per Directorate allocation	Amount recorded as per Cash Book/Stock registers of the SDEOs	Amount in ₹
				Short-receipt
1	Tuensang	4,05,30,490	3,92,40,033	12,90,457
2	Shamator	1,31,16,408	1,16,48,371	14,68,037
3	Mon	4,25,00,935	3,82,71,187	42,29,748
4	Aboi	1,38,68,190	1,16,07,524	22,60,666
5	Dimapur	6,61,12,736	6,,42,69,895	18,42,841
6	Niuland	2,14,26,228	1,83,02,677	31,23,551
7	Kohima	1,88,59,004	1,48,53,575	40,05,429
Sub-Total		21,64,13,991	19,81,93,262	1,82,20,729 Say ₹ 1.82 crore
8	Cheiphobozou ⁵³	68,39,623	Not computed due to absence of records.	
Grand Total		22,32,53,614		

Source: Departmental & SDEOs' records

From the table above, it could be seen that against the allocation/disbursement of ₹ 21.64 crore by the Department the records of the seven SDEOs showed receipt of only ₹ 19.82 crore. Thus, there was short-receipt of ₹ 1.82 crore by the SDEOs.

The Department stated (October 2015) that the concerned SDEOs had certified receipt of the cooking cost in full, however, the required information could not be produced during audit due to misplacement of records, especially for the year 2010-11.

1.4.11.10 Short-receipt of cooking cost by selected schools

Scheme guidelines envisage that cooking cost as per norm should be released to the schools expeditiously for smooth implementation of the scheme so as to enable serving of good quality of cooked meal to the eligible children on all school working days.

⁵³ Records for the period 2010-11 and 2011-12 (1st & 2nd Quarter) not available.

Examination of records of 120 schools under eight selected SDEOs revealed that in 83 schools there was discrepancy between the amount shown disbursed as per SDEO's records and actual amount of cooking cost received by the schools. Details are shown in the following table:

Table-1.4.15

					Amount in ₹
Sl. No.	Name of the SDEO	Number of schools	Amount disbursed as per records of SDEOs	Amount received as per records of schools	Short receipt by the schools
1.	Kohima	15	24,69,043	11,27,489	13,41,554
2.	Chiephobozou	6	7,06,757	3,35,891	3,70,866
3.	Dimapur	21	79,66,928	18,67,071	60,99,857
4.	Niuland	7	24,29,007	9,70,678	14,58,329
5.	Mon	20	82,60,121	29,15,910	53,44,211
6.	Aboi	8	14,43,827	9,54,486	4,89,341
7.	Shamator	6	17,02,015	8,28,972	8,73,043
Total		83	2,49,77,698	90,00,497	1,59,77,201 Say ₹ 1.60 crore

Source: Departmental record and stock maintained by selected schools

Thus, against the disbursement of ₹ 2.50 crore as per SDEO's records the schools received only ₹ 0.90 crore resulting in short receipt of ₹ 1.60 crore. Remaining 37 schools did not maintain any records relating to receipt and utilization of cooking cost. The short receipt would work out to 68.96 per cent.

The Department stated (October 2015) that the discrepancies were due to poor maintenance of records by the school teachers who were not properly trained and frequent changes of MDM teacher-in-charge.

The reply is an attempt to cover up the lapses to shield the officials involved in malpractices. This lack of accountability encourages such irregularities in future also. There is a need for further examination in the matter by the Department threadbare and fix responsibility on the officers involved in the malpractices.

1.4.11.11 Irregularities in management of transportation cost

Para 3.8 of the scheme guidelines envisaged that the State Government shall, wherever appropriate, engage a single Government/Semi-Government agency with state-wide jurisdiction and network, e.g. State Civil Supplies Corporation, as the State Nodal Transport Agency. This Agency will be responsible for lifting food grains from FCI godowns and delivering them to designated authority at the taluk/block level. State Government will also need to make foolproof arrangements to ensure that the food grains are carried from the taluk/block level to each school, etc., in a timely manner.

The Department engaged a private transport agency M/s Vitoi Sumi, Dimapur for transportation of rice from the FCI Godown located at Dimapur to the 26 SDEOs in the 11 districts at a uniform rate of ₹ 125 per quintal. Transportation cost from the SDEOs to the respective schools was fixed at ₹ 124 per quintal.

During the period 2010-15, a total fund of ₹ 6.48 crore was sanctioned to the Department under transportation cost, out of which an amount of ₹ 3.15 crore and ₹ 1.42 crore were paid to the carriage contractor and SDEOs respectively, as shown in the following table:

Table-1.4.16

Year	Quantity transported by carriage contractor Quintal	Transportation cost released to the Department	Payment made to the			Short released
			Carriage contractor	SDEO	Total	
			(₹ in lakh)			
2010-11	56,542.99	153.93	69.22	0.00	69.22	84.71
2011-12	51,614.46	145.17	72.75	71.94	144.69	0.48
2012-13	64,851.42	157.53	77.63	70.18	147.81	9.72
2013-14	62,839.37	156.69	76.95	0.00	76.95	79.74
2014-15	54,016.85	46.71	18.25	0.00	18.25	28.46
Total	289,865.09	647.68	314.80	142.12	456.92	203.11

Source: GoI release and Departmental records

From the above table it could be seen that there was a short release of transportation cost of ₹ 2.03 crore. This had adverse effect on implementation of the programme as it was stated by the teacher in-charge of six schools that the schools had to sell out some quantity of rice to meet the cost of transportation.

The Department stated (October 2015) that APRs against the release of ₹ 84.71 lakh 2010-11, was furnished to audit. The Department further stated that due to short release of ₹ 59.12 lakh (2012-13) by the GoI, there was short payment of ₹ 9.72 lakh to the schools and ₹ 28.46 lakh (2014-15) had been paid to the carriage contractor. The Department also assured that ₹ 79.74 lakh pertaining to 2013-14 will be distributed to the schools shortly.

The reply is not acceptable as ₹ 84.71 lakh claimed by the Department as disbursed to the SDEO's during 2010-11 was neither found received in the records of concerned SDEOs nor any records of disbursement to schools maintained in the selected eight SDEOs.

1.4.11.12 Short-receipt of transportation cost by selected schools

The scheme guidelines envisage reimbursement of the actual cost of transportation of food grains from the nearest FCI godown to schools. However, in Nagaland the school authorities collect the food grains from the SDEOs' store from time to time. The SDEOs also disburse the transportation cost of food grains to the schools from time to time.

Out of eight SDEOs test checked, 73 schools of five SDEOs received less transportation cost against the amount shown as disbursed in the records of SDEOs concerned. The details of transportation cost disbursed and short receipt by the selected schools are as shown below:

Table-1.4.17

Sl. No.	Name of the Sub-Divisional Education Officer	Number of schools	Amount disbursed as per records of SDEOs	Amount in ₹	
				Amount received by the schools as per stock	Short receipt by schools
1.	Kohima	19	84,569	20,770	63,799
2.	Chiephobozou	8	25,223	3,000	22,223
3.	Mon	20	1,14,400	23,200	91,200
4.	Dimapur	19	1,49,235	8,200	1,41,035
5.	Shamator	7	80,135	6,500	73,635
Total		73	4,53,562	61,670	3,91,892 Say ₹ 3.92 lakh

Source: Departmental and school records

During physical verification the schools reported that at the time of lifting, some quantity of food grains was sold to meet the transportation cost. Thus, short receipt of ₹ 3.92 lakh of transportation cost was compromised with the quantity of food grains received for implementation of the scheme. The short receipt would work out to 68.96 per cent of amount disbursed by the SDEOs as transportation cost to the schools.

The Department stated (October 2015) that the discrepancy was due to poor maintenance of records by the school teachers who were not properly trained and frequent changes of MDM teacher-in-charge.

The reply of the Department is yet again an attempt to cover up the lapses to shield the officials involved in corrupt practices.

1.4.11.13 Irregularities in scheme implementation through AIE/EGS centres and NCLP operating in the State.

In 2006, GoI extended the programme to the children of class I-V in Government, Local Body, Government Aided Schools, Education Guarantee Scheme and Alternative Innovative Education Centres in order to improve the nutritional status and to address two of the most pressing problems for the majority of children in India, namely, hunger and education. It was extended upto class VIII in 2008.

(i) AIE/EGS centres

The Department prepared budget estimate in the AWP&B 2010-11 for 192 EGS and 158 AIE Centres involving 16,900 and 15,837 students respectively, in the State. Accordingly the PAB approved programme implementation in the 350 centres. However, the Department could not produce any records on the implementation of the scheme in these Centres.

(ii) National Child Labour Programme (NCLP)

Based on the PAB approval, the Department included 17 NCLP schools each year during 2011-15 for implementation of MDM in Dimapur district for a total budget estimate of ₹ 47.27 lakh. (₹ 34.78 lakh for cooking cost, ₹ 3.03 lakh for transportation cost of 167.38 MT valued at ₹ 9.46 lakh).

Examination of records revealed that the Department allocated only ₹ 29.83 lakh cooking cost and 120 MT of food grains to the SDEO, Dimapur. Thus, the SDEO,

Dimapur short received ₹ 4.95 lakh cooking cost, 47.38 MT food grains and ₹ 3.03 lakh transportation cost. The SDEO, Dimapur in turn allocated ₹ 28.51 lakh cooking cost and 85 MT of foodgrain to the Project Director, NCLP, Dimapur. Thus, there was short receipt of ₹ 1.32 lakh and 35 MT of food grain valued at ₹ 1.98 lakh by the implementing agency. This had adverse effect on the implementation of MDM in the NCLP schools in the district.

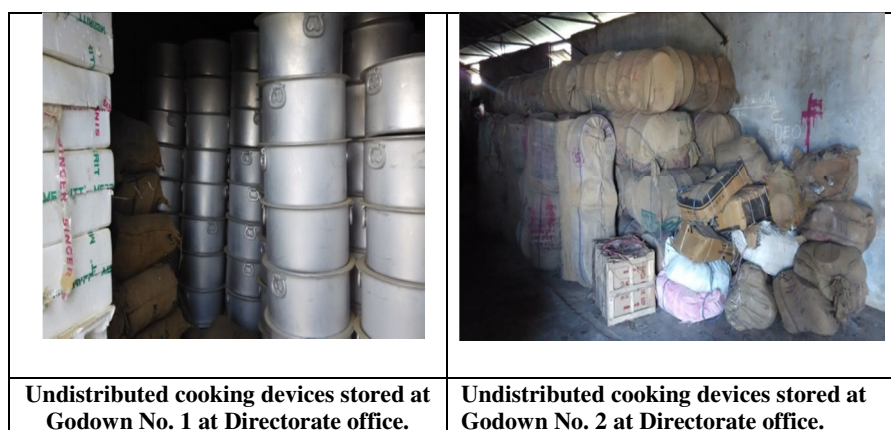
The Department did not offer any comments on the issue.

1.4.11.14 Blockage of Central assistance funds

The scheme envisage assistance for provision and replacement of kitchen devices in a phased manner, at an average cost of ₹ 5000 per school. Financial Rules provide that purchase of stores shall be made in accordance with definite requirements and care shall be taken not to purchase stores much in advance of actual requirement.

The Department procured (January and November 2013) kitchen utensils valued ₹ 50 lakh for distribution among schools covered under MDM from two⁵⁴ firms. However, the same was not disbursed and the utensils were stored in the two official godowns of the DSE, Kohima as shown in the photographs below:

Photograph: 1.4.2



The position of stock and value as on the date of verification (August 2015) is shown in the following table:

Table-1.4.18

Sl. No.	Particulars	Quantity No.	Bill value ₹
1.	Cooking pots aluminum Big size	1000	22,40,000
2.	Plates steel standard size	25000	13,25,000
3.	Cups steel standard size	25000	8,50,000
Total:			44,15,000
Add VAT 13.25%:			5,84,988
Grand Total:			49,99,988

⁵⁴ M/s H. Thonger, Kohima and M/s Evergreen Trading Company, 3rd Mile, Dimapur

Thus, the Department locked up Central assistance funds of ₹ 50 lakh for 22 to 32 months due to non-distribution of kitchen utensils to the schools. This had adverse effect on implementation of the scheme as 72 schools reported insufficient cooking pots/plates during physical verification.

The Department stated (October 2015) that the delay in distribution of the materials was due to non-receipt of replacement list. However, the facts remain that the materials were procured without assessing the field requirements.

1.4.11.15 Short-receipt of food grains by selected schools

The scheme guidelines envisage that food grains as per norm should be released to the schools expeditiously for smooth implementation of the scheme so as to enable serving of good quality of cooked meal to the eligible children on all school working days.

Examination of records of 120 schools under eight selected SDEOs revealed that 83 schools, during 2010-15, received 463.56 MT of food grains against recorded disbursement of 1248.31 MT as per records of the SDEOs concerned. Thus, 784.75 MT of food grain was short received by the selected 83 schools as detailed in the following table:

Table-1.4.19

Quantity in kilogram

Sl. No.	Name of the SDEO	Number of schools	Total quantity distributed as per SDEO's record	Total quantity received as per records of the schools	Short receipt by schools
1.	Kohima	15	1,68,654	63,671	1,04,983
2.	Chiephobozou	7	59,814	22,400	37,414
3.	Dimapur	21	3,09,854	1,35,600	1,74,254
4.	Niuland	6	88,852	35,950	52,902
5.	Mon	20	4,65,379	81,414	3,83,965
6.	Aboi	8	1,06,563	92,278	14,285
7.	Shamator	6	49,201	32,250	16,951
Total		83	12,48,317	4,63,563	7,84,754

Source: Departmental and school records

Thus, food grains valued at ₹ 44.34 lakh was short received by the schools which adversely impacted in providing mid-day meal to the eligible school children. The shortfall in estimated coverage of MDM on account of non-disbursement of food grains among eligible school children would work out to 63 *per cent*. The possibility of pilferage of the food grains cannot be ruled out. The matter requires further investigation.

The Department stated October 2015 that the short receipt was due to poor maintenance of records by the school teachers who were not properly trained and frequent changes of MDM teacher-in-charge. Yet again an attempt to cover up the lapse as maintenance of records does not require any extraordinary skill and training.

1.4.11.16 Short-receipt of cook-cum-helpers honorarium by selected schools

The scheme guidelines envisage payment of honorarium @ ₹ 1000 per month for cook-cum-helpers engaged based on the number of children enrolment in the respective schools. The guidelines further envisages e-transfer of fund.

Examination of records revealed that 73 schools in six SDEOs (out of 8 selected) received less honorarium than shown as disbursed by the SDEOs. The honorarium was disbursed in cash by the SDEOs to the schools in contravention to the provisions in the guidelines.

Following are the details of disbursement of honorarium by the SDEOs and actually received by the selected schools:

Table-1.4.20**Amount in ₹**

Sl. No.	Name of the SDEO	Number of schools	Amount disbursed as per records of SDEOs	Amount received as per records of selected schools	Short receipt by the schools
1.	Kohima	14	4,40,000	1,00,560	3,39,440
2.	Chiephobozou	6	2,81,000	88,000	1,93,000
3.	Niuland	7	4,41,951	1,74,000	2,67,951
4.	Mon	20	8,00,000	1,04,400	6,95,600
5.	Dimapur	19	9,75,156	2,34,000	7,41,156
6.	Shamator	7	3,58,000	1,08,000	2,50,000
Total		73	32,96,107	8,08,960	24,87,147 Say ₹ 24.87 lakh

Source: Departmental and school records

Thus, short receipt of ₹ 24.87 lakh by the selected schools had adversely affected in implementation of the scheme as the cooks did not perform their duties on all school working days due to non/less receipt of honorarium, as reported by the schools authorities during joint physical verification. The short receipt would work out to 75.56 per cent of the total honorarium stated to have been disbursed by SDEOs.

The Department stated (October 2015) that the short receipt was due to poor maintenance of records by the school teachers who were not properly trained and frequent changes of MDM teacher-in-charge.

1.4.12 Monitoring and evaluation**1.4.12.1 Establishment of Management Information System (MIS)**

As per Para 6.1 of the scheme guidelines, a sound and reliable system of accounting procedures and reporting as well as a computer-based Management Information System (MIS) for the scheme was to be established. In 2012-13, MHRD, GoI, started the MDM-MIS Web Portal to facilitate role based authenticated interfaces; capturing, collating and analysing the data online, track and monitor the project activities online, suitable timely interventions and interactions through quick decision support system; realistic need based planning from grass root level, accessibility of dynamic real time queries, reports and generation of alerts at various levels, 24 X 7 accessibility and

availability of MIS and information, dashboard view of various stakeholders at National, State, District, School and Panchayat levels.

The Department stated (August 2015) that all the SDEOs are regularly uploading necessary information in the MDM-MIS web portal. However, during physical verification of the selected SDEOs the following points were noticed:-

1. MIS cells were established in the offices, however, five out of eight SDEOs stated that due to poor network coverage in their establishments necessary information in the MDM, MIS web portal were uploaded either from the Directorate office or other place where internet connection was available. However, MIS-Web portal is password protected and could not be accessed by audit to verify the claims.
2. No working paper in the form of School Monthly Data Capture Format (MDCF)/Annual Data Capture Format (ADCF) was furnished to audit by respective schools though the Department has claimed that the necessary information was uploaded. Thus, it was not clear how the monthly data were uploaded when allocation of MDM component to schools were made on quarterly basis.
3. All the physically verified schools under SDEO Tuensang did not maintain any stock register of MDM components. As such, it was not clear how the data in the MDM-MIS web portal were uploaded by the SDEO.

1.4.12.2 Monitoring of the Programme

The scheme guidelines envisage for formation of Steering-cum-Monitoring Committee (SMC) at the National, State, District and Block levels for monitoring & co-ordination and initiating remedial action on reports of independent functionaries. The State level SMC was to meet at least every six months and District/Block level SMCs were to meet at least once a month.

The Department stated (August 2015) that eight State level SMC meetings were held during 2010-11 to 2014-15. However, only two meeting minutes were furnished to audit.

The following important decisions were taken in the State level SMC meeting:

1. Co-ordination with the PHE Department and NHRM for supply of drinking water facilities and timely conduct of health check-ups at school level.
2. To take up necessary steps for timely release of funds to the Department.

However, follow up actions on the above decisions taken during State level SMC Meeting were pending (August 2015).

As per norm, district and block level meetings should be held once in every month. However, no record was furnished by the selected SDEOs to substantiate that any SMC meeting was held at district and block level during the period from 2010-15.

Reasons for not conducting regular SMC meetings at the District and Block level were not found in records. Thus, non-convening of mandatory SMC meeting defeated

the purpose of securing accountability at various levels of programme implementation.

The Department assured (October 2015) to take follow up action.

1.4.12.3 *Third party Monitoring/Evaluation*

The Ministry nominated Nagaland University for monitoring and evaluation of implementation of MDM in the State. The University regularly undertook monitoring and submitted its findings to the Ministry. Some of the major findings of the University are indicated below:

- MDM was not served on all the schools days;
- The schools were facing problem in relation to the availability of cooking cost in time. Also, problems were noticed in the delivery of food grains at the school level;
- The schools were facing problems of drinking water and kitchen facilities; and
- Supplementary micronutrients were not provided to the children as per norm.

It was, however, observed that no action/remedial measure were taken by the Department on the findings of the University.

The Department accepted (October 2015) the facts during exit conference.

1.4.12.4 *Monitoring of programme implementation and its impact*

Scheme Guidelines envisage that on an average at least 25 *per cent* of Primary/Upper Primary Schools and EGS/AIE centres should be visited every quarter and all Primary/Upper Primary Schools and EGS/AIE centres should be visited at least once a year. States were to evolve suitable formats for Questionnaire (Data Capture Form) to be filled by official during field visits. Findings should be documented and reported in SMC meetings at all levels. Suitable remedial/corrective measures should be initiated without delay. The Department entrusted the SDEOs to inspect the schools to assess the implementation of MDM.

Verification revealed that in 66 out of 120 test-checked schools (55 *per cent*) inspection team from the office of the SDEO did not visit the schools. The SDEOs neither submitted inspection reports nor Data Capture Form in respect of schools inspected by them to the higher authority.

The Department stated (October 2015) that the SDEOs/JEOs will be instructed to inspect the schools regularly.

1.4.12.5 *Establishment of Grievance Redressal Cell*

The scheme guidelines envisage that a grievance redressal mechanism was required to be established at the State and District levels to address and resolve complaints with regard to the implementation of the MDM.

It was noticed that the Department had not set up any Grievance Redressal Cell either at the State level or the District level. Thus, complaints, if any, from the general public particularly parents of students, NGOs, Students Organisation and other stakeholders during the period of implementation of the programme could not be ascertained.

The Department stated (October 2015) that action will be initiated for establishment of the cell.

1.4.12.6 Submission of periodic Reports/Returns

The scheme guidelines envisage that the State Nodal Department was required to furnish Progress Reports on the implementation of the scheme to the MHRD as per the time schedules indicated in the following table:

Table-1.4.21

Sl. No.	Title of Return	Due date for receipt in the Ministry
1	Monthly Report on off-take of foodgrain	15 th of the following month
2	Quarterly Claim towards Transportation Subsidy	15 th of the month following the Quarter
3	Quarterly Progress Report	Within one month from the end of the Quarter

However, it was noticed that the Department furnished QPRs/UC with delays ranging from 30 to 144 days during the period 2010-15 (**Appendix-1.4.3**).

The Department assured (October 2015) that the reports/returns will be submitted on time.

1.4.13 Conclusion

The success of any programme/scheme depends on effective implementation of scheme, efficient financial management and effective monitoring. There were inadequacies in all these three key aspects, as brought out in this Report. AWP&B was prepared without compiling the data from the reliable source which led to over projection of number of children. Implementation of scheme was not satisfactory and did not achieve its objective of providing nutritious cooked meals to eligible children aimed to improve their enrolment and retention in the schools. Reliable centralized data on retention/dropout rates of children of Primary/Upper Primary stages was not available. There were delays in transmission of funds through the hierarchical chain to implementing agencies and short release of State share. There were instances of short allocation and short delivery of food grains. Similarly, there was short receipt of food grains, cooking cost, transportation charges, etc. at various levels.

Nutritional status of the children was not assessed. Infrastructural facilities in the schools were inadequate. Monitoring system was deficient due to non-conducting mandatory SMC meetings at State/District/Block level.

1.4.14 Recommendation

- ❖ The State Government should ensure preparation of Annual Work Plans & Budget with authenticated inputs and ensure strict compliance to all pre-requisites, especially reliable data on enrolment, attendance and coverage of schools/students.
- ❖ The existing procedure of release of funds should be designed to ensure timely transmission of funds to implementing agencies.
- ❖ State matching share of funds should be released component-wise to facilitate proper implementation of scheme.
- ❖ Wide publicity should be made by the Department to attract more children to Government Schools by creating awareness about the scheme among general public.

It is further recommended that an independent investigation be conducted to find out the reasons for short receipt/discrepancies in receipt of cooking cost, transportation cost, food grains and honorarium for cook-cum-helpers across the State and take administrative action against those officials found guilty.

LABOUR AND EMPLOYMENT DEPARTMENT**1.5 Performance Audit on Functioning of Industrial Training Institutes**

Industrial Training Institutes (ITIs) impart skill oriented training with the objective to ensure a steady flow of skilled workers in different trades for the industry. The ITI's aim is to raise the quality of industrial production by systematic training of workers and to reduce unemployment among the educated youth by equipping them for suitable industrial employment.

Highlights:

- *ITIs were up-graded without preparing Institute Development Plans (IDPs) and conducting survey and new sectors were taken up without identifying the need of the trades.*

Paragraphs 1.5.7.1 (i) & (ii)

- *Schemes were implemented without action plans resulting in procurement of machineries and equipment for discontinued trades.*

Paragraphs 1.5.7.2 & 1.5.7.3

- *Seed money was deposited in excess of the maximum admissible limit.*

Paragraph 1.5.8.2

- *The ITIs trades could not be affiliated to the National Council of Vocational Training and the trainees remained unqualified for gainful employment in the Central Government and in other State Governments/Public Sector units.*

Paragraphs 1.5.9.1, 1.5.9.2, 1.5.9.3 & 1.5.9.11

1.5.1 Introduction

To promote the interests of individuals, enterprises, economy and society with the contribution of skill building and training, the Government of India (GoI) introduced (1950) a scheme called the Craftsmen Training Scheme (CTS). Under the scheme, 8 ITIs were established in Nagaland with the objective to ensure a steady flow of skilled workers to the industry to meet the manpower requirements in different trades; to raise the quality of industrial production by systematic training of workers and to reduce unemployment among the educated youth by equipping them for suitable gainful industrial employment and to create the opportunity of self-employment ventures.

1.5.2 Organisational structure

The Directorate of Employment & Craftsman Training is functioning under the Administrative control of Labour & Employment Department. The Directorate functions under two wings: Employment wing and Training wing. Under the training wing, there are eight ITIs. Out of which, ITI Dimapur is exclusively for women.

Chart 1.5.1



The National Council of Vocational Training (NCVT), an advisory body set up by GoI prescribes standards, curricula, syllabi, equipment, scale of accommodation, duration of courses and method for craftsmen training. Trade tests are conducted on an all India basis by the NCVT and successful trainees are awarded the National Trade Certificates in the trades concerned under the seal and authority of NCVT. Besides, a State Council of Vocational Training (SCVT) affiliated to NCVT functions as a State agency to advise the State Government in carrying out the training policy laid down by NCVT and to administer the Vocational Training Programme throughout the State.

Under the GoI scheme “Upgradation of 1396 Government ITIs through Public Private Partnership”, Industry Partners are associated representative in Institute Management Committees (IMCs) as Chairperson to lead in the up-gradation process. ITIs at Dimapur, Mon, Tuensang, Wokha, Phek and Zunheboto were covered under the scheme.

1.5.3 Audit objectives

The objectives of the performance audit were to assess whether:

- ▶ proper plans existed and were implemented to achieve the objectives of the ITIs,
- ▶ adequate financial support was provided by the Government for the effective functioning of ITIs and the funds were properly utilised,
- ▶ quality training is being imparted with adequate qualified human resources, infrastructure, efficient and effective information and communication systems and with post ITI follow-up measures, and
- ▶ an effective monitoring and evaluation mechanism was in place to ensure the adequate functioning of ITIs.

1.5.4 Audit scope and methodology

The performance audit covered the period 2010-15. The records of the office of the Directorate of Employment & Craftsman Training and all the eight ITIs in the State were examined.

The performance audit comprised of an entry conference with the Commissioner and Secretary and other officers of the Labour and Employment Department on 22 April 2015, issue of requisitions/questionnaires, examination of records, issuance of audit observations, examination of responses to audit observations, beneficiary survey and joint physical verification. The draft report was sent to the Department for their reply. The findings were discussed with the representatives of the Department in an exit conference on 21 September 2015. Replies of the Department as well as the views expressed by the representatives of the Department/Government in the exit conference have been taken into consideration while finalising the report wherever necessary.

1.5.5 Audit criteria

The following criteria were used to benchmark the audit findings:

- ▶ Management Manual for Industrial Training Institutes;
- ▶ GoI/State Government orders on imparting industrial training;
- ▶ Norms prescribed by the National Council of Vocational Training
- ▶ The Apprentices Act, 1961 and
- ▶ Scheme Guidelines

1.5.6 Acknowledgement

We express our appreciation for the co-operation and assistance accorded to us by the Department at all levels during audit.

Audit findings

1.5.7 Plans to achieve the objectives of the ITIs

1.5.7.1 Basic survey not conducted

To ensure that training cater the needs of industry and to avoid any mismatch between the supply and demand for skilled manpower, efforts should be made to develop course curricula for all the occupation/trades which require a skilled work force. For this purpose, the State Government has to identify the occupations/trades that are crucial for the State and prepare Institute Development Plans (IDPs).

It was observed that the Department did not conduct surveys to identify the occupations/trades for which training programmes are required to be framed in the IDPs as discussed below:

(i) Upgradation of ITIs:

All ITIs that meet the eligibility criteria set out in the MoU for up-gradation under Public Private Partnership (PPP) are required to submit Institutional Development Plans. These are developed by the respective IMCs through consultation with stakeholders, including local business interests, faculty members, students and the community. Each IDP defines the long-term goals of the institution, the issues and challenges facing the institution and the strategies for dealing with them. Each IDP sets targets for institutional improvement, defines performance indicators, and details the financial requirement to meet the needs.

All seven ITIs selected for up-gradation under PPP in the State prepared IDPs. In all the IDPs, the action plans with the following objectives were included:

- To increase percentage of student enrolment and student pass out and to reduce the student drop-out rate.
- To improve the quality of the training by providing adequate infrastructure facilities, effective teaching/learning aids etc.
- To open career counselling and placement cells in coordination with various industries.

Examination of records revealed against the intake capacity of 6,240 only 3,377 (54 *per cent*) students were enrolled and out of which 929 dropped out (28 *per cent*). There were shortages of machinery, equipment and tools etc. It was also observed that some of the trades were discontinued due to non-enrolment of students as shown in the following table, which is indicative of the fact that much thought has not gone in while commencing the courses.

Table1.5.1

Name of the ITI	Name of the trades discontinued	Year of discontinuation	Reason for discontinuation
ITI, Wokha	Machinist	No training was conducted during the period covered by audit	Due to non-enrolment of trainees.
ITI, Kohima	Turner		No enrolment for the past five years
ITI, Kohima	IT & ESM		No enrolment for the past five years
ITI, Dimapur	Electronic Mechanics		Due to non-enrolment of trainees

Source: Departmental figures

The upgradation schemes could not be implemented as enunciated in the IDP indicating the department's failure to recognise the actual ground realities of the ITIs, the various challenges, the community's awareness, etc. while preparing of the IDPs.

(ii) Introduction of trades without identifying the needs

Trades in automobile and apparel sectors were introduced in ITI Kohima and Women ITI Dimapur respectively by upgrading the ITIs into Centres of Excellence through PPP.

For implementation of the schemes, the two ITIs received ₹ 5.87 crore and spent ₹ 5.31 crore till 2014-15. It was, however, observed that student enrolment for the trades was significantly low against the intake capacity as shown below:

Table1.5.2

₹ in lakh

Year	Name of ITI	Broad Based Basic Training			Advance Module		
		Seat capacity	Enrolment	Percentage	Seat capacity	Enrolment	Percentage
2010-11	Kohima	96	45	46.88	48	0	0
2011-12		96	34	35.42	48	22	45.83
2012-13		96	21	21.88	48	20	41.67
2013-14		96	32	33.33	48	6	12.50
Total		384	132	34.38	192	48	25
2010-11	Dimapur	96	33	34.38	48	0	0
2011-12		96	32	33.33	48	24	50
2012-13		96	31	32.29	48	0	0
2013-14		96	25	26.04	48	14	29.17
Total		384	121	31.51	192	38	19.79

Source: Departmental figures

Further, as per order of the NCVT, the operation of both the trades was discontinued from 30 November 2014 due to non-convergence with requirements under Craftsman Training Scheme, difference in duration and absence of specialised modules. Thus, implementation of the schemes failed as they were taken up without proper survey and analysis of their relevance and applicability.

(iii) Course discontinued due to outdated and defunct machineries and equipment.

Principal, ITI Wokha brought to the notice of the Director (07.07.2014) that all the machineries and equipments of the Machinist trade were obsolete and defunct and training under the trade had been stopped since 2012.

The Department in its reply (September 2015), stated that the machinist trade was converted to electrician trade. It is not clear whether machinist trade was stopped as the Department failed to replace the outdated and defunct machineries and equipment.

1.5.7.2 Implementation of schemes without annual action plans

An action plan should be prepared by taking into consideration the important issues like adequacy of infrastructure, manpower resources, raw materials, electricity supply, basic amenities, follow-up of passed out students, monitoring etc.

Examination of records revealed that the Department implemented the schemes without preparation of annual action plan which resulted in conduct of training courses without adequate machinery, equipment and tools, manpower resources, power supply, etc. It was also noticed that money was kept in fixed deposit in excess of requirement as discussed in **Paragraph 1.5.8.2**, which could have been utilised to address these shortages.

1.5.7.3 Procurement of machinery and equipment for discontinued trades

GoI released ₹ 70.84 lakh for implementation of Centre of Excellence (CoE) at Kohima during March 2013. However, the amount was released by the Directorate of Employment and Craftsmen Training only in March 2015 after the NCVT discontinued (November 2014) training courses in these trades.

Examination of records revealed that the Directorate placed supply orders (January 2014) for purchase of machineries and equipment for the trades on a firm based at Kolkata. The machineries and equipment were, however, supplied in April 2015 and installed in the workshop in April 2015 after discontinuation of the trade (November 2014). Since the machineries and equipments were only received after the decision to discontinue the trade was taken, the Department should have reviewed the supply order and taken necessary steps to cancel it. These funds could have been utilised to procure the items for the other existing trades.

The Department in its reply (September 2015) stated that the machines and equipments procured would be utilised for the reverted back trades viz., Mechanic Motor Vehicle (Petrol) and Diesel Mechanic that share more or less similar machineries and equipments with the broad based basic training trades of petrol and diesel modules of Automobile Sector.

1.5.8: Financial Management**1.5.8.1 Release of funds and expenditure**

The management of funds released by the GoI and the State Government and expenditure incurred by the Department is detailed in the following table:

Table1.5.3**₹ in lakh**

Year	Opening Balance	Funds released		Interest earned/ others	Total fund available	Expenditure	Closing Balance
		Central	State				
2010-11	363.06 ⁵⁵	346.99	662.45	5.21	1377.71	884.30	
2011-12		1073.55	934.08	22.13	2029.76	1103.64	
2012-13		13.05	1184.73	38.12	1235.90	1352.08	
2013-14		74.34	1101.14	77.48	1252.96	1419.46	
2014-15		0.00	827.70	94.71	922.41	1148.89	910.37
Total		1507.93	4710.10	237.65	6818.74	5908.37	910.37

Source: Departmental figures

Examination of records on funds management revealed the following:

1.5.8.2 Deposit of seed money in excess of the maximum admissible limit

According to the revised guidelines for Up-gradation of Government ITIs through PPP, a maximum of 20 *per cent* of the funds made available (₹ 250 lakh provided as interest free loan) under the Scheme may be kept as seed money by IMCs. It was, however, noticed that all the seven upgraded ITIs kept seed money in excess of the maximum admissible limit (₹ 50 lakh) as detailed below:

Table1.5.4**₹ in lakh**

Sl No.	Name of ITI	Amount received	Maximum limit for seed money	Amount kept as seed money	Excess
1	Dimapur	250.00	50.00	55.50	5.50
2	Mon	250.00	50.00	100.00	50.00
3	Mokokchung	250.00	50.00	58.73	8.73
4	Tuensang	250.00	50.00	95.00	45.00
5	Wokha	250.00	50.00	160.25	110.25
6	Phek	250.00	50.00	212.89	162.89
7	Zunheboto	250.00	50.00	240.00	190.00
Total		1750.00	350.00	922.37	572.37

Source: Departmental figures

As all the ITIs were functioning with shortage of infrastructure, trained manpower, etc. the excess money should have been gainfully utilized instead of keeping funds in fixed deposit.

1.5.8.3 Investment of funds in speculative instrument in violation of norms

According to the scheme guidelines, the interest free loan in the first instance should be deposited in the public sector bank and funds should not be transferred out of public sector bank. While the objective is to get maximum returns on this deposit, the

⁵⁵ The opening balance of ₹ 363.06 lakh for the year 2010-11 was ₹ 352.89 lakh: the balance of out of interest free loans ₹ 500 lakh (₹ 250 lakh each of ITI Mokokchung and WITI Dimapur) and accrued interest of ₹ 10.17 lakh.

amount is not permitted to invest in speculative instruments such as shares, bonds, debentures etc. However, due to some unavoidable reasons if such a decision has to be taken, a proposal with full justification should be sent for approval of the National Steering Committee (NSC).

Examination of records revealed that IMC of ITI Mokokchung transferred funds from a public sector bank (United Bank of India, Dimapur) and invested in speculative instruments in Sahara India Ltd. and ICICI Pro without obtaining the approval of the NSC as detailed below:

Table1.5.5

Sl No.	STDR/LTDR No.	Amount ₹	Date of investment	Rate of Interest % per annum	Period of investment	Private Banks
1	23842906761	8,00,000	01.12.2009	11.50	10 years	Sahara India Ltd.
2	23842906762	7,00,000	01.12.2009	11.50	10 years	Sahara India Ltd.
3	12829320	66,00,000	27.12.2010	8.00	3 years	ICICI Pro
4	12829320	99,00,000	15.02.2012	8.00	3 years	ICICI Pro
5	562002040899	23,16,050	27.11.2012	11.50	6 years	Sahara India Ltd.

Source: Departmental figures

Examination of audited statement of accounts for the year ended 31.03.2014 revealed that the amount of fixed deposit from ICICI Pro have been received back on maturity and the amount of fixed deposits in Sahara India was also received back (prematurely). However, the IMC failed to show the details of the money received back from ICICI Pro and Sahara India. The Department in reply (September 2015) stated that necessary instructions would be conveyed to IMC of ITI Mokokchung to immediately withdraw the investments made at Sahara India. This implies that the investment in Sahara India still exists.

1.5.8.4 Parking of funds in Civil deposit

GoI released an amount of ₹ 70.84 lakh (25.03.2013) to GoN for procurement of machinery and equipment for the trades of the CoE under Vocational Training Improvement Project (VTIP). GoN placed the fund in Civil Deposit (24.3.2014) and subsequently released the same to the Directorate of Employment and Craftsman Training in March 2015. Thus, the Department received the amount after two years from the date of release of fund by the GoI.

1.5.8.5 Preparation of audited accounts by the IMCs

As per guidelines, the IMCs of the ITIs are to prepare audited statement of accounts and the accounts are to be approved in the AGM within six months of closing of financial year.

It was however observed that only three⁵⁶ out of seven IMCs prepared audited statement of accounts. Though the three IMCs prepared their accounts those accounts were not approved in the AGM as stipulated in the guidelines.

1.5.9 Improvement in Infrastructure, human resources, post follow-up measures.

1.5.9.1 Trends in admission, dropout and examination pass rates

Admission to the ITIs is made yearly on the basis of merit. The duration of engineering trades varies from one to two years, whereas the duration of non-engineering trades is one year. The minimum education qualification for admission to the ITIs is from 8th standard to Higher Secondary plus two depending upon the trades. Minimum age for admission to ITI is 14 years and there is no upper age limit. The intake capacity, admission and vacant seats in the ITIs during 2010-15 are given below.

Table1.5.6

Year	Seat capacity	Enrolled	Enrolment Percentage	Drop out	Percentage of dropout	Exam appeared	Exam passed	Pass Percentage
2010-11	1248	528	42	47	9	481	304	63
2011-12	1248	560	45	186	33	374	288	77
2012-13	1248	703	56	284	40	419	347	83
2013-14	1248	740	59	271	37	469	310	66
2014-15	1248	846	68	141	17	705	426	60

Source: Departmental figures

As could be seen from the table above, student enrolment in the eight ITIs presents a dismal picture. Against the total intake capacity of 1248 in a year, the number of students enrolled ranged from 528 to 846 (42 to 68 *per cent*) during 2010-15. Though there was an increasing trend in enrolment of students during the last five years the annual increase in enrolment was between 3 *per cent* and 11 *per cent*. The State Government did not conduct any study to ascertain the reasons for low percentage of enrolment in ITIs.

Further, neither the ITIs nor the Department maintained any record of number of students who dropped out and the reasons for it. Audit analysis taking the difference between the number of students who enrolled and appeared for the exams revealed that the number of drop out students was around 9 to 40 *per cent*. However, in 2010-11 and 2014-15, the number of students who failed in the exams of the previous years was also included in the number of students who appeared in the exams as they were allowed to re-appear in the exams in those years. But the Department could not provide the exact number of students who failed and were allowed to re-appear the exams.

⁵⁶ IMC Mokokchung, IMC Tuensang and IMC Phek.

The pass percentage of students showed a decreasing trend from 83 *per cent* to 77 *per cent* in 2011-12 and 2012-13 which further decreased to 66 *per cent* and 60 *per cent* in 2013-14 and 2014 15 respectively.

1.5.9.2 Trades and affiliation

As per NCVT norms, an ITI seeking affiliation for starting a new trade has to ensure the availability of necessary infrastructure and instructors. No SCVT approved trades operated in the ITI was eligible for upgradation under the scheme 'Upgradation of Government ITIs under PPP'. The GoN received the fund for up-gradation of the ITIs by making an undertaking that the trades covered under the upgradation of the ITIs scheme will be affiliated to NCVT within two years of the release of loans under the scheme.

To get affiliation of trades under NCVT the following conditions are required:

1. Theory classrooms should have latest infrastructure including Audio Visual (AV) aids as per details given in respective curricula.
2. Workshop areas should be as per norms prescribed by NCVT for respective trades.
3. Tools & Equipment should be latest and state-of-the-art as per curricula for the respective trades.
4. Prescribed power supply load should be available.
5. Qualified instructors should be available.

Out of 21 trades in the eight ITIs in the State, 11 trades were not affiliated to NCVT. Sl. No. 1 to 3 above, are the main undertakings not fulfilled by the State Government for affiliation. The ITIs stated that due to shortage of necessary machineries & equipment and infrastructure in the ITIs as prescribed by the NCVT norms, the trades could not be affiliated with NCVT. Thus, the commitment made while availing the funds was not fulfilled by the State Government.

During 2010-15, 1328 trainees had completed the courses in unaffiliated trades. These trainees were given only provisional trade certificates by the SCVT and were not eligible for NCVT certificates. Non-issue of NCVT certificates to trainees who had completed their training would adversely affect their employability.

The Department in its reply (September 2015), stated that SCVT certificate are recognised by the State Government. Efforts were on to ensure affiliate the SCVT trades with NCVT. The reply has to be viewed in light of the fact that it has no recognition outside the State and the trainees who possess such certificates are handicapped to that extent.

1.5.9.3 Introduction of new trades

NCVT introduced 132 new trades⁵⁷ to meet the needs of the industry. The Department, however, introduced only 21 trades⁵⁸ in the State out of which only 11 trades were affiliated to NCVT. The Department did not conduct any survey to identify the necessary skill areas and trained manpower needed before introduction of new trades. Thus, non-assessment of the industrial needs before introduction of new trades deprived the benefit of employability of those who are undergoing training in these trades.

The Department replied (September 2015) that trades once introduced is very difficult to change because instructors are appointed for that particular trade and to retrain the instructors for a new trade is very difficult.

1.5.9.4 Infrastructure deficiencies

The NCVT prescribed specific norms for providing basic infrastructure such as classrooms and workshops. The space for conducting various trades in ITIs was to be provided as per NCVT norms.

Examination of records revealed lack of infrastructure in ITIs as discussed below:

(i) Classrooms and workshops not meeting the prescribed norms

It was noticed that the dimensions of most of the classrooms and workshops of the eight ITIs were not as per the standards prescribed by NCVT.

ITI Zunheboto was established (2005) in a two storey building comprising of 10 rooms with average size of 10 x 10 sq ft. During physical verification, it was seen that the classroom and the building showed poor workmanship exposing M.S. rods of the RCC beams and slabs.



The building was unfit for operating the Institute. The total area of the Institute was only 1078 sq ft including the compound with no scope for future expansion.

ITI Zunheboto has plumber, wiremen and electrician trades. For each trade 4 sq. m. per trainee is required. There are 14 trainees in the plumber trade and three in

⁵⁷ 70 Engineering and 62 non-engineering trades.

⁵⁸ 14 Engineering and 7 non-engineering trades.

wiremen. Space requirement per trade is 56 sq m and 12 sq m respectively. Average area of each room in the ITI Zunheboto is 9 sq. m. Due to constraints in space, the courses were conducted in a cramped condition which would impact on the quality of training. Further, due to limited rooms in the building, the Institute conducted computer programming classes in a rented room, which is a temporary measure.

The Department in their reply (September 2015) accepted the fact that the space do not comply with the NCVT norms as the ITI Zunheboto was established under State Plan and stated that efforts were on to ensure that the shortcomings were addressed. The Institute should find out a long term solution.

1.5.9.5 Insufficient tools and equipment in the ITIs

The ITIs are required to maintain tools and equipment as per the standard lists of tools and equipment of the trades concerned, as prescribed by NCVT.

6 ITIs⁵⁹ prepared lists of deficiency of hand tools, machineries, tools and equipments as per NCVT norms for 12 trades. It was noticed that only 144 items out of 1588 items of tools, machineries and equipment were available as per norms (9 per cent). Audit could not compute actual shortage in respect of 6⁶⁰ (six) trades in the ITI Kohima and one (wiremen) in ITI Zunheboto, as the ITIs at Kohima and Zunheboto did not furnish lists of the material machineries, tools etc. However, audit findings in respect of machineries and equipment pertaining to ITI Kohima and ITI Zunheboto based physical verifications are given in the subsequent paragraphs.

The shortage of machineries and tools would hinder the conduct of practical classes and in acquiring of the necessary skills by the trainees for future industrial employment.

The Department replied (September 2015) that every measure was being taken to meet the shortages of tools and equipment in the ITIs. Every ITI was instructed to utilise the available fund under the scheme for procurement of deficient machineries and equipment.



Photograph No.1.5.2 Carpentry workshop without equipment, ITI, Phek

(i) Repairs and renovation not executed

Examination of records shows that the IMC of ITI Phek had incurred an expenditure of ₹ 62.00 lakh (₹ 37.00 lakh towards repairs and renovation of ITI complex and ₹ 25.00 lakh boundary fencing). It was, however, noticed during physical verification, that neither repair nor renovation of the building or construction of the boundary was carried out.

⁵⁹ Dimapur, Mon, Mokokchung, Tuensang, Phek and Wokha.

⁶⁰ Machinist, Turner, Mechanic Radio and TV, Welder, Fitter and Surveyor.

The Department in its reply (September 2015), stated that the matter would be looked into and physical inspection would also be carried out to ascertain the matter.

(ii) Machinery/equipment/tool items purchased by the IMCs not received

Examination of the accounts in respect of three IMCs had shown a total expenditure of ₹ 256.61 lakh for procurement of machinery and equipment for their respective ITIs. However, cross verification by audit revealed that three ITIs did not receive materials worth ₹ 237.80 lakh as detailed below:

Table 1.5.7

₹ in lakh

Sl.No.	ITI	Amount	Amount for which materials received	Amount for which materials not received
1	Mokokchung	133.31	18.81	114.50
2	Tuensang	103.30	0	103.30
3	Phek	20.00	0	20.00
Total		256.61	18.81	237.80

Source: Departmental figures

The amounts of expenditure on procurement of tools, machineries & equipment were taken from the quarterly progress reports and annual accounts of the ITIs prepared by the IMCs. Detailed records such as copies of supply order, bills, delivery challans etc. were not available with ITIs. The chairmen of the IMCs, in spite of requisition, could not furnish the documents to audit. The details of only ₹ 18.81 lakh out of total expenditure of ₹ 133.31 lakh was available with the ITI, Mokokchung. Hence, in the absence of supporting records in respect of actual procurement and receipt of the materials, genuineness of expenditure could not be authenticated in audit.

The Department in its reply (September 2015) stated that action, in this regard, had already been taken, but, detail of the action taken was not stated.

(iii) Machinery and equipments not installed

As per the provision of the guidelines, 100 *per cent* payment on procurement of machinery and equipment should be made only after installation and inspection of the materials.

Machineries and equipment worth ₹ 46.14 lakh were procured for ITI Zunheboto (March-April 2013) and ITI Mon⁶¹ (during January 2013). However, during physical verification (June 2015), it was observed that the materials had not been installed and were lying idle though full payment had been released. Payment without installation was against the provisions of the guidelines and also deprived the trainees of the basic practical training due to non-availability of the machinery and equipment for operation.

⁶¹ ITI Zunheboto - ₹ 37.65 lakh and ITI Mon - ₹ 8.49 lakh

The Department replied (September 2015) that necessary instructions would be given to the respective Principals to speed up the installation.

(iv) Out-dated/defunct machineries.

The ITIs are required to maintain tools and equipment of the latest technology as per syllabus of the trade concerned to give quality training to the youth.

Joint physical verification (June 2015) revealed that most of the machineries and equipments installed in the ITIs were obsolete and not functional. Some instances are given below:

- (a) There were 17 diesel motors and three petrol motors available for diesel mechanic trade at ITI Kohima, which were defunct and obsolete. During physical verification, three students of the trade were given practical class tests using the defunct equipment.

The Department replied (September 2015) that the obsolete and defunct motors were required for demonstration (disassembly and assembly) purpose. Over and above the obsolete and defunct motors, new motors have been installed for the diesel mechanic trade (May 2015).

- (b) In ITI Wokha training course under the Information Technology & Electronics System Maintenance (IT&ESM) was also managed with the outdated and defunct machineries and equipments..

The Department replied (September 2015) that effort was on to replace the obsolete machineries and equipment of IT&ESM trade.

- (c) An average of 20 students was enrolled for sewing and cutting trade at ITI Kohima during 2010-15. During interaction it was stated by the trainees that only foot treadle machines were used and that addition of motorised sewing machines would be appreciated to upgrade their industrial skills.
- (d) The Principal, ITI Wokha brought to the notice (07.07.2014) of the Director that all the machinery and equipment of the Machinist and IT & ESM trades were obsolete and defunct. Because of the obsolete machinery there was no enrolment for the trade and conduct of training under the Machinist trade had been stopped since 2012. However, the training course under the IT&ESM is being managed with the outdated and defunct machinery and equipment.

To improve the quality of training, upgradation schemes were implemented in all the ITIs. However, even after completion of five years from the commencement of the implementation of the scheme, there was hardly any improvement in the infrastructure. Imparting training with inadequate infrastructure facilities would be detrimental to the quality of industrial training imparted.

(v) Idling of machineries due to defective DC regulated power supply.

ITI Wokha purchased a Direct Current (DC) regulated power supply 0-230 Volt/15 Ampere to supply power to motors operated by direct current by way of converting the alternate current into direct current. However, the machine was found to be defective from the date of purchase (March 2013). As a result, the following machineries operated with direct current could not be put to use and remained idle since March 2013.

Table1.5.8

Sl. No.	Particularof machinery items	Number
1	Motor generator set consisting of DC shunt motor 5 HP	1
2	DC motor series 0.5 Hp& 2Hp	2
3	DC Compound motor 2HP & 3HP	2
4	DC Shunt Generator with panel	1
5	DC compound generator with panel	1
6	DC motor 1 HP with tacho generator	1

Source: Departmental figures

The Principal, ITI Wokha stated that necessary action is being taken to repair the defective machine to put the above machinery items to use.

1.5.9.6 Excess release of funds for supply of raw materials and consumables

According to the Director General Employment Training (DGET) Manual, a training grant of ₹ 400 for the engineering trades and ₹ 300 for the non-engineering trades per month per trainee is admissible to all institutes to cover the cost of raw materials, consumables, stationery etc.

As per the prescribed rate, an amount of ₹ 145.34 lakh was required for 3385⁶² students during last five years. However, the State Government released ₹ 230.00 lakh for procurement of raw materials as detailed below:

Table1.5.9

Year	Non-engineering trade				Engineering trade				Total Amount ₹ in lakh	Fund received and spent ₹ in lakh
	No. enrolled.	Rate ₹	Period months	Amount ₹ in lakh	No. enrolled	Rate ₹	Period months	Amount. ₹ in lakh		
2010-11	222	300	12	8.00	306	400	12	14.69	22.69	50.00
2011-12	233	300	12	8.39	327	400	12	15.70	24.09	55.00
2012-13	311	300	12	11.20	392	400	12	18.82	30.02	65.00
2013-14	330	300	12	11.88	410	400	12	19.68	31.56	60.00
2014-15	302	300	12	10.87	544	400	12	26.11	36.98	0.00
Total	1398			50.34	1979			95.00	145.34	230.00

Source: Departmental figures

⁶² 1435 in engineering trade and 1096 in non-engineering trades.

It can be seen from the above table, during 2010-15 against the admissible amount of ₹ 145.34 for raw material and consumable as per norms, the department released ₹ 230 lakh till 2013-14. No amount was released during 2014-15. Thus, there was excess release of ₹ 84.66 lakh even after meeting the requirement for the year 2014-15.

The Department stated (September 2015) that the ITIs are being faced shortage of raw materials required by the trainees on a daily basis. Due to non release of fund during 2014-15, all the ITIs had to procure raw materials out of the IMC fund. The reply is not relevant as it fails to provide reasons for release of funds in excess of prescribed amount work out based on the rates of training grants prescribed by DGET.

However, during verification (June 2015), none of the ITIs found facing scarcity of raw material for conducting the practical classes. The store house of the ITI Kohima was fully packed with raw materials, consumables, stationery, etc.



1.5.9.7 Availability of basic amenities

(i) Water

Joint verification of the selected ITIs revealed that except ITI Dimapur, none of the ITIs had proper drinking water facility. In four ITIs⁶³ it was observed that there were provisions for rain water harvesting during the monsoons, however, these institutes faced acute water scarcity during dry season. Three ITIs⁶⁴ did not have provisions for rain water harvesting or any other source of water.

In this regard, the department did not offer any comment.

(ii) Library

According to the DGET Manual, ₹ 5 per month per trainee should be released as library allowance for the purchase of books and trade-oriented magazines for the libraries in ITIs. As per the actual enrolment of trainees, the funds required for the library allowance during 2010-15 was ₹ 2.03 lakh. However, the Government released ₹ 5.83 lakh and the Department spent the entire amount on purchase of books for three ITIs as shown below:

⁶³ (1) Kohima (2) Mon (3) Mokokchung (4) Wokha

⁶⁴ (1)Tuensang (2) Phek (3) Zunheboto

Table 1.5.10

Year	No. of enrolment	Rate (in ₹)	No. of months	Funds required (in ₹)	Funds released (in ₹)	Released to	
						ITI	Amount (in ₹)
2010-11	528	5	12	31,680	0		
2011-12	560	5	12	33,600	0		
2012-13	703	5	12	42,180	2,85,060	Kohima	85,009
						Wokha	2,00,051
2013-14	740	5	12	44,400	75,000	Kohima	75,000
2014-15	846	5	12	50,760	2,23,213	Mon	79,242
						Kohima	89,400
						Wokha	54,571
Total	3377			2,02,620	5,83,273		5,83,273

Source: Departmental figures

The other five ITIs neither purchased books nor had libraries thereby depriving the trainees of opportunities to update their knowledge.

No comment was offered by the department in this regard.

(iii) Toilets

Though there are adequate numbers of toilets as compared to the student enrolment in all the ITIs, water scarcity was common in all the ITIs except ITI Dimapur to proper up keep and hygiene.

1.5.9.8 Availability of backup for power supply

Load shedding is very frequent in the State and reliable power backup facilities in the ITIs is a must for smooth conduct of practical classes.

The Director stated that all the ITIs were provided with one 15 KVA diesel generator set for power backup. Audit, however, noticed that there were no diesel generator sets in four ITIs⁶⁵. In the case of ITI, Kohima out of the total of 18 trades, power supply backup was provided for only four trades⁶⁶ being conducted in the Directorate building.

The Department stated (September 2015) that power backup through diesel generator at ITI Kohima is for the relevant trades that cannot function without power supply. The other ITIs where power back up is not available, necessary provisions will be made to ensure that training is not hampered due to non-availability of power backup.

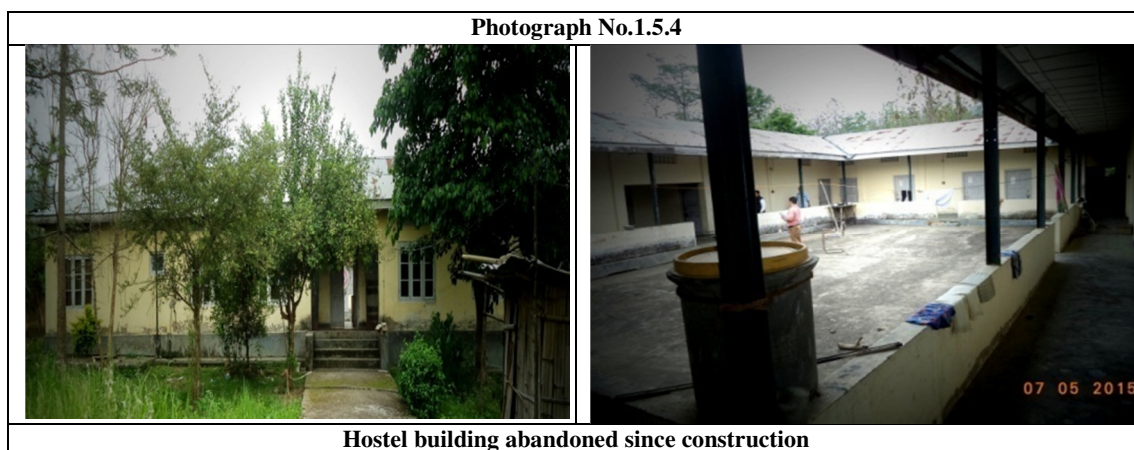
⁶⁵ WITI Dimapur (Siethekema complex), ITI Tuensang, ITI Phek and ITI Zunheboto.

⁶⁶ COPA, Mechanic Radio & TV, Hair and Skin Care and IT&ESM.

1.5.9.9 Hostel facilities

The DGET Manual stipulates that hostel facilities may be made available for 50 *per cent* of the trainees in each ITI to facilitate residential provisions for trainees who find it difficult to reach home after attending classes in the ITIs.

- (i) A hostel with 17 living rooms, a dining hall and a kitchen was constructed at Women ITI Dimapur (2005). However, the building was left unoccupied since its construction.



Though there was demand for hostel accommodation, it was un-occupied as the Department did not provide basic amenities such as table, chair, almirah, bed along with mattress, bed sheet blanket, utensils for storing water and preparation of food, etc., warden and cook to look after and to cater the hostel.

During beneficiary survey 13 out of 19 (all girl students) gave willingness to avail hostel accommodation. Against the annual 100 seat capacity for five trades in ITI Dimapur (Women) only 55, on an average, were enrolled during the last five years (2010-2015). Lack of hostel facility in the ITI is an impediment for attracting students.

- (ii) The Department constructed five⁶⁷ new hostel buildings during 2013-14. However, no student has so far been accommodated in those hostel buildings due to lack of basic amenities and furnishings. During beneficiary survey 155 students (68 *per cent*) out of 228 students interviewed expressed their willingness to avail hostel facilities.

Thus, the purpose for which the hostels were constructed was defeated. The students from distant villages, mostly from poor family backgrounds, have been deprived of these facilities.

The Department while accepting the fact stated (September 2015) that ITIs were located in district headquarters only. People from outskirts of the district could not afford to commute to district headquarter for the training. Hence, the non-availability

⁶⁷ (1) ITI Kohima (2) ITI Mon (3) ITI Mokochung (4) ITI Tuensang (5) ITI Wokha

of hostel facility in the ITIs was one of the factors for low enrolment of students in the ITIs.

1.5.9.10 Human resources management.

(i) Shortage of Manpower

The sanctioned and availability of manpower in ITIs should be as per NCVT norms.

None of the ITIs had a Superintendent, Training Officer, Motor Driver⁶⁸ and Employability Skills Instructor. Five ITIs⁶⁹ did not have Engineering Drawing Instructors. Further, there was a shortage of three vocational instructors both in ITI Kohima (Automobile Sector) and ITI Dimapur (Apparel Sector). It was also observed that the District Employment Officer was acting as the Vice Principal in ITI Zunheboto since September 2012.

(ii) Human resource management.

During examination of records it was observed that four trades were not operational in three ITIs due to transfer of vocational instructors to other ITIs. The details are given below:

Table 1.5.11

Sl. No.	Name of ITI	Name of the trade	Reason for non-conduct of Training
1	ITI Zunheboto	Dress making	Instructor attached to Apparel sector, WITI Dimapur
2	ITI Wokha	Cutting and Sewing	Instructor attached to Apparel sector, WITI Dimapur
3	ITI Phek	Cutting and Sewing	Instructor attached to Apparel sector, WITI Dimapur
4		Machinist	Instructor to ITI Mokokchung

Source: Departmental figures

This reflects poor human resource management thereby depriving the trainees of the opportunity to acquire the requisite skills in that trade.

(iii) Staff training at ITI

In addition to the instructors, as per the norms of the NCVT, the Department was required to impart training to the staff on the use of audio-visual aids, classroom management etc.

However, it was observed that the Department did not conducted any such training programmes during 2010-15.

1.5.9.11 Employability of ITI trainees

The objective of establishment of ITIs was to impart industrial training to school drop-out youth so that they could acquire technical skills for gainful employment.

The eight ITIs in the State impart industrial training to the youth in 21 trades out of which only 11 are affiliated to NCVT. Certificates for non-affiliated trades are issued by the SCVT. During the last 5 years (2010-15), 347 NCVT certificates and

⁶⁸ ITIs having Motor Mechanic trade.

⁶⁹ Mokokchung, Tuensang, Wokha, Phek and ITI Zunheboto.

1328 SCVT certificates were issued. However, the Department did not maintain records on how many of them have got employment in the Government/PSUs and gainfully employed.

At the national level only the National Trade Certificate and National Apprenticeship Certificate issued by the NCVT are recognised for the purpose of recruitment to the posts and services under the Central/State Government and Public Sector Units. As such, the youths possessing SCVT certificates from the State are not eligible for recruitment to the posts and services under Central and establishments outside the State.

The Department, in its reply (September 2015) admitted that the SCVT trades are recognised only by the State Government. Efforts are on to affiliate the remaining SCVT trades to NCVT.

1.5.9.12 Post ITI follow up measures

(i) Skill Development Initiative (SDI) Scheme

To meet the demand for specific skills of a higher order, “Skill Development Initiative Scheme” is being implemented under PPP between the Government and Industry with the objective to provide vocational training to existing workers and ITI graduates to improve their employability in Government/Private institutions. A trainee who passed out from ITI is considered as semi skilled but a trainee who went through a training under the scheme “Skill Development Initiative (SDI)” will be considered as skilled worker. NCVT issued certificate under this scheme.

It was observed that under the scheme, 16,434 candidates have been trained against a total target of 18,260 set by the Department. But the Department did not maintain break up records of candidates i.e., school dropout, workers, ITI trained, etc. Out of 14,081 passed candidates, only 985 (7 percent) have been placed in jobs during 2010-15. The following were the reasons attributed by the Department for low placement of the trainees.

- i. There are only a few industrial units in the state to absorb the skilled workers;
- ii. The youth here, do not want to go outside the state to seek job;
- iii. The trainees cannot compete with the workers from outside the state who are available in plenty at low rate of wages; and
- iv. The Department does not have a placement cell to watch and keep reliable information on how many of successful trainees have been placed in job. As such, the information provided by the Department on placement of job may not be exhaustive.

In this matter, the Department needs to initiate action to find out the actual reasons and addresses the issue appropriately. Also the State Government may provide preference to ITI trained personnel in the jobs that require such skill, especially in the departments of Power, Transport, Public Works and State PSUs etc.

(ii) Entrepreneurship Development programme

Management Manual of ITI envisages that an Entrepreneurship Development programme should be included as a compulsory subject in the curricula of trainees of ITIs.

However, it was observed that none of the ITIs have included the programme as a subject in the curricula of the trainees of ITIs. Reason for non inclusion was not on record. The Department in its reply did not make any comment in this regard

(iii) Apprenticeship training scheme

The ITIs produce semi-skilled workers. In order to improve their skills and expose them to the industrial environment the trainees who successfully complete their training are sponsored to industrial establishments and are given apprenticeship training under the Apprentices Act, 1961. As per the provisions of the Apprentices Act, it is obligatory on the part of an employer to train a certain number of apprentices assigned by the State Apprenticeship Advisor, in designated trades.

The Apprenticeship scheme is being implemented in the State through industries based at Dimapur and Kohima. Annual surveys are conducted by the Directorate of Employment and Craftsmen Training to identify the industries based at Dimapur and Kohima. The Director stated that such surveys were not conducted in other parts of the State as there was no industry covered under the Apprentices Act. However, the Directorate did not have such a report indicating the total number of industries/factories in the State and how many of them are under the Apprentices Act.

During 2010-15, the Department identified 127 seats for apprenticeship training in Dimapur and Kohima in automobiles, welding, tailoring, carpentry and printing trades but only 74 ITI trained students registered under the Apprenticeship Act and availed the training. Thus, out of the total of 1675 ITI trained personnel only 74 (8 *per cent*) availed the training.

(iv) Deprivation of stipend

As per the Apprenticeship Act, stipend for the trainees was to be contributed by the Department and the industries at the ratio of 50:50. It is the responsibility of the implementing Department to ensure payment of stipend to the students in full.

Examination of records revealed that the students were given only 50 *per cent* stipend released by the Department as the industries had not been contributing their 50 *per cent* share of the stipend. The Director, while accepting the facts of existence of such norms for payment of stipend, stated that no such records are being maintained. This reflected lack of seriousness on the part of the Directorate.

The Department had accepted the fact and stated (September 2015) that follow up action with the industry will be taken to ensure that the students are not deprived of 50 *per cent* industry's share of stipend.

1.5.9.13 Placement cell and counselling cell

(i) Records on placement of job not maintained

Out of 1675 ITI graduates, only 74 (4 *per cent*) skilled workmen could be produced during 2010-15 through apprenticeship training scheme. However, in respect of both the skilled workmen and ITI candidates (semi-skilled), the Department neither had information on placement nor the position of registration in the Employment Exchanges in the State.

(ii) Non-opening of Placement Cell in the ITIs

As per NCVT Manual, every ITI should set up a Placement Cell. The ITIs should maintain details of all graduated trainee, organise campus selections and function in close coordination with the industry to enable the candidates to seek gainful employment, provide counselling and guidance to the trainees and keeping track of the graduates till they are suitably employed for at least three years after graduation. There should be one hall, computers with internet facilities and a phone line, proper staff including one officer for functioning of the Placement Cell.

Examination of records however revealed that none of the eight ITIs opened a placement cell and maintained such record cards in respect of ex-trainees. Thus, ITIs failed to follow-up on the employment status of ex-trainees to ensure their employment.

(iii) Non-development of National Web Portal

NCVT recommended developing a National Web Portal which can keep the details of each and every trainee graduating from any ITI so that any industry requiring to recruit persons with certain skills may access this portal and select the best as per their requirement. Data base for the National Web Portal was to be developed at the ITI level and then networked with the National Portal so that the information is updated regularly.

It was observed that none of the ITIs had developed a data base for the National Web Portal as mentioned above.

Objective 4: Monitoring and Evaluation mechanism.

1.5.10.1 Inspection of ITIs not carried out

According to the DGET Manual, officers of the State Directorate of Employment and Craftsmen Training should inspect the ITIs in their charge as frequently as possible and give advice on training.

It was noticed that no such inspection was carried out by the Directorate staff during 2010-15.

1.5.10.2 Review by the State Steering Committee (SSC) not done

The Chairman of the IMC, as the representative of the Industry Partner, is expected to devote sufficient time to the process of upgradation of the ITI. SSC will review the

performance of each IMC every year by the end of December. The parameter to be applied for replacement of IMC was non-achievement of 70 *per cent* pass out vis-a-vis candidates appearing in the examination. Any Chairman of IMC would be considered for replacement after such a review in December.

Examination of records revealed that the SSC did not conduct any review of the performance of the IMCs to assess their achievements against the baseline targets set in the Key Performance Indicators (KPI) for functioning of the ITIs. It was also observed that none of the seven upgraded ITIs could achieve the targeted benchmark set in the KPI as shown in *Appendix 1.5.1*.

Since there was no supervision in the functioning of the IMCs there were many irregularities in the performance of the IMCs such as parking of funds in fixed deposit for years without spending for the development of the ITIs, expenditure shown to have been incurred on procurement of machineries and tools without the materials not being received by the ITIs, non-preparation of audited statements of accounts etc.

1.5.10.3 Annual General Meeting

The IMCs of the ITIs are required to conduct Annual General Meeting (AGM) within six months of the closing of financial year to approve the audited accounts of the society. Further, the report of the AGM must be filed with the Registrar of Societies within 3 months from the date of conduct of AGM.

Examination of records revealed that none of the ITIs maintained records regarding conduct of Annual General Meetings.

1.5.10.4 Physical verification of stock

Physical verification of tools and equipment in the ITIs was to be conducted by the Principals of the ITIs every year.

Our verification of stock registers revealed that no such physical verification was carried out at any of the eight ITIs by the Principals during 2010-15.

1.5.11 Conclusion

Planning process was inadequate which resulted in failure to identify the trades/occupations needed in the State and challenges faced by the ITIs. There was lack of adequate infrastructure facilities and qualified human resources. Due to non-affiliation of the trades to NCVT the students who passed out from ITIs with SCVT certificates remained ineligible for recruitment to other than the posts and services under Nagaland State Government establishments and Public Sector Units. There was no placement cell in the ITIs to carryout follow up action of the successfully trained students. Drinking water and hostel facility with basic amenities were not available in any of the ITIs. There was no monitoring and supervision on the functioning of IMCs.

1.5.12 Recommendations

- *Comprehensive surveys to identify the trades needed in the State may be conducted to avoid a mismatch between the supply and demand for skilled manpower.*
- *Adequate infrastructure and manpower management should be provided in all ITIs to impart quality training to trainees and remove bottlenecks in affiliation to NCVT.*
- *Placement cell should be opened in each ITI for providing counseling and guidance to the trainees and to keep track of the graduates, till they are suitably employed.*
- *Coordination with the industries should be improved to facilitate campus interview for placement of ITI graduates.*
- *Inspection of ITIs should be conducted as envisaged in the Manual.*

Compliance Audit Paragraphs

SOCIAL WELFARE DEPARTMENT

1.6 Overpayment to suppliers

Director of Social Welfare extended an undue benefit of ₹ 1.25 crore to suppliers on procurement of ICDS materials by allowing VAT in addition to the tendered rate, though the tendered rate was inclusive of VAT.

Director of Social Welfare (DSW) invited (September 2012) tender for procurement of various materials under Integrated Child Development Scheme (ICDS) from registered suppliers during 2012-13. According to clause 2 of the Notice Inviting Tender (NIT), the rates offered by the bidders should be inclusive of all taxes. In response, four bidders offered their bids which were forwarded to the State Level Purchase Board (SLPB). The SLPB evaluated the bids (October 2012) and approved the rates quoted by the lowest bidder inclusive of VAT. While considering the bids, the SLPB decided to purchase two items out of 34 items from other bidders at the rate quoted by the lowest bidder considering the quality of samples produced by them.

Examination of records (July 2014) revealed that the Department procured (December 2012) ICDS materials valued at ₹ 10.66 crore from these four suppliers during the year 2011-12⁷⁰ and 2012-13⁷¹. On detail examination of the supply orders and the suppliers' bills audit observed that VAT was allowed over and above the approved rate inclusive of VAT. The details of the bills are shown in the following table.

⁷⁰ ₹ 7.13 crore

⁷¹ ₹ 3.53 crore

Table 1.6.1

Sl No	Name of the firm and address.	Value of the supply order	Additional NVAT allowed	Amount in ₹
				Bill Amount claimed/ admitted
1	M/s Muru Construction company, Dimapur	74,96,500	9,93,286	84,89,786
2	M/s Muru Construction company, Dimapur	88,30,248	11,69,752	1,00,00,000
3	M/s Neo Enterprise, Kohima	35,85,330	4,75,056	40,60,386
4	M/s Neo Enterprises, Kohima	46,62,300	6,17,700	52,80,000
5	M/s C K Enterprise, Kohima	5,19,19,475	68,79,353	5,87,98,828
6	M/s C K Enterprise, Kohima	1,41,28,079	18,71,921	1,60,00,000
7	M/s MM Construction, Kohima	35,31,942	4,68,058	40,00,000
Total		9,41,53,847	1,24,75,126	10,66,29,000

Thus, the Department incurred an excess expenditure of ₹ 1.25 crore by allowing additional VAT which was already included in the rate admitted to the suppliers over and above the base price.

On being pointed out (July 2014), the Director accepted (October 2014) the mistake of issuing supply order indicating that the rate was exclusive of local taxes contravening the NIT and stated that initiatives are being taken to recover the undue benefit extended to the suppliers. The Director further stated that in case of one supplier, the rate allowed was much lower than the tendered rate. However, the claim was not relevant as the supply order was issued at the approved rate (Lowest quoted rate) which was inclusive of taxes.

The matter was reported to the Government (July 2014), the reply had not been received (January 2016).

DEPARTMENT OF SCHOOL EDUCATION

1.7 Fictitious drawal

An amount of ₹ 2.54 crore was fictitiously drawn by the Sub-Divisional Education Officer, Zunheboto on behalf of pseudo-anonymous employees during 2010-14.

According to Rule 34 of the Receipt and Payment Rules, a Bill register should be maintained by all the Head of Offices who are authorised to draw money on bills signed by them. To prevent presentation of fraudulent bills to the treasury, a Bill Transit Register is to be maintained by the DDO and cross checked with the Bill Register.

Examination of records (March 2014) of the Sub-Divisional Education Officer (SDEO), Zunheboto revealed that in addition to the regular monthly bills for Pay and Allowances, an amount of ₹ 2.54 crore (*Appendix 1.7.1*) was drawn in 23 bills for different categories of teaching staff as pay and allowances without routing the same through the Bill Registers maintained by the establishment during 2010-14. On cross

verification of the Bill Registers with Cash Book and Treasury Transit Register, it was noticed that those 23 bills were not recorded in any of the 28 Bill Registers though the bills were presented to the treasury through the Treasury Transit Register and was passed by the Treasury Officer for payment and subsequently accounted for in the Cash Book. However, the SDEO could not furnish records such as pay bills and acquittance roll relating to payment of ₹ 2.54 crore.

Thus, an amount of ₹ 2.54 crore was drawn on behalf of pseudo-anonymous employees during 2010-14 without any supporting pay bills and not routing the bills through any of the Bill Registers maintained by the office. This indicates that an amount of ₹ 2.54 crore was drawn fraudulently by the establishment which needs further investigation.

The matter was reported to the Department/Government in (June/December 2014 and July 2015); replies had not been received (January 2016).

CHAPTER – II

ECONOMIC SECTOR

CHAPTER-II

ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2015 deals with the findings on audit of the State Government units under Economic Sector.

The departments and the total budget allocation vis-a-vis expenditure of the State Government under Economic Sector during 2014-15 are given below:

Table No. 2.1.1

₹ in crore

Name of the departments	Total Budget Provision	Expenditure
Agriculture	199.81	180.36
Horticulture	84.98	55.78
Soil and Water Conservation	42.55	35.75
Veterinary and Animal Husbandry	88.05	75.88
Fisheries	39.28	29.45
Land Resources	187.67	102.75
Cooperation	25.79	15.58
Civil Supplies	22.88	18.35
Rural Development	624.88	268.75
SIRD	7.78	6.68
Sericulture	28.21	22.35
Land Records and Survey	21.74	15.39
Irrigation and Flood Control	227.14	77.61
Power	433.81	394.13
New and Renewable Energy	24.67	13.94
Industries and Commerce	81.74	58.02
Geology and Mining	24.99	23.33
Roads and Bridges	563.92	528.31
Science & Technology	4.29	3.15
Tourism	52.97	38.98
Legal Metrology and Consumer Protection	10.50	9.41
Planning and Coordination Department	1101.74	176.63
Evaluation	8.49	7.51
Department of Under Developed Areas	78.00	29.53
Information Technology & Communication	19.15	10.95
Forest, Ecology, Environment and Wildlife	108.56	94.23
Road Transport	82.03	78.38
Total number of departments=27	4195.62	2371.18

Source: Appropriation Accounts

2.2 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of

delegated financial powers, assessment of overall internal controls and concerns of stake holders.

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

During the year, test check of audits involving expenditure of ₹ 2059.69 crore (including funds pertaining to previous years audited during the year) of the State Government under Economic Sector were conducted. This chapter contains the findings on Performance Audits on 'Implementation of *Pradhan Mantri Gram Sadak Yojana* (PMGSY)', 'Effectiveness in the functioning of Nagaland Pollution Control Board (NPCB)' and 'Nagaland Bamboo Development Agency' and four compliance audit paragraphs.

PERFORMANCE AUDIT

PUBLIC WORKS DEPARTMENT

2.3 Performance Audit on implementation of Pradhan Mantri Gram Sadak Yojana

The *Pradhan Mantri Gram Sadak Yojana* (PMGSY) programme was launched throughout the country by the Government of India (GoI) on 25 December 2000 to provide "all-weather road" to eligible unconnected habitations. As the programme unfolded, a need to consolidate the entire rural road network by up-gradation of selected 'Through Routes' and some Major Rural Links (MRLs) was felt and accordingly a new intervention was evolved in May 2013 namely PMGSY-II. Performance audit on the implementation of the programme covering the period from 2010-11 to 2014-15 was taken up during April 2015 to July 2015.

Highlights:-

13 unidentified habitations not incorporated in the Core Network were included in the Core Network Comprehensive Priority List (CNCPL).

Paragraph 2.3.8.2

The prioritised Yezami village road was abandoned after formation cutting and widening works deprived an all weather road to unconnected habitation. ₹ 5.56 crore spent on the construction was wasteful.

Paragraph 2.3.9.1 (iv)

An amount of ₹ 19.78 crore¹ was paid against fraudulent depiction of completion of work. A total of 2460.50 metres length of retaining walls valued at ₹ 8.35 crore was not found constructed during physical verification.

Paragraph 2.3.9.1(i) to (iv) and 2.3.9.3(i)

The road to Kezanglwa, taken up at a total cost of ₹ 2.14 crore, was not admissible under PMGSY as the existing State Highway from Jalukie to Peren passes through the village.

Paragraph 2.3.9.1(v)

There were delays in completion of 51 projects taken up in Phase VIII ranging from 67 to 574 days.

Paragraph 2.3.9.3

Out of 40 projects visited by the National Quality Monitors, 23 projects (58 per cent) were graded unsatisfactory. The State Quality Monitors graded 54 projects unsatisfactory (34 per cent) out of 160 visited by them.

Paragraph 2.3.11.1& 2.3.11.2

2.3.1 Introduction

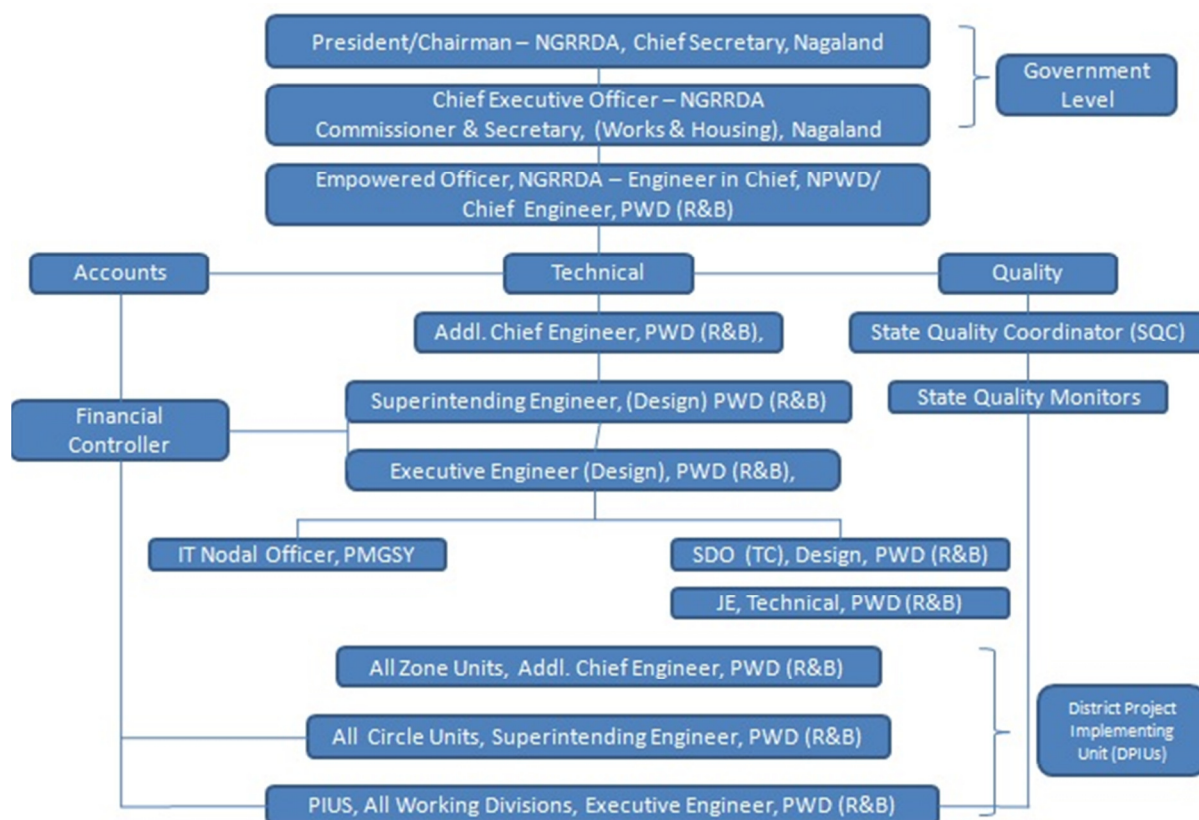
The State of Nagaland is situated in the North Eastern part of India. It has a total road network of 14377.30 Km, out of which 3629.63 Km was earmarked to be constructed under PMGSY since inception of the programme up to Phase VIII. During the period covered in audit, under Phase VIII, the Nagaland Government Rural Road Development Agency (NGRRDA) took up 56 projects involving an amount of ₹ 355.77 crore for construction of 954.76 Km out of which only 12 projects covering a length of 273 Km could be completed (by July 2015). During this phase no new connectivity to habitations was taken up.

2.3.2 Organisational setup:-

The PMGSY programme is implemented by the NGRRDA headed by the Chief Secretary as the Chairman and assisted by the Chief Executive Officer and the Empowered Officer at the Government level.

The organisational setup of the State is given below:-

¹ ₹ 3.33 crore + ₹ 6.03 crore + ₹ 6.97 crore + ₹ 1.10 crore + ₹ 2.37 crore



2.3.3 Audit Objectives

The audit was carried out to assess whether:

- the systems and procedures in place for identification/preparation of Core Network as well as District Rural Road Plan were adequate and conform to the programme provisions;
- the roads were executed economically, efficiently and effectively;
- the allocation and release of funds were made in an adequate and timely manner to ensure optimum utilization of funds; and
- the existing monitoring system and quality control mechanism were adequate and effective for achieving the desired objectives.

2.3.4 Scope of Audit

The Performance audit covered the implementations of PMGSY in three districts of Kiphire, Peren and Zunheboto for the period from 2010-11 to 2014-15 selected by Probability Proportionate to Size With Replacement Sampling method. Further, five projects each from the three districts were selected by applying Simple Random Sampling without Replacement method. Out of the 15 selected projects, eight had been completed and seven projects are ongoing. The office of NGRRDA which is the nodal agency for PMGSY was also covered.

2.3.5 Audit Methodology

The audit methodology comprised of Entry Conference (06 May 2015) where the audit objectives, criteria, scope and methodology were discussed with the top management, issue of audit questionnaires and queries, examination and analysis of records/data, physical verification of 15 selected projects and issue of draft report (August 2015) to the Department and the Government. The draft audit report was discussed with the representatives of the Department/Government in the Exit Conference (17 September 2015). The replies of the Department as well as the views expressed by the Department/Government in the Exit Conference have been considered and incorporated in the Report.

2.3.6 Audit Criteria

The audit criteria were derived from the following:-

- Guidelines of PMGSY-I and II and subsequent amendments issued by the Ministry of Rural Development;
- Operational, Accounts and Rural Road Manuals of PMGSY;
- Annual Reports/Instructions/Guidelines issued by NRRDA;
- Prescribed periodical reports and returns;
- Financial and Accounting Rules;
- Reports of National and State Quality Monitors and National Level Monitors etc.,

2.3.7 Acknowledgement

We acknowledge the co-operation and assistance extended by the Department and Government of Nagaland at all levels during conduct of audit.

Audit Findings

Important Audit findings are discussed in the following paragraphs.

2.3.8 *Identification/ preparation of Core Network as well as District Rural Road Plan.*

2.3.8.1 District Rural Road Plan and Core Network

Core network was defined as the minimum network of roads/routes essential to provide socio-economic services to all eligible habitations through all-weather road connectivity. Such networks were required to be prepared on the basis of District Rural Road Plan (DRRP) which would consist of an existing roads as well as the construction of new roads proposed for enhancing connectivity. The Block Level Master Plan and Core Network prepared at block level were required to be approved by the intermediate Panchayat and finally by the District Planning and Development Board (DPDB). The approved copy would then be sent to State Level Agency (SLA) and National Rural Road Development Agency (NRRDA) for verification and approval.

In Nagaland, the Department of Roads and Bridges prepared the Core Network on the basis of the DRRP prepared in 2002 and forwarded to NRRDA (January 2003). The Core Network underwent revision owing to creation of three new district headquarters and subsequent revision in connectivity status of habitations, length of roads, etc. The revised Core Network was approved by the Ministry in 2005. The selection of habitations was stated to be done on the basis of the approved Core Network. The status of connectivity is as given below:-

Table-2.3.1

Total number of habitation	Category of habitations				
	1000+	500-999	250-499	Less than 250	Total
	410	340	238	95	1083
Total number of connected habitations (as on 25-12-2000)	386	295	190	67	938
Total number of unconnected habitations (as on 25-12-2000)	24	45	48	28	145

Against a total of 145 eligible unconnected habitations incorporated in the Core Network, 150 habitations were incorporated in the Core Network Comprehensive Priority List (CNCPL) as detailed below:-

Table-2.3.2

Total number of habitation	Category of habitations				
	1000+	500-999	250-499	Less than 250	Total
Total number of unconnected habitations as per Core Network	24	44	48	29	145
Total number of unconnected habitations as per CNCPL	24	44	53	29	150

Source:- Departmental records

According to the Core Network, there were only 48 unconnected habitations under the category of 250-499 population whereas the number of unconnected habitations in CNCPL was shown as 53.

2.3.8.2 Discrepancy between Core Network and CNCPL

Core network is a comprehensive document incorporating all eligible habitations through all-weather road connectivity. The core network comprehensive priority list (CNCPL) is prepared from the eligible habitations included in the core network. Cross examination of the Core Network and the CNCPL revealed discrepancies in eight out of 11 districts in the number of habitations as detailed below:-

Table-2.3.3

Name of the block/district	As per Core Network					As per CNCPL					
	>1000	500-999	250-499	<250	Total	>1000	500-999	250-499	<250	Total	
Mon (Tobu and Tizit)	2	2	2	0	6	2	2	4	0	8	
Phek (Meluri and Phek)	0	2	3	5	10	0	1	1	4	6	
Tuensang (Chessore, Sangsangnyuand Thonoknyu)	6	5	0	0	11	6	5	0	0	11	
Wokha (Bhandari and Sanis)	0	0	5	2	7	0	2	9	9	20	
Zunheboto (Tokiye, Satakha and Suruhoto)	0	6	9	4	19	0	6	9	4	19	
Peren (Jalukie, Peren and Tening)	3	10	9	5	27	3	10	10	5	28	
Longleng (Tamlu)	1	1	0	0	2	1	1	1	0	3	
Kiphire (PungroSitimi and Kiphire)	8	10	11	2	31	8	10	11	2	31	
Total					113	Total					126

Source: Departmental records

As shown in the above table, the Department identified 113 unconnected habitations in the eight districts and accordingly incorporated in the Core Network whereas 126 habitations were included in the CNCPL, an increase of 13 habitations over the Core Network. This resulted in over projection of unconnected habitations in the CNCPL.

The Department/Government in reply (September 2015) stated that there is no discrepancy. The reply of the Department/Government was not factually correct as the annexure submitted by them was the list of 126 habitations already provided all weather roads under the scheme and not the Core Network.

2.3.8.3 Deficiencies in preparation of Detailed Project Reports (DPRs)

To involve the local community in the process of deciding on the alignment since several social issues are also involved, the scheme guidelines provided that at the time of preparation of the DPR, the PIU should organise “Transect Walk”, along the alignment, together with the Panchayat Pradhan/ Ward Panch, local revenue and forest officials, wherein issues relating to alignments, land and impact on environment and landowners shall be discussed. At the end of the walk, alignment shall be finalised after recording the issues. Copy of these minutes along with digital photographs of transect walk must be attached to the finalised DPR.

It was observed that the Department had no records to indicate that transect walk was organised which resulted in deviations from DPRs while implementing the projects.

The Department/Government in reply (September 2015) stated that the DPRs were prepared by PIUs after consulting the village authorities and obtaining non-encumbrance certificate. However, the fact remains that the local people including those likely to be affected by the alignment were not given opportunity to put forth their views as envisaged in the guidelines. Also, issues relating to cattle crossings, irrigation field channels, integration of inter-village and field paths with the alignment, road safety, drainage measures to prevent damage to agricultural fields and dwellings were not discussed.

2.3.9 Implementation of the project and execution of road works.

Deficiencies in project implementation

According to paragraph 11.1 of the guidelines, the DPRs prepared by the PIUs should be scrutinised by the State Technical Agency (STA) and approved by the Ministry. After the approval, all the projects have to be put to tender and no changes were to be made in the work without prior approval of the NRRDA.

Examination of records in audit revealed the following deficiencies:

2.3.9.1 Deviation in length of the road

The work on 56 projects was approved for implementation and work order was issued in March 2012. Examination of the records and joint physical verification (June 2015) of 15 projects revealed deviations in eight projects as detailed below.

Table-2.3.4

Sl. No	Name of the road	Length of the road (in Km.) as per		Deviation from DPR (in Km)	Excess payment (₹in crore)
		DPR	Physical verification		
1	BRO road to Phulanger	5.00	4.20	0.80	0.24
2	Old Longmatra to Honito	21.00	15.80	5.20	1.72
3	Pungren-Mimi to Fakim	20.00	16.30	3.70	0.51
4	Sitimi-Shamatore to Kior	5.00	3.70	1.30	0.42
5	Kohima-Laike to Kezanglwa	6.00	5.60	0.40	0.13
6	Yezashi to Tsukho (O)	9.30	8.20	1.10	0.32
7	Kuisam to Sangkumti	35.00	36.00	+1.00	0.00
8	Heranglwa to Old Nkio	12.00	14.00	+2.00	0.00
	Total	113.30	103.80	9.50	3.34

As could be seen from the above table, in respect of six roads (*Sl. No 1 to 6*), the length as per DPR was 66.30 Km whereas the actual length of the roads as per joint physical verification was only 53.80 Km. It was noticed in audit that the Department had recorded execution of works as 66.30 Km in the measurement books and payments were made accordingly. Thus, there was an excess projection of 12.50 Km. As a result, the Department incurred an excess payment of ₹ 3.34 crore without actual execution of works on the above roads. The possibility of collusion between the officers concerned and the contractors for the excess payment cannot be ruled out.

Further, in respect of two roads (*Sl. No 7 & 8*), the actual length was more than the length projected in the DPR. The construction works of extra three Km was found executed in two projects as per joint physical verification. It was also observed that no additional fund was provided by the State Government for the purpose. The official in-charge of the works, however, stated that the works were internally managed by compromising some items of work.

While accepting the facts the Department/Government stated (September 2015) that in respect of the two roads, works were executed within the village area which is an admission of the fact that the works were internally managed by compromising some items of work as no separate funds was provided by the State Government. However,

no explanation was given in respect of works where the actual execution was less than the approved DPR.

2.3.9.2 Deviations in number of culvert

As per approved DPRs, slab culverts (55 of 1.5 metre, 3 of 3 metre) and 25 Hume Pipe culverts of 1000 mm were to be constructed during Phase VIII in the 15 selected projects as detailed below.

Table-2.3.5

Name of the District	Items of work	Number of culverts as per DPR
Peren	1.5 m slab culvert	5
	3 m slab culvert	1
	1000 mm HP culvert	25
Zunheboto	1.5 m slab culvert	25
	3 m slab culvert	2
	1000 mm HP culvert	0
Kiphire	1.5 m slab culvert	25
	1000 mm HP culvert	0

Source:-Departmental records and physical verification.

During joint physical verification (June 2015) it revealed that 60 slab culverts and 171 HP culverts of 1000 mm were constructed in the selected projects which was in excess of the DPRs. To ascertain the actual position, we examined the records pertaining to projects taken up prior to Phase VIII and found that nine projects out of the 15 selected projects were taken up earlier in Stage-I wherein a total of 108 slab culverts (103 of 1.5 metre, 4 of 5 metre, one 3 metre) and 247 HP culverts of 1000 mm were executed and paid accordingly. The number of 1.5 metre slab culverts and 1000 mm HP culvert taken up both in Stage I and II of phase VIII in respect of the selected projects worked out to 158 numbers of 1.5 metre slab culvert and 334 numbers of 1000 mm HP culverts respectively. However, during physical verification we found that the number of culverts actually constructed was much less than what was actually paid for as detailed below.

Table-2.3.6

Name of the District	Items of work	Quantity as per DPR			Quantity as per physical verification	Difference in quantity (Stage I+II)	Rate of * Stage I	Excess Amount (₹ in lakh)
		Stage I	Stage II	Total				
Peren	1.5 m slab culvert	10	5	15	0	15	220021.14	33.00
	3 m slab culvert	1	1	2	0	2	275009.80	5.50
	1000 mm HP culvert	48	25	73	63	10	141572.48	14.16
Zunheboto	1 m slab culvert	0	0	0	3	0	0	0
	1.5 m slab culvert	39	25	64	17	47	281083.31	132.10
	3 m slab culvert	2	2	4	2	2	308904.04	6.18
	1000 mm HP culvert	120	0	120	77	43	166473.00	71.58
Kiphire	1 m slab culvert	47	0	47	0	47	148881.35	69.97
	1.5 m slab culvert	54	25	79	43	36	341977.72	123.11
	2 m slab culvert	0	0	0	2	0	0	0
	5 m slab culvert	4	0	4	0	4	1084848.85	43.39
	1000 mm HP culvert	79	0	79	28	51	213833.45	109.06
Total								608.05

* As the actual date of construction of the culverts could not be identified during physical verification the lowest rate as per stage –I was considered for calculation of excess payment.

As can be seen from the above table, a total of 98 numbers of 1.5 metre slab culverts, 104 numbers of 1000 mm HP culverts, 4 numbers of 3 metre slab culverts and four 5

metre slab culvert at a total value of ₹ 6.08 crore were not constructed in the selected projects.

While accepting the facts the Department/Government stated (September 2015) that measures would be taken to rectify the shortcomings.

2.3.9.3 Deviation in construction of Retaining Wall

According to the approved DPRs, 3410 metres length of retaining walls (R/W) valued at ₹ 10.63 crore was proposed for construction during Phase VIII in the 15 selected projects as detailed below.

Table-2.3.7

Name of the District	Height (In metre)	Total Length (In metre)	Number of R/Wall as per DPR	Rate per metre (in ₹)	Amount (3 x 5) (₹ in lakh)
1	2	3	4	5	6
Peren	3	721	34	28243.57	203.64
	4	219	10	44472.85	97.40
Sub-Total					301.04
Zunheboto	3	971	56	28913.31	280.75
	4	442	24	35582.67	157.27
Sub-Total					438.02
Kiphire	3	848	73	28913.72	245.19
	4	209	20	37685.02	78.76
Sub-Total					323.95
Grand Total					1063.01

During joint physical verification of the selected projects, we observed that only 835.50 metres length of retaining walls of different sizes valued at ₹ 2.28 crore were actually constructed as detailed below.

Table-2.3.8

Name of the District	As per physical verification			Rate per metre (in ₹)	Amount payable (3 x 5)
	Height (In metre)	Total length (In metre)	Number of R/Wall		
1	2	3	4	5	6
Peren	1	3.00	1	13374.77	0.40
	1.5	21.00	1	15138.14	3.18
	2	19.00	2	20587.33	3.91
	3	25.00	2	28243.57	7.06
	4	59.00	3	44472.85	26.24
Sub-Total		127.00			40.79
Zunheboto	1	48.00	2	9442.17	4.53
	2	15.00	1	18794.66	2.82
	2.5	23.00	1	21955.78	5.05
	3	111.69	6	28913.31	32.27
	4	50.00	3	35582.67	17.79
	5	20.00	1	41785.85	8.36
Sub-Total		267.69			70.82
Kiphire	1	13.00	1	12899.92	1.68
	1.5	15.10	1	16903.37	2.55
	2	194.60	8	20906.82	40.68
	3	141.60	12	28913.72	40.94
	3.5	14.40	1	32917.17	4.74
	4	35.00	2	37685.02	13.19
	5	27.20	1	44927.52	12.22
Sub-Total		440.90			116.00
Grand Total		835.50			227.61

Examination and analysis of records revealed that payments of ₹ 9.25 crore were made in accordance with the rates and quantity specified in the DPR, where as payment due for actual work done based on the measurement taken during joint physical verification works out to ₹ 2.28 crore. This resulted in excess payment of ₹ 6.97 crore without actual execution of works.

Further, retaining walls of 2574.50 metres valued at ₹ 8.35 crore were yet to be constructed. The scope for construction of retaining walls in these roads is remote as all the works had either been completed or only Bituminous works are remaining to be done.

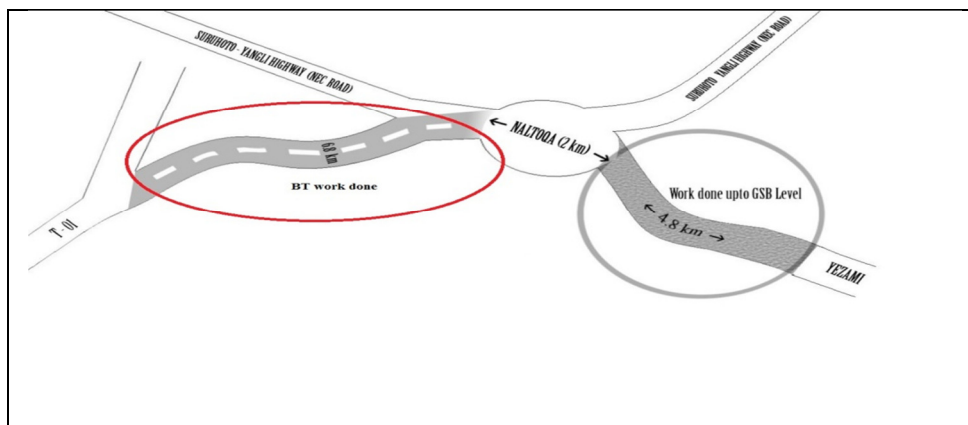
It was also observed that in approximately 95 *per cent* of the cases the locations of culverts and retaining walls mentioned in the DPRs did not match with the actual locations which indicated that the DPRs were faulty. Preparation of DPRs without proper field study/surveys involving field officials resulted in excess projection of the length of the roads, culverts and retaining walls and escalation of the cost of the projects.

While accepting the facts the Department/Government stated (September 2015) that measures would be taken to rectify the shortcomings.

2.3.9.4 Inadmissible and incomplete works

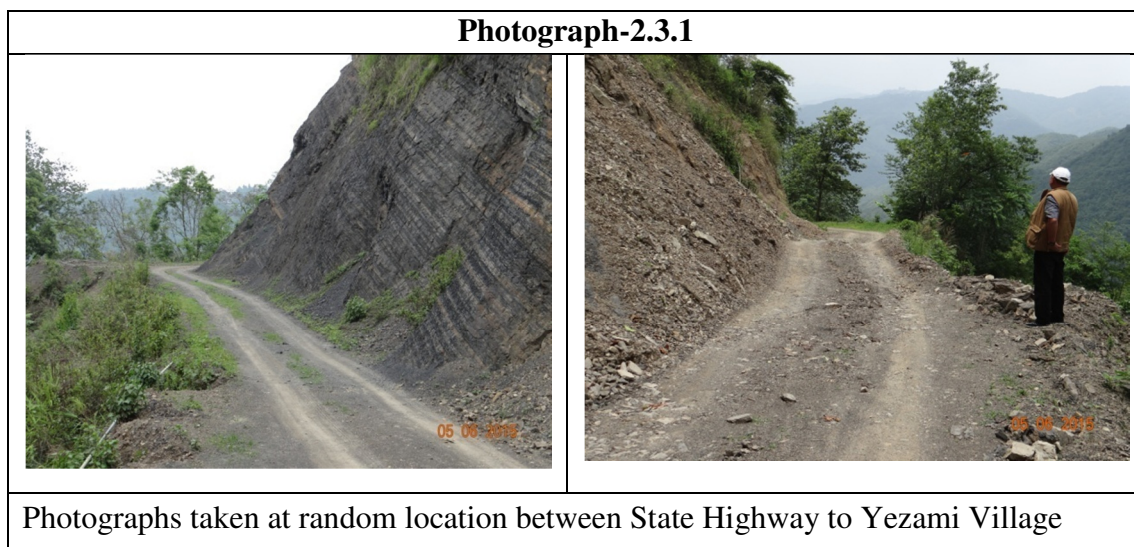
The construction of 11 Km road from T-01 to Yezami was taken up in the first phase (₹ 1.16 crore) during 2001-03 and second phase in 2008-09 at a total cost of ₹ 5.56 crore. The construction works of both phases were certified as completed in all respect and payment was made in full. However, the following aspects were observed during physical verification.

(i) The road from T-01 actually connects and bisects the Suruhoto-Yangli State Highway (NEC road) at 6.80 Km instead of Yezami village. The starting point to Yezami village was 2 Km away from 6.80 Km crossing through Naltoqa main town which is illustrated below:-



Construction of 6.80 Km road from T-01 to the State Highway, therefore, does not fall within the scope of PMGSY programme.

(ii) The actual length of 4.80 Km road from State Highway (Naltoqa town) to Yezami village was left abandoned after widening and construction of some retaining walls and cross drainage works. Granular Sub Base (GSB) and Water Bound Macadam (WBM) works were not found executed despite payments were made to the contractors for these items of work as shown in the following photographs.



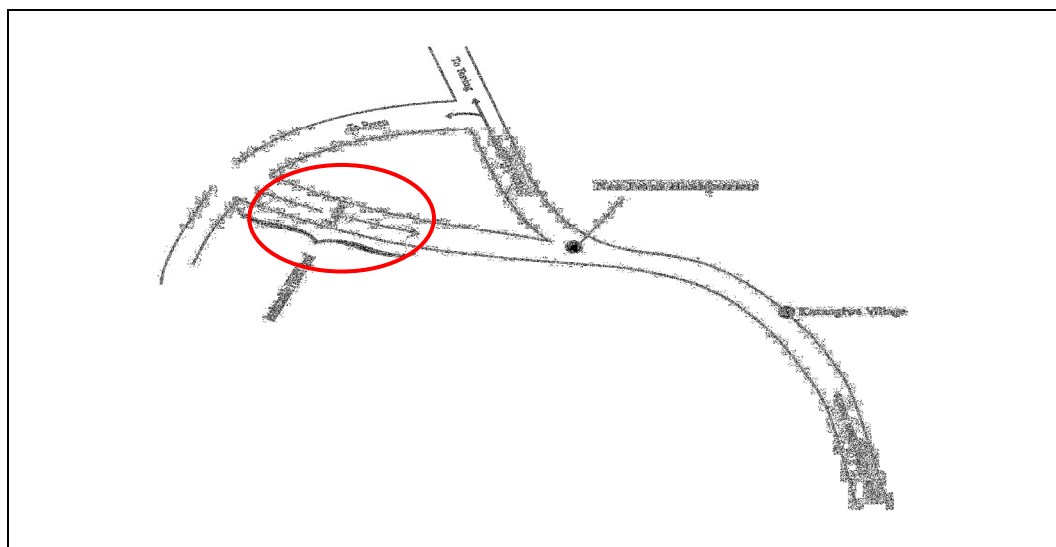
Thus, lackadaisical approach of the Department deprived the unconnected habitation of an all-weather road. In addition, the contractor was paid in full for the entire stretch of 11 Km though work was actually executed only in 6.80 Km resulting in excess payment of ₹ 1.08 crore.

While accepting the facts the Department/Government stated (September 2015) that formation cutting for the stretch of 4.7 Km was done by heavy machinery. The fact remains that the stretch of 4.7 Km had not been completed though full payment was released to the contractor.

2.3.9.5 Inadmissible project from Kohima - Laike road junction to Kezanglwa

Examination of records revealed that construction of 6 Km length Kohima-Laike to Kezanglwa road was awarded to M/s Quality Stone Crushing Unit at a total work order value of ₹ 2.14 crore. The work commenced on 5 March 2012 and completed on 27 May 2013 and the contractor was paid in full.

Joint physical verification (June 2015) of the road revealed that the State Highway from Jalukie-Peren/Tening road passes through Kezanglwa village. It was also observed that the total length of the road starting from “0” point of Kohima-Laike road was 11 Km bisecting the State Highway at New Peren headquarter. The distance of 5.60 Km from “0” point was constructed under PMGSY and remaining portion of 5.40 Km was stated to be constructed through other scheme. A pictorial representation of the road is as given below:-



As the habitation is already connected by the State Highway the project was inadmissible under the scheme. Besides, the habitation was also not in the CNCPL and therefore the scheme fund of ₹ 2.14 crore should have been utilised in other prioritised habitations. No citizen information boards were found erected or displayed at the starting point or the end point of the road as envisaged by the guidelines. Thus the authenticity of the claim that it was constructed under PMGSY was doubtful.

While accepting the facts the Department/Government stated (September 2015) that only 6 Km was taken up under PMGSY and the remaining stretch of the road was taken up under State Plan. The fact however remains that the habitation is already connected and therefore should not have been taken up under PMGSY.

2.3.9.6 Single tenders

As per General Financial Rules, single source of procurement and award of work may be resorted to when the case is emergent in nature or the user Department is in the knowledge that only a particular firm is competent to supply and execute the work. PMGSY guidelines also envisaged that established procedures of tendering through competitive bidding are to be followed for all projects. The matter was reiterated by the Ministry of Rural Roads Development by issue of a circular (January 2013) which inter-alia stated that if in the first invitation/call, single bid is received, the State Rural Roads Development Agency or authority inviting the tenders/bids shall not open the bid. In such cases fresh bids shall be invited.

Examination of the bid documents and minutes of the tender committee revealed that in respect of 17 projects, only single tenders were received and the works were also found awarded to them without re-tendering.

While accepting the facts the Department/Government stated (September 2015) that the Tender Committee recommended all the 17 single bidders after recording detail justification. Thus, the principles of competitive biddings were not followed in these cases.

2.3.9.7 Delay in completion of projects

As per paragraph 13.1 of the scheme guidelines, the projects should be completed within a period of nine months from the date of issue of work order. However, in Nagaland the stipulated period of completion was 18 months from the date of issue of work order.

It was observed that there were inordinate delays in completion of projects taken up in Phase V to VII during 2005-06 to 2007-08 but completed during phase VIII as detailed below:-

Table-2.3.9

Phase	Number of roads taken up	Year of Sanction	No. of roads completed		
			within the stipulated date of completion	with a delay of more than a month	during 2010-11 to 2014-15
Phase V	23	February 2006	17	1	5
Phase VI	29	June 2007	0	20	9
Phase VII	11	August 2008	10	0	1

Out of 63 roads taken up during Phase V-VII only 27 roads were completed within the stipulated date of completion and the remaining 36 roads were completed after a delay ranging from one month to 62 months.

Despite the relaxation in stipulated period of completion, out of 56 projects taken up under the programme during 2010-11 to 2014-15 (in Phase VIII), only five projects were completed within the stipulated date of completion. Of the remaining 51 projects, as of July 2015, only 17 projects covering a distance of 273 Km have been completed with the delays ranging from 67 days to 574 days and balance 34 projects (681.76 Km) taken up in phase VIII remained incomplete. (*Appendix:2.3.1*).

While accepting the facts the Department/Government stated (September 2015) that the timeline for completion was extended up to September 2015 on request of the contractors. The facts however remains that the incomplete projects had not been completed even after extension of time and deprived benefits of all-weather roads to the stakeholders.

(i) Tizu river-Titha river road (T-01) to Lithsumi

Construction of 11.20 Km road from Tizu to Lithsumi village was taken up both in first and second stages. The second stage was awarded (March 2012) to M/s Vertex Construction at a total cost of ₹ 3.55 crore with a stipulation to complete by September 2013. The contractor was paid an amount of ₹ 2.44 crore up to 2nd Running Account bill (WBM grade-II level).

Joint physical verification (June 2015), however, revealed that the road had been abandoned after execution of formation cutting and GSB work of around 900 metres from the starting point valued at ₹ 7.00 lakh only has been executed. No cross drainage and retaining wall works were found executed. Thus, the targeted habitation was deprived of the benefit of an all-weather road though an amount of ₹ 2.44 crore was

already paid. This resulted in excess payment of ₹ 2.31 crore to the contractor without actual execution of work.

While accepting the facts the Department/Government stated (September 2015) that due to unique social problem the contractor could not resume the work. However, assurance had been obtained from the contractor to resume and complete the work.

2.3.9.8 Deviations from technical specifications

According to paragraph 8.5 (i) of the guidelines, all the rural roads construction must meet the technical specifications and geometric design standards given in the Rural Road Manuals of the Indian Road Congress (IRC) and also where required the Hill Road Manual.

Examination of records revealed that the road from Pungren-Mimi road to Fakim was awarded to M/s Hexad Syndicate with a work order value of ₹ 7.27 crore. It was seen that the contractor had been paid ₹ 4.59 crore up to the level of GSB and WBM work.

During joint physical verification (June 2015) of the road it was observed that no GSB was provided in the entire stretch of the road. Instead, base coarse grade-II non-bituminous work was directly applied without first applying GSB work or sub-base Grade-I works. No compaction was also carried out. As a result, the Grade-II works eroded and the top soil of the road remained exposed thereby compromising the quality of the road. The National Quality Monitors (NQM) who verified the spot in December 2013 also rated the entire work as unsatisfactory. Despite the adverse remarks made by NQM no tangible efforts were taken by the Department to rectify the deficiencies.

Further, out of the work order amount of ₹ 7.27 crore, an amount of ₹ 0.79 crore was earmarked for construction of 24 numbers of retaining wall (20 numbers of 3 Metre and 4 numbers of 4 Metre), out of which 22 retaining wall at a total cost of ₹ 1.01 crore was constructed and passed for payment (up to 3rd RA bill).

During physical verification of the road (June 2015) it was seen that five retaining walls situated at location 2.50 Km; 2.60 Km; 6.50 Km; 6.55 Km and 14.10 Km had collapsed as shown in the following photographs.

Photograph-2.3.2



The retaining wall at Location No.2.50 Km and 2.60 Km collapsed due to mudslide and the other three retaining walls collapsed due to non-adherence to the specified drawings, design and use of inferior quality of stone masonry in cement mortar works as shown in the photographs.

Photograph No. 2.3.3



This indicated that proper monitoring was not carried out by the PIU to ensure materials as per approved quality were used and workmanships conform to prescribed specifications.

The Department/Government in reply (September 2015) stated that the Department would initiate action to verify the audit findings and rectify the deficiency.

2.3.10 Financial Management.

2.3.10.1 Fund position

During the period covered in audit, GoI sanctioned ₹ 355.58 crore. As on March 2015, GoI released ₹ 236.51 crore to the State Government whereas the State Government released ₹ 214.52 crore and kept the remaining fund of ₹ 22.00 crore in civil deposit.

In addition to the funds received from GoI, the Department received ₹ 11.51 crore as interest on Fixed Deposit Receipts which was accounted and utilised against projects. The NGRDA also received ₹ 1.14 crore as liquidated damages from the contractors which were accounted as receipts of the projects.

At the end of 31 March 2015, the total accumulated fund was ₹ 29.02 crore out of which ₹ 29 crore was kept in fixed deposit and ₹ 0.02 crore was retained in cash.

2.3.10.2 Liquidated damages

According to the programme guidelines suitable clause may be incorporated in the contract agreement for time over-run. In line with the guidelines, the Department incorporated imposition of liquidated damages in clause 44 of the conditions of contract which stipulated that one *per cent* of the initial contract price per week would be the amount of liquidated damages for delay in completion subject to a maximum of 10 *per cent* of the initial contract price.

Examination of records revealed that out of 56 projects taken up during Phase VIII, only five projects were completed within the stipulated time frame. The remaining 51 projects were completed with a delay ranging from 67 days to 574 days. In terms of the conditions of contract, liquidated damages for delay in completion at the prescribed rate amounting to ₹ 34.25 crore should have been deducted from the contractors payments. However, the PIU did not invoke the clause to recover liquidated damages for the delays in completion of projects taken up in Phase VIII. The amount of ₹ 1.14 crore recovered as liquidated damages in 28 Running Account bills from 18 contractors pertained to projects taken up in Phase V-VII.

Failure on the part of the Department to invoke the clauses of the contract agreement resulted in providing undue financial benefit of ₹ 34.25 crore to the contractors.

While accepting the facts the Department/Government stated (September 2015) that the Department would impose the clause for recovery of liquidated damages for the works not completed after September 2015.

2.3.10.3 Maintenance of rural roads

According to Paragraph 17.2 of the guidelines, all PMGSY roads will be covered by five year maintenance contracts entered into along with the construction contract, with the same contractor as per the Standard Bidding Documents. Maintenance funds to service the contract will be budgeted by the State Government and placed at the disposal of the State Rural Road Development Agency (SRRDA) in a separate Maintenance Fund Account within the stipulated time i.e. 50 *per cent* by 31 May and remaining 50 *per cent* by 30 November of each financial year.

Examination of records revealed that maintenance contracts were entered into with the same contractor as per the bidding documents. The State Government released a consolidated amount of ₹ 262.86 lakh as maintenance cost against the three selected districts during 2010-11 to 2014-15 for the projects which were completed and the defect liability period was over. As there were delays in completion of projects the requirement of maintenance cost relating to Phase VIII was not budgeted by the State Government.

2.3.11 Monitoring and quality control

2.3.11.1 Quality control laboratories

As per guidelines, quality control laboratories were to be set up by the contractor and it is mandatory to carry out contractual stipulated test which should be recorded in the Quality Control Register (QCR).

As per records, all the contractors had set up quality control laboratory in the work site and test results recorded in the Quality Control Register. The Department/ Government stated (September 2015) that Quality Control Register is maintained by the PIUs.

2.3.11.2 National Quality Monitors

According to Paragraph 15.6 of the scheme guidelines, the National Quality Monitors shall inspect the road works with particular reference to quality who shall then cause to submit their report to the NRRDA. The NRRDA shall in turn send it to the State Quality Coordinator within a specified period. The Project Implementing Units (PIU) shall ensure that the contractor replaces the materials or rectify the workmanship in case the SQM and NQM report reveals unsatisfactory work. The NQM appointed by the NRRDA carried out inspection of 40 projects in Nagaland during April 2010 and March 2015. The results of NQM findings are summarised below:-

Table-2.3.10

Year of visit	Number of projects visited	Quality (number of projects graded)			
		Very Good	Satisfactory	Average	Unsatisfactory
April 2010 to March 2015	40	NIL	1	16	23

As can be seen from the above table, 23 projects were graded as unsatisfactory. However there was no record of action taken by the Department to rectify the work. The NQM did not visit any projects in Peren district and therefore the quality and workmanship in that district remained un-assessed till date.

The Department/Government accepted the facts (September 2015).

2.3.11.3 State Quality Coordinators

According to para 15.2 of PMGSY guidelines a three tier quality control mechanism is envisaged wherein the State Government would be responsible for the first two tier of monitoring. The SQM carried out inspection of 160 projects during April 2010 and March 2015. The results of SQM findings are summarised below:-

Table No. 2.3.11

Year of visit	Number of projects visited	Quality (Number of projects graded)			
		Very Good	Satisfactory	Average	Unsatisfactory
April 2010 to March 2015	160	NIL	21	85	54

Despite the adverse remarks comprising of 34 *per cent* by SQM there were no records to indicate that follow up action was initiated to rectify the defects or penalise the contractors as per terms of agreement.

The Department/Government accepted the facts (September 2015).

2.3.12 Conclusion

Habitations not identified and incorporated in the Core Network were included in the Priority List and works taken up. There were many instances of deviations and discrepancies between DPRs and actual execution of works indicating that DPRs were prepared without obtaining inputs from the grass root levels. Two prioritised habitations were denied all weather roads as some stretch of road were left half done and one project which was not admissible under the scheme was taken up. Out of 56 projects taken up in Phase VIII only five projects were completed in time. Of the remaining 51 projects, as of July 2015, 17 projects were completed after a delay ranging from 67 to 574 days and balance 34 projects remained incomplete. There were instances of compromise in specification and design and use of inferior quality of materials leading to damages. The Department did not initiate any action to rectify the workmanship and penalise the contractors on the adverse remarks made by NQM and SQM on the quality of the works.

Financial fraud to the extent of ₹19.78 crore were detected in performance audit and all these cases pertained to payments made without actual execution of works.

2.3.13 Recommendations:

- *Departmental and legal action should be initiated against delinquent officers and contractors to fix responsibility for financial frauds and recover amounts wrongly sanctioned and disbursed.*
- *The Core Network data and Priority List data need to be reconciled urgently to arrive at one single reliable set of information regarding road and habitations served.*
- *The NQM and SQM remarks need to be addressed urgently.*

FOREST, ECOLOGY, ENVIRONMENT AND WILDLIFE DEPARTMENT

2.4 Functioning of Nagaland Pollution Control Board (NPCB)

The Nagaland Pollution Control Board (NPCB) is the main agency in the State for enforcement of environment law and responsible for formulation of policy for prevention, control and abatement of pollution in the State. The NPCB, like other State Boards has been performing its functions enumerated under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Highlights:

The Nagaland Pollution Control Board (NPCB) did not prepare Annual Action Plan for 2010-15.

Paragraph 2.4.8.1

Out of 752 industries in the State as per Board's record, 617 industries (82 per cent) were operating without renewal of their Consent for Operation (CFO) from the NPCB after its expiry.

Paragraph 2.4.8.3

The Laboratory of the Board at Dimapur for analysing Water/Air samples lacked the basic minimum equipment required for sample analysis, due to lack of mandatory equipments and non-functional equipment the laboratory could analyse only 36 parameters out of 57 parameters given by Central Pollution Control Board (CPCB).

Paragraph 2.4.8.5

Out of 154020 registered vehicles in Kohima and Dimapur upto March 2015, PUCs were issued to 3833 vehicles only during the last five years.

Paragraph 2.4.8.6(ii)

The consent of authorization of 68 out of 112 Health Care Establishments (HCEs) had expired, however, these HCEs continued to operate.

Paragraph 2.4.8.9(i)

NPCB conducted only four board meetings against the requirement of minimum of 20 during the five year period (2010-15).

Paragraph 2.4.11.3

2.4.1 Introduction

The Nagaland Pollution Control Board (NPCB), a statutory body under Government of Nagaland was constituted in the year 1991 in pursuance of sub section (1) of section 4 of the Water (Prevention and Control of Pollution) Act, 1974².

²Vide Government of Nagaland Notification No.FOR-194/87 Dated Kohima the 19th February 1991.

The Board started functioning full-fledged from March 2002 with the establishment of its Office-cum-Laboratory at Dimapur wherein analytical works are being carried out for air, water and soil samples.

The main responsibilities of the State Pollution Control Board are to plan comprehensive programme for the prevention, control or abatement of water and air pollution in the State and to secure the execution thereof. The State Pollution Control Board is to advise the State Government on any matter concerning the prevention, control or abatement of water and air pollution and to encourage, conduct and participate in investigation and research relating to problems of water pollution and prevention, control or abatement of water pollution. The Board is to inspect at all reasonable times, any control equipment, industrial plant or manufacturing process and to give, by order, such directions for prevention, control or abatement of air pollution. The Board is also responsible to evolve economical and reliable methods of treatment of sewage and trade effluents and to advise the State Government with respect to the suitability of any premises or location of any industry, which is likely to cause air pollution or likely to pollute a stream or a well; The Board is also responsible to perform other functions as may be prescribed or as may, from time to time, be entrusted to it by the Central Board or State Government.

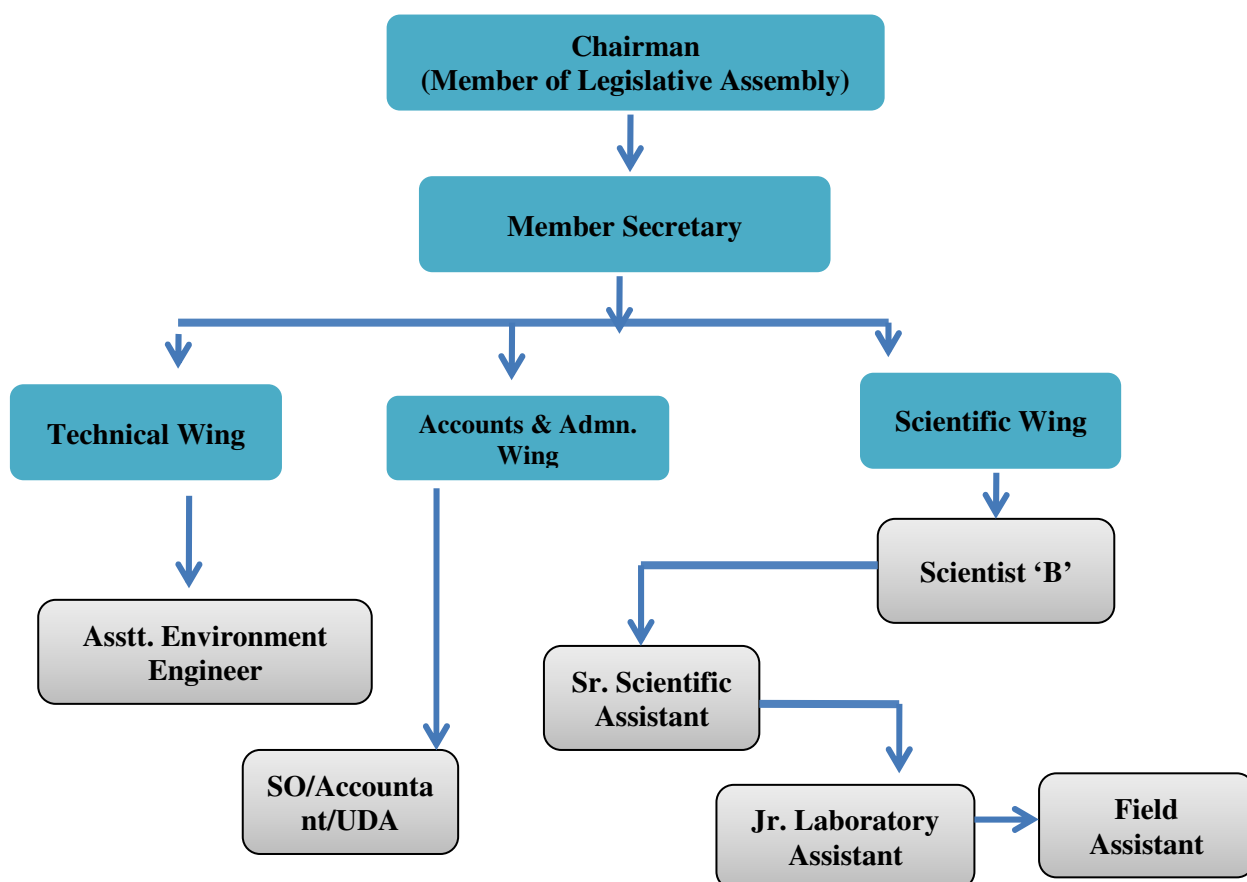
2.4.2 Organisational set up

The NPCB is headed by the Chairman and assisted by the Member Secretary. The NPCB consist of 11 members who are from the State Government and from other organisations.

There are three wings in the NPCB namely Technical, Scientific and Accounts & Administrative wing. The main function of the Technical Wing is to examine the technical aspects of the project submitted for consideration and issuance of consent. Further the technical person is also required to oversee the performance and assess the effectiveness of pollution control devices installed in the industrial units. The Scientific Wing is to carry out the sampling and analysis of air and water and also monitoring of different aspects for control of pollution in the industrial units/BMW/MSW etc., preparation of analysis reports, inspection of industrial units and up keeping of laboratory. The Administration & Accounts Wing is responsible to look after the establishment aspects, man power managements, preparation of Annual reports of the Board, to conduct Board meetings and any other official matter and to look after the accounting and financial matter of the Board and preparation of Annual Accounts, budget estimates etc.

The organogram of the NPCB is as follows:

Chart 2.4.1



2.4.3 Audit objectives

The audit was carried out to assess whether:

- Mechanisms adopted by NPCB to prevent, control and for abatement of pollution are effective and efficient.
- Monitoring by the Board on the compliance of Acts, Rules and conditions, by the stakeholders is efficient and effective.
- Fund management by the Board is efficient to secure optimum utilisation.
- Adequate manpower and effective Internal Control mechanisms exists.

2.4.4 Scope of audit

The Performance Audit on the “Effectiveness in the functioning of State Pollution Control Board” covered the period 2010-15. The adequacy of measures to address environmental pollution and the efficiency with which they were executed, its impact on the improvement of environment quality and fund management relating to pollution and compliance to relevant statutes were covered.

2.4.5 Audit Methodology

The audit methodology consisted of document analysis, responses to questionnaires, examination of reports & records collected at various levels viz., Board, Urban Development and Housing Department, Public Health Engineering Department, the Municipal Corporation, Healthcare, Health & Family Welfare Department (including hospitals there under), Geology & Mining Department and other involved entities.

A workshop on “Introduction to Environment Audit with special emphasis on Audit of State Pollution Control Boards” was held from 27th of April 2015 to 1st of May 2015 at International Centre for Environment and Sustainable Development (ICED), Jaipur along with other North Eastern Region (NER) states and discussed the methodology of audit with subject experts.

An entry conference was held (06 August 2015) with the Department of Forest Environment and Wildlife Management, Government of Nagaland and Chairman/Member Secretary of the Board in which scope and methodology of audit was discussed. The draft report was discussed with the representatives of the Government in the exit conference held (06 October 2015). The replies of the Department as well as the views expressed by the Government/Department in the exit conference have been considered and incorporated in the report wherever necessary.

2.4.6 Audit Criteria

The audit findings were benchmarked against the criteria devised from the following sources:

- The Water (Prevention and Control of Pollution) Act, 1974;
- The Water (Prevention & Control of Pollution) Cess Act, 1977;
- The Public Liability Insurance Act, 1981;
- The Air (Prevention & Control of Pollution) Act, 1981;
- The Environment (Protection) Act, 1986 and the rules made there under i.e. Environment (Protection) Rules, 1986 and the rules made for Management and Handling of Municipal Solid Wastes (1999), the Bio-Medical wastes (1998), Hazardous Wastes (2002), Plastic Wastes (1999), Batteries (2001) and E-waste (2011); and Noise (Regulation and Control) Rules 2000, as amended from time to time;
- Directions and notifications issued by CPCBs, GoI, State Government;
- State PWD Code, Manual and Schedule of Rates.

2.4.7 Acknowledgement

We acknowledge the co-operation and assistance extended at all levels during the conduct of audit.

Audit Findings

Important Audit findings are discussed in the following paragraphs.

2.4.8 *Systems to prevent, control and abatement of pollution.*

Deficiencies in prevention and control of pollution

2.4.8.1 Annual Action Plan

Annual Action Plan of any organisation defines various activities and sub-activities proposed to be taken up including physical and financial targets to be achieved in the ensuing year in line with the vision and long/short term goals of that organisation.

Audit observed that the Nagaland Pollution Control Board (NPCB) did not prepare Annual Action Plan during 2010-15 indicating lack of proper planning and monitoring of pollution control activities by the Board. The Board accepted it and agreed that Annual Action Plan will be prepared in future.

2.4.8.2 Consent management

As per Section 25 of the Water Act, 1974, no person shall, without the previous consent of the State Board, establish or take any steps to establish any industry, operation or process or any treatment and disposal system or an extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream/well/sewer/land. Similar provisions were also contained in the Air (Prevention & Control of Pollution) Act, 1981 in respect of persons likely to discharge effluents into the air. Under these Acts, the Board is empowered to issue Consent for Establishment (CFE) and Consent for Operation (CFO). Before expiry of CFOs granted initially, the units are required to renew their CFOs. Examination of records of NPCB, Industry Department and Power Department revealed the following:

2.4.8.3 Industries operating without consent from Board

As per the records made available by Industries and Commerce Department and Power Department there were 906 and 22060 industrial units respectively in the State during the period. However, as per the records, the Board monitors 752 small scale industries in the State during 2010-15. Thus the Board is not maintaining updated data about the number of industries in the State.

Out of 752 industries, audit observed that 617 (82 *per cent*) were operating without renewing their CFO issued by the Board, after the expiry period ranging from 1 month to 14 years. The Board did not take any penal action such as closure of industry, disconnection of electricity and water supply and any other service as per section 5 of Environment (Protection) Act 1986. In this connection, the Board replied that notifications in the newspaper were made and directions were issued to the industrial units for applying of Consent. Reminders for renewal of Consent are also being issued but due to shortage of manpower the desired actions could not be taken.

2.4.8.4 Non-renewal of Consent under Coal Mining Units

Nagaland is blessed with rich natural resources. Coal is one such resource which can uplift the economy of the people and the State in general. The coal mining method practiced in the State is mostly rat hole mining but in some districts open cast mining is also practiced.

Examination of records revealed that there were 49 Coal Mining Units identified by the NPCB in the State. Out of this, the authorization of 44 units had expired, however, these units continued to operate without authorization. Further, as per records of Geology and Mining Department, there were three coal mining units operating in the State without consent of the NPCB. Details of these three units are shown in *Appendix-2.4.1*.

The Board in its reply mentioned that it has conducted studies on coal mines in Nagaland during 2011 and 2014 and had issued letters to the units for renewal of consent. Efforts are being made to take along the defaulting coal mines for renewal of consent but due to land ownership system in Nagaland implementation of the rules stringently becomes difficult.

2.4.8.5 Lack of infrastructure facilities at Laboratory

Under the Water Act, 1974 and the Air Act, 1981 the State Board may establish or recognise laboratory for analysing water/air samples to enable the Board to perform the functions stipulated in those Acts. As per CPCB guidelines, every laboratory should have facilities for a minimum of five essential group tests, viz physical, inorganic, organic, microbiological and toxicological tests for water analysis. For air analysis, the laboratory must have facilities for the first four of the above tests.

The Board had established one laboratory at Dimapur (March 2002). However, audit observed that the laboratory did not have the capacity for conducting all the mandatory tests in analyzing the water/air samples due to lack of mandatory equipments and non-functional equipments (*Appendix 2.4.2* and *2.4.3*). In this connection, the Board replied that out of 57 parameters given by CPCB the laboratory could analyse only 36 parameters due to non-availability of equipment. The analysis reports are being sent to CPCB from time to time.

2.4.8.6 The Air (Prevention & Control of Pollution) Act, 1981

Air pollution occurs due to increase in the concentration of foreign particles like Respirable Suspended Particulate Matter (RSPM), Sulphur Dioxide (SO₂), Nitrogen Dioxide (NO₂), Carbon Monoxide (CO), Lead, Ozone depleting substance etc. which are harmful to living organisms. Increased air pollution adversely affects human health by causing respiratory diseases like asthma, bronchitis, etc. Examination of records revealed the following:

(i) Inadequate monitoring of air quality

The Board monitored air quality in four monitoring stations in Kohima and Dimapur districts. The CPCB had prescribed (April 2011) a list of 12 important air quality

parameters to be analysed by monitoring laboratory. However, audit observed that the Board could analyse only four air quality parameters viz., Nitrogen dioxide (NO₂), Sulphur dioxide (SO₂), Respirable Suspended Particulate Matter (RSPM) and Suspended Particulate Matter (SPM).



Photograph 2.4.1: Air Monitoring Station at Dhobinala Police Point

As per the Annual Report 2014-15, the annual average Concentration of Respirable Suspended Particulate Matter (RSPM) and Suspended Particulate Matter (SPM) between 2010 and 2014 in respect of Kohima and Dimapur is given in the chart below.

Chart -2.4.2

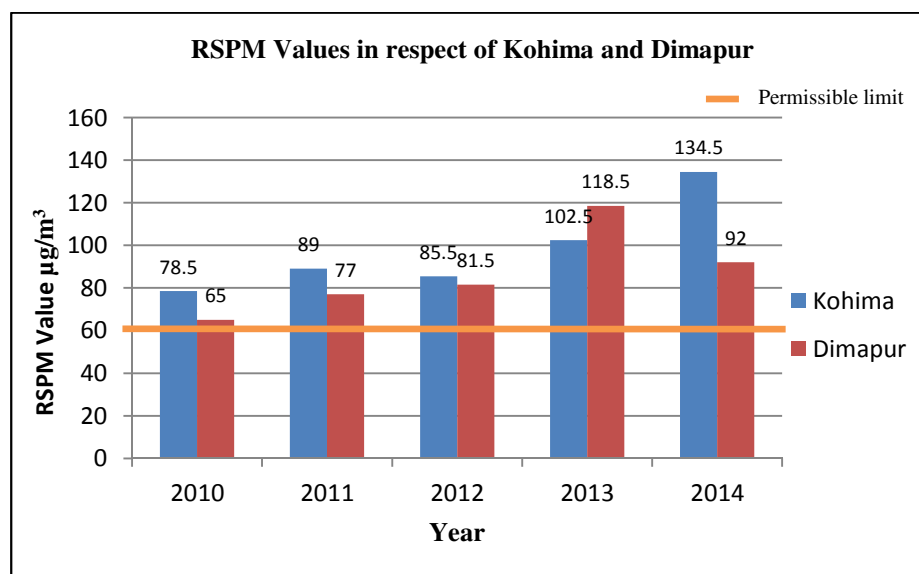
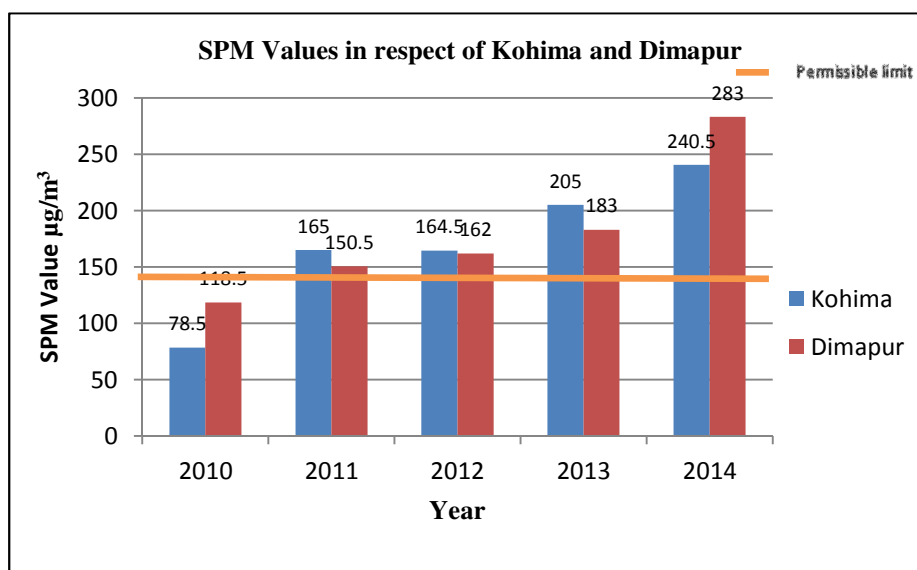


Chart-2.4.3



From the above, it can be seen that Respirable Suspended Particulate Matter (RSPM) values were above the National Ambient Air Quality (NAAQ) standards during the years 2010 to 2014 against the permissible limit prescribed by the Central Pollution Control Board (CPCB) and in respect of Suspended Particulate Matter (SPM) the level was above the permissible limit during the years 2011 to 2014.

The Board neither conducted any study to identify the causes for air pollution nor prepared any action plan to mitigate pollution levels. NPCB in its reply stated that the Board is monitoring 36 parameters only out of 57 parameters prescribed by CPCB with the available machinery. Further, NPCB intimated that the matter was taken up with the Chief Secretary, Government of Nagaland vide letter No. NPCB/NAMP/Tech-2/363 dated 25-05-2015 for preparation of an “Action Plan” for improvement of air quality especially in Dimapur, as Dimapur city has been placed under “Non-attainment city” with respect to Particulate Matter (PM₁₀) as per the Ambient Air Quality Standards prescribed by the Government of India.

(ii) Issue of Pollution Under Control Certificates

As per Rule 115 (7) of the Central Motor Vehicle Rules, 1989, all vehicles after a period of one year from the date of registration are to obtain Pollution Under Control Certificates (PUCs) from the Transport Department once in six months.

There is no system in place for the NPCB to check and issue PUCs of the vehicles and also there is no Vehicular Emission Testing Centre in the State. Transport Department is the concerned authority for issuing Pollution Under Control Certificate of vehicles.

Audit observed that out of 1,54,020 registered vehicles in Kohima and Dimapur up to March 2015, PUCs were issued to 3,833 vehicles only during the last five years. The details of PUCs issued out of available registered vehicles each year is given in **Appendix 2.4.4**. The matter was referred to the Nagaland Pollution Control Board, however, no reply has been received (October 2015).

Thus, large numbers of vehicles are plying in the State without Pollution Under Control Certificate.

(iii) Unabated air pollution by Stone Crusher

Air pollution is also caused due to operation of stone crushers in the area. In fact, Silicosis, a lung disease, caused by breathing in tiny bits of silica, a mineral that is part of sand, rock, and mineral ores such as quartz emitted from the stone crushing units affects the workers and residents exposed to silica dust. Over the time, exposure to silica particles causes scarring in the lungs, which harm the ability to breathe. There is no cure for silicosis, but it can only be prevented.

As per the Guidelines issued by the Nagaland Pollution Control Board in 2010, the Stone Crushing Units should have a valid license and should not be located close to residential areas, the crushing machine is to be surrounded with wind breaking walls, growing of trees (green belt) along the periphery and the labourers should be provided with protective gears including mask and must undergo regular health check-up. Any stone crushing unit operating without valid consent shall attract legal actions as per Section 5 of the Environmental (Protection) Act 1986.

The Board identified 107 stone crushers in the State. Examination of records revealed that 90 stone crushers (84 *percent*) were operating without renewing their expired Consent for Operation (CFO) from the Board. There was no effective monitoring by the Board on compliance of the standards for operation of the stone crushers in the State as prescribed in the guidelines. Audit also observed that the Board did not take any preventive measures on the stone crushers located near the residential areas.



Photograph 2.4.2: Stone Crusher near residential area (Burma Camp)

The Board did not conduct regular inspections of the stone crushers; instead inspections were being conducted on receipt of public complaints or at the time of renewal of the Consent for Operation.

In this connection, NPCB replied that they were inspecting and issuing guidelines to the Stone Crushing Units by publishing advertisements on the awareness on “Silicosis disease” caused by pollution from Stone Crushers Units in the newspapers and distributing pamphlet to the public. The reply of the Board is not acceptable as public awareness about the pollution from the Stone Crushing Units is not sufficient. The Board should consider taking legal actions as per Section 5 of the Environmental (Protection) Act 1986 against the Stone Crushers for operating without consent.

2.4.8.7 The Water (Prevention & Control of Pollution) Act, 1974

The Water (Prevention & Control of Pollution) Act, 1974 empowers the Board to make any order for the prevention, control or abatement of discharge of waste into streams or wells and requiring any person concerned to construct new systems for the disposal of sewage and trade effluents or to modify, alter or extend any such existing system or to adopt such remedial measures as are necessary to prevent, control or abate water pollution.

(i) Lack of sewage treatment facilities in municipal bodies

Sewage emanating from populated areas is one of the major sources of water pollution. Local bodies have to ensure that the sewage emanating from their jurisdictional areas are not released untreated and are responsible for management of sewage under their jurisdiction.



Photograph 2.4.3: Municipal drain

Audit noticed that no Sewage Treatment Plants (STPs) was set up in Nagaland and there was no information relating to estimated waste water generated per day with the Board or with the Municipalities. The Board had not taken up the issue of non-construction of STPs by the municipal bodies nor advised the Government to take remedial measures for treatment of waste water. NPCB replied that it had highlighted the pollution level of river Dhansiri in Dimapur to the Government in 2011 and had suggested to take up a Sewage Treatment Plant. However, no action has been taken to set up STPs.



Photograph 2.4.4: Solid Waste being disposed in Municipal drain

Thus, due to lack of Sewage Treatment facilities in the municipal bodies, the water bodies i.e. streams, wells, rivers and lakes are being polluted.

2.4.8.8 Noise Pollution (Regulation & Control) Rules, 2002

Noise has been widely recognised as a major environmental menace in the urban and industrial centres especially in densely populated areas. The annoyance and the consequent adverse health impacts of noise are well established. Noise generated from Industrial operations, transport sector, construction activities, and indiscriminate use of loud speakers during festival days and concerts and bursting of high intensity fire crackers creates serious environmental concern both from the point of view of public annoyance and public health.

Nagaland Pollution Control Board had been creating mass awareness through local papers about noise pollution and its effect on health and environment and subsequently monitors ambient noise level especially during Deepavali. The Board also requested the Transport Department in August 2015 to ban/prohibit manufacture and use of pressure horns/multi-toned horns in vehicles.

As per the Annual Report of the NPCB for the year 2012-13 and 2013-14 the noise pollution level during Deepavali night was higher than the permissible limit both in commercial and residential areas as per details given below:

Table 2.4.1

Year	Commercial Area				Residential Area			
	Permissible limit dB(A)		Actual level during Deepavali dB(A)		Permissible limit dB(A)		Actual level during Deepavali dB(A)	
	Day	Night	Day	Night	Day	Night	Day	Night
2012-13	65	55	87.8	89.1	55	45	73.1	66.4
2013-14	65	55	68.2	50.9	55	45	75.1	60.2

In normal days the levels of noise in both commercial and residential areas were within the permissible limit.

2.4.8.9 Management of Bio-Medical Wastes (BMW), 1998

As per the Bio-Medical Waste (Management and Handling) Rules-1998, it is the duty of every occupier of an institution generating bio-medical waste to take all necessary steps to ensure that such waste is handled without any adverse effect to human health and environment.

(i) Health Care Establishment (HCEs) functioning without valid BMW authorization and BMW treatment facilities

As per the Bio-Medical Waste (Management and Handling) Rules- 1998, every Health Care Establishments (HCEs) including veterinary institutions generating, collecting, receiving, storing, transporting, treating, disposing and/or handling bio-medical waste in any other manner, except such occupier of clinics, dispensaries, pathological laboratories, blood banks providing treatment/ service to less than 1000 per month, shall make an application to the NPCB for grant of authorization.



Photograph 2.4.5: Incinerator at District Hospital Dimapur

Examination of records revealed that 113 (excluding veterinary institutions) Health Care Establishments (HCEs) were identified by the NPCB in the State. Out of this, 112 HCEs were granted authorization by the NPCB. As of August 2015, the consent of authorization of 68 HCEs had expired, however, these HCEs continued to operate.

The Rules also stipulates that every occupier shall set up requisite BMW treatment facilities like incinerator, autoclave, microwave system for treatment of waste or ensure requisite treatment of waste by having a tie up with a common BMW treatment facility. Audit observed that 109 out of 112 HCEs did not dispose of the medical waste as per rule due to lack of facilities.

Also, Zunheboto District Hospital did not apply for consent/authorization as of August 2015. The Board had also directed the Medical Superintendent (MS), District Hospital, Zunheboto to obtain consent/ authorisation to establish/operate from the prescribed authority but no reply has been received as of August 2015.

Further, the Board had requested the Commissioner & Secretary, Department of Veterinary & Animal Husbandry to provide the list of Health Care Facilities but no reply has been received as of August 2015.

During 2011-12, the Health & Family Welfare Department had issued four incinerator machines amounting to ₹ 3.40 crore to four districts hospitals (Kohima/ Dimapur/ Mokokchung/ Phek). However, Audit observed that the incinerators in the four districts hospitals were not put into use as of August 2015 due to absence of trained operators. Thus, the purpose of procurement of incinerator machines by incurring an expenditure of ₹ 3.40 crore was defeated, further, due to wear and tear, the machines may not be fit for use as on date.

The matter was referred to the Board, however, no reply has been received (October 2015).

2.4.8.10 Municipal Solid Wastes (Management and Handling) Rules, 2000

As per the annual reports of town council/committees, submitted to the NPCB it is noticed that the collection of wastes in Nagaland is done manually in almost all towns; however in Dimapur town it is also collected by loaders. The wastes are dumped in the open spaces, which is the most primitive way of disposing. The waste are mostly untreated biomedical wastes, e-waste and are not segregated which gets mixed with other municipal wastes. The dumping sites are a breeding ground for flies, rats and other insects that spread disease as there are no facility for processing bio-degradable waste and all the waste generated from all the sources are dumped together, thus, creating unhygienic environment. Further, rainwater run-off from these dumping sites contaminates the nearby land and water bodies.



Photograph 2.4.6: Dimapur Municipal Council Waste Dumping Site

The Municipal Solid Waste (MSW) Rules also stipulates that both water and ambient air quality in and around landfill sites needs to be monitored to ensure that the ground water and ambient air quality is not contaminated beyond acceptable limit. Audit observed that the Board did not constantly monitor air and ground water quality in and around the dump yard/site. As a result, municipal solid wastes were being dumped at open places without treatment which was hazardous to human beings and the ecosystem.

NPCB replied that a demonstration project on the implementation of Municipal Solid Waste (Management & Handling) Rules, 2000 was carried out in Kohima by the Kohima Municipal Council sponsored by the Central Pollution Control Board with the technical inputs from NPCB. Further, it is also stated that a Solid Waste Management facility at Kohima District will be commissioned shortly.

2.4.8.11 Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008

As per the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, “hazardous waste” means any waste which by reason of any of its physical, chemical, reactive, toxic, flammable, explosive or corrosive characteristics

causes danger or is likely to cause danger to health or environment, whether alone or when in contact with other wastes or substances.

As per the provisions of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, every person who is engaged in generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or like of the hazardous waste shall require to obtain an authorization from the State Pollution Control Board. Further, the Board has to perform inventorisation of hazardous wastes, grant and renewal of authorisation, registration and renewal of registration of recyclers/ re-processors, monitoring of compliance of various provisions and conditions of authorisation for implementation of programmes to prevent/reduce/minimise the generation of hazardous wastes and initiate action against the violations.

Examination of records revealed that there are only two industrial units in Nagaland generating hazardous waste viz., Greenply Industries Ltd. Mon and IOC Ltd Depot Dimapur. Since the hazardous waste generation in all the north eastern states including Nagaland is negligible the Government of India has initiated to set up a hazardous waste disposal plant in Assam.

Accordingly, hazardous waste is transported to Assam for disposal after authorisation from the Board as there is no Treatment Storage & Disposal Facility (TSDF) in the State. Audit observed that the hazardous waste generated by IOC Ltd Depot is being transported to Assam for disposal after obtaining No Objection Certificate (NOC) from NPCB. However, NPCB has intimated that hazardous wastes in respect of Greenply Industries Ltd is negligible and are not transported to Assam for disposal.

2.4.8.12 Plastic Waste (Management& Handling) Rules, 2011

Management of plastic waste has become a major concern which creates environmental problems as it is non-biodegradable. The Municipal Authorities are responsible for collection, storage, segregation, transportation, processing and disposal of plastic waste in their respective municipality. No data is available with NPCB regarding the amount of plastic waste generated in Nagaland. Plastic waste constitutes a significant portion of the total municipal solid waste. However, audit noticed that Plastic bags are disposed in a haphazard manner, thus, choking the drains and destroying landscapes.

To address the plastics waste disposal issue, NPCB constructed a road leading to its office by reusing the plastic waste as per the “Indicative Operational Guidelines on Construction of Polymer – Bitumen Roads for reuse of waste plastics” published by the Central Pollution Control Board.

As per the Board inventory report there are five plastic manufacturing industrial units in the State. These industries manufacture mugs, flower pots, water tanks & pipes, dustbins, jerry cans etc. NPCB in its reply stated that all the plastic manufacturing units in the State are small scale and as such no waste is generated. However, the fact remains that NPCB has no data regarding the amount of plastic waste generated in the State.

2.4.8.13 Electronic Waste (Management & Handling) Rules, 2011

E-waste consists of all waste from electronic and electrical appliances which have reached their end-of-life period or are no longer fit for their original intended use and are destined for recovery, recycling or disposal. E-wastes contain toxic substances many of which causes cancer.

As per the record of NPCB there is no collection/dismantling/recycling unit for electronic waste in the State. Scrap dealers are the main collectors of all kinds of waste including e-waste. After collecting the e-waste from various sources and common bins, they extract the valuable items and dispose the residue at the dumping site. NPCB has no data regarding the amount of electronic waste generated in the State. NPCB has accepted the fact and has not offered any comment.

2.4.9 *Monitoring on the compliance of Acts, Rules and conditions by the Board.*

2.4.9.1 Inadequate compliance of laws, Acts and Rules

The Environment Acts empowered the State Pollution Control Boards to take all such measures necessary for prevention, control and abatement of environmental pollution, to take appropriate action for regulation and control of any industry, operation or process and to initiate legal proceedings in the cases of infringement of environmental laws.

Audit observed that the Board had issued 48 directions and orders under the Air/ Water/ Environmental Pollution Acts and Rules during the period from 2010-14. Based on these directions and orders, closure notices were issued to seven firms engaged in stone crushing/ hot mix plant/ diesel generator operating and mobile communication business. However, no records were available relating to legal action initiated by the Board against the defaulting firms and institutions. This indicates that apart from issuing notices, the PCB was not pursuing the matter relating to deviant entities.

NPCB replied that with minimum manpower it had implemented the various laws, Acts and Rules and had successfully close down the seven firms. It is also observed that the NPCB has not set up its own legal cell to address the issues (October 2015).

2.4.10 *Financial Management.*

2.4.10.1 Funds management

Financial resources of the NPCB comprised of financial assistance from the Central Pollution Control Board (CPCB), GoI, GoN, consent fee, authorization fee etc. The available fund and expenditure of NPCB during the last five years is as follows:

Table: 2.4.2

₹ in lakh

Year	Opening balance	Assistance from CPCB and GoI	Assistance from GoN	Internal resources of NSPCB			Total available funds	Total Expenditure	Percentage of Expenditure	Closing Balance
				Consent Fee	Authorisation Fee	Other resources				
2010-11	25.93	222.62	57.44	11.33	1.59	0.30	319.21	247.78	77.62	71.43
2011-12	71.43	95.20	87.08	11.33	1.30	0.02	266.36	230.29	86.46	36.07
2012-13	36.07	132.78	94.08	16.53	1.81	1.39	282.66	246.73	87.29	35.93
2013-14	35.93	102.85	264.08	8.92	1.13	7.51	420.42	396.29	94.26	24.13
2014-15	24.13	99.58	64.08	11.71	1.27	4.61	205.38	178.10	86.72	27.28
Total		653.02	566.76	59.82	7.10	13.83		1299.19		27.28

(Source: Information provided by the NSPCB)

From the above table it can be seen that at the beginning of 2010-11 the opening balance was ₹ 25.93 lakh. During 2010-15 the Board received ₹ 653.02 lakh as assistance from Central Pollution Control Board (CPCB) and Government of India and ₹ 566.76 lakh from Government of Nagaland. The Board also collected revenue of ₹ 80.75 lakh from internal resources. The Board incurred expenditure of ₹ 1299.19 lakh during the five years for procurement of laboratory equipment, training purposes, stationeries and payment of salaries. The utilization of funds during the last five years ranged between 78 per cent and 94 per cent.

2.4.11 Manpower management and internal control mechanism.

Efficient functioning of an organisation depends on the availability of requisite manpower and proper management of the available manpower. Besides, an effective internal audit provides assurance about proper maintenance of accounts and also to regulate the implementation of various schemes and programmes.

2.4.11.1 Manpower management

Examination (August 2015) of records disclosed that the Board was functioning with eight scientific/technical staffs, out of which five were laboratory staffs. Moreover, with the increasing responsibilities and volume of work, the Board had proposed for sanctioning of seven additional technical posts to the Principal Secretary, Department of Forests, Ecology, Environment & Wildlife, Government of Nagaland in June 2014 and subsequent reminder in April 2015. However, no additional post was sanctioned. (December 2015).

Details of Sanctioned strength and men-in-position are as below:

Table-2.4.3

Sl. No.	Designation	Sanctioned Strength	Men-in-position
1.	Chairman	01	01
2.	Member Secretary	01	01
3.	Scientist 'B' (Grade I)	01	01
4.	Asst. Environment Engineer (Grade I)	01	01
5.	Sr. Scientific Assistant (Grade II)	01	01
6.	Asst. Field Officer	01	01
7.	Jr. Laboratory Assistant (Grade III)	02	02
8.	Data Entry Operator (Grade III)	01	01

Sl. No.	Designation	Sanctioned Strength	Men-in-position
9.	Field/Lab Attendant (Grade IV)	02	02
10.	Accountant (Grade II)	01	01
11.	Office Assistant (LDA) (Grade III)	01	01
12.	Driver (Grade IV)	02	02
13.	Office Peon (Grade IV)	01	01
14.	Chowkidar (Grade IV)	01	01
Total		17	17

From the above table, it can be seen that there is no shortage of manpower as per the sanctioned strength.

2.4.11.2 Coverage of Internal audit.

As per the section 40 (2) of the Water (Prevention and Control of Pollution) Act, 1974, internal audit of NPCB is to be conducted by a Chartered Accountant as per Section 226 of the Companies Act, 1956 (1 of 1956). However, audit noticed that no internal audit was conducted in NPCB during the last five years.

2.4.11.3 Board meetings

As per section 8 of the Water (Prevention & Control of Pollution) Act, 1974 and section 10 of the Air (Prevention & Control of Pollution) Act, 1981, the Board shall meet at least once in every three months with regard to functioning of the State Board.

Nagaland Pollution Control Board was constituted by the Government of Nagaland in the year 1991 in pursuance of Sub-section (1) of Section 4 of the Water (Prevention and Control of Pollution) Act, 1974. The Board consisted of eleven members and started functioning from March 2002 with the establishment of its Office-cum-Laboratory at Dimapur.

Audit observed that Nagaland Pollution Control Board (NPCB) conducted only four Board meetings against the requirement of minimum of 20 during the five year period (2010-15). Further, out of the total of 11 members, two to six members remained absent in each meeting. Thus, in the absence of the representatives in the meetings at regular intervals, the main objective of sitting of the board was defeated.

NPCB accepted (October 2015) the fact and stated that the same is noted for improvement in future.

2.4.11.4 Non development of Management Information System (MIS)

The Board monitors 752 industries (small/medium) directly in the State. The Board maintained data on all the industries manually. In the absence of computerized MIS, information like number of industries due for verification, number of industries verified, number of units running without obtaining CTE/CTO could not be verified in audit. NPCB accepted the fact and stated that it is noted for improvement in future.

2.4.11.5 Inadequate inspection of industries

As per instructions issued in the notification (December 1999) by the Ministry of Environment and Forest, GoI, small scale industries under Red (highly polluting) category classification shall be inspected at least once in a year. Audit observed that

173 small scale industries under red category existed in the State as of March 2015. Even if the minimum periodicity (once in a year) of inspection is considered, there was average shortfall of 45 *per cent* in inspection of red category industries during 2010-11 to 2014-15 as given in the table below.

Table: 2.4.4

Details of short fall in conducting inspections of industries					
Year	Total No. of Red Category Industries	No of inspections to be conducted as per the Act	No of Inspections Conducted	Shortfall in Inspection	Percentage of shortfall
2010-11	57	57	38	19	33.33
2011-12	92	92	44	48	52.17
2012-13	113	113	63	50	44.25
2013-14	145	145	83	62	42.76
2014-15	173	173	91	82	47.40
Total		580	319	261	45

Audit also observed that the Board was inspecting the industries only at the time of renewal of consent for operation or on receipt of specific complaints. In this connection, NPCB replied that the constraints of manpower and facilities to transport the testing equipment to the units had been the major drawbacks.

2.4.12 Conclusion

During the period covered in audit the NPCB did not prepare Annual Action Plan and therefore the activities undertaken were adhoc in nature. The Laboratory at Dimapur did not have facilities and equipment to analyse necessary parameters of water and air quality. Available equipment was non-functional in some cases. Several industries, coal mining units and healthcare establishments were operating without valid/ renewed Consent for Operation. Out of 112 HCEs, 109 Health Care Establishments (HCE) did not have the Bio-medical Treatment facility. Majority of vehicles are plying without Pollution Under Control Certificates. There was substantial shortfall in conducting inspections of even highest polluting 'Red' category industries. Monitoring and action taken on compliance of environmental norms by the Board were not sufficient and effective. The Board did not efficiently take up the issue of non-construction of Sewage Treatment Plants (STPs) by Municipal bodies nor advised the Government to take remedial measures.

Recommendation

- *The Board should prepare comprehensive Action Plans to counter all types of pollution in the affected areas;*
- *Regular inspections should be conducted and follow up action initiated against industries particularly in respect of "Red" category;*
- *The Board should assess the requirement of Sewage Treatment Plants (STPs) in the State and ensure that sufficient number of STPs are installed to treat the sewage water especially the sewage discharged into rivers;*

- *The Board should take action as per Act against the industries which are running without Consent to Operate.*
- *The MIS of the Board should be computerised.*

AGRICULTURE AND ALLIED DEPARTMENTS

2.5 Nagaland Bamboo Development Agency

Nagaland Bamboo Development Agency (NBDA) is a registered society³ set up with the objectives to protect and conserve bio-diversity associated with bamboo forest and bamboo grown areas in the State, sustainable development and utilisation of bamboo resources through scientific management, promotion of bamboo plantations for future economy of the State and promotion of bamboo based industries by utilising the available resources for generating income. The NBDA started functioning with effect from 06 October 2004.

Highlights

Improper classification of Forest Area and Non-Forest Area led to avoidable expenditure of ₹ 47.10 crore.

Paragraph 2.5.8.2

Funds of ₹ 1.86 crore sanctioned by NBM for plantation activities was diverted to other activities.

Paragraph 2.5.9.4

The agency procured saplings in excess of norm resulting in avoidable expenditure of ₹ 7.09 crore.

Paragraph 2.5.10.1

An amount of ₹ 0.32 crore released by NBM for disease and pest control was not utilised by the Board for the purpose resulting in high mortality ranging from 33 per cent to 39 per cent.

Paragraph 2.5.10.2

NBDA failed to set up 11 bamboo bazaars and 3 whole sale markets resulting in retention of unutilised funds amounting to ₹ 0.93 crore.

Paragraph 2.5.11.1

2.5.1 Introduction

Ministry of Agriculture, Department of Agriculture & Cooperation, Government of India has decided to implement a scheme 'National Bamboo Mission' in 2006-07 for addressing the issues relating to the development of bamboo in the country with 100 per cent central assistance.

³A Government Autonomous Body under Societies Act 1860 as amended vide Registration of Societies (Nagaland First Amendment)Act 1969 on 06.10.2004

In Nagaland the NBM schemes are being implemented by NBDA through Village Bamboo Development Committees (VBDCs). The audit of Nagaland Bamboo Development Agency (NBDA) covering the period 2010-15 was taken up during May to July 2015 to examine the efficiency, effectiveness and economy in implementation of the policies of the National Bamboo Mission (NBM) in Nagaland. The activities of the NBDA *inter alia* include extending financial and technical support to the bamboo farmers for setting up nurseries, wholesale/retail markets & bamboo bazaars, bamboo crafts production units, pest and disease control, installation of micro irrigation facilities, providing saplings/planting materials, etc.

2.5.2 Organisational set up

The management of the NBDA is entrusted to the governing body⁴ with the Chief Minister as the ex-officio Chairman. The governing body comprise of Advisor NBDA, Minister of Agriculture & Horticulture, Minister of Forest, Minister of Industries and Commerce, Minister of Rural Development, Chief Secretary, Agricultural Production Commissioner, Development Commissioner, Finance Commissioner, Principal Secretary, Forest, Principal Secretary, Agriculture and Secretary, Industry as its members. The governing body prepares, considers and approves the policies and strategies of the Society. The Chief Executive Officer (Team Leader) executes the decision of the governing body of NBDA. The Team Leader is assisted by three Deputy Team Leaders. The execution of the decisions of the governing body is carried out through the Group of Members who acts as nodal officers in charge of the districts. The Group of Members supervises and monitors the execution of the policies through Village Bamboo Development Committees (VBDC).

2.5.3 Audit Objectives

The audit of NBDA was conducted to ascertain whether:-

- proper planning exists for a scientific and holistic approach to the cultivation and management of Bamboo;
- finances of Bamboo Development Agency was managed economically, efficiently and effectively;
- execution of Government funded projects, research, training and developmental activities were managed economically, efficiently and effectively;
- promotional facilities/activities for entrepreneurs and provisions for marketing of the end products exist; and
- monitoring mechanism and evaluation procedures were in place to ensure achievement of the Mission's objective.

2.5.4 Scope of Audit

The audit covered office of the NBDA, Dimapur and plantation areas in eight districts for the period from 2010-15. Eight out of 11 districts were selected on the basis of accessibility. Twenty five *per cent* of the plantation area was physically verified and 25

⁴Constituted as per Rules and Regulations of the Society.

per cent of the micro-processing units and Nurseries were selected for physical verification on the basis of funded amounts.

2.5.5 Audit Methodology

Audit methodology comprised examination of records, response to questionnaires, beneficiary survey, joint physical verification and issue of audit observations. An entry conference was held on 6 May 2015 with the Team Leader cum Secretary and other officers of NBDA in which audit objectives were discussed. The draft report was issued to the Department for their replies. The report was discussed in exit conference (11 September 2015) with the representatives of the Department. The replies and views expressed by the representatives of the Department/Government in the exit conference were taken into consideration while finalising the report.

2.5.6 Audit Criteria

Audit criteria was benchmarked from the following sources:

- NBM Operational guidelines–2008 & 2014;
- Nagaland Bamboo Policy 2004;
- Societies (Nagaland First Amendment) Act 1969;
- Memorandum of Association of NBDA;
- The financial propriety as stipulated in the GFR;
- Orders/Notifications issued by the competent authority.

2.5.7 Acknowledgement

We acknowledge the co-operation and assistance extended at all levels during the conduct of audit.

Audit Findings

2.5.8 A scientific planning and holistic approach to the bamboo cultivation.

2.5.8 Deficiencies in planning process

2.5.8.1 Non preparation of Bamboo Development Mission Document

As per para 5.1 of the NBM Operational guidelines, the State was required to prepare a Bamboo Development Mission Document (BDMD) projecting a plan of action for the last quarter of the X Plan and XI Plan periods. The BDMD was to form the basis of the Annual Action Plan (AAP). However, audit observed that NBDA did not prepare the BDMD.

It was stated by NBDA that BDMD was prepared under the name and title of “Approach to Bamboo Development in Nagaland-Action Plan Report”. The reply is not tenable as the said document projected the plan of action for the period from 2006-07 to 2008-09. Thus, the fact remained that there was no mission document for the period from 2009-10 till date.

2.5.8.2 Improper classification of landholding

According to para 6.4.5 of NBM operational guidelines, “Forest Area” are the lands under title of the Ministry of Environment and Forest (MoEF) whereas the “Non-Forest Areas” are the areas under the title of the individual farmers/communities. It was observed that proper bifurcation of forest land was not done which resulted in the following lapses in the implementation of the mission:

As per the NBM operational guidelines, the estimated cost for area expansion in Forest area is ₹ 25000 per Ha and for Non-Forest Areas is ₹ 16,000 per Ha upto 2013-14 and ₹ 42,000 and ₹ 30,000 for forest and non-forest areas respectively during 2014-15. Upto 2013-14 the assistance in non-forest area was limited to 50 *per cent* of the cultivation cost subject to ceiling of ₹ 8,000 per hectre whereas from 2014-15 the financial assistance was admissible at 33.33 *per cent* of the cultivation cost amounting to a maximum of ₹ 10,000 which would be released in three annual installments in the ratio of 2:1:1 i.e. ₹ 5000, ₹ 2,500 and ₹ 2,500 in 1st, 2nd and 3rd year respectively. As per guidelines, the assistance for the second year would be subject to 90 *per cent* survival of the plants in forest and non-forest areas.

Examination of records revealed that financial assistance of ₹ 25.42 crore were extended to the farmers and communities at the rate applicable for forest areas instead of the rate for non-forest areas resulting in excess payment of ₹ 16.24 crore.

Audit also noticed that financial assistance of ₹ 30.86 crore in the second year was extended to the farmers where the survival rate of the plants was less than 70 percent in contravention of the guidelines.

Thus, there was an overall excess/inadmissible payment of financial assistance of ₹ 47.10 crore as shown in *Appendix –2.5.1*.

In reply, the NBDA stated that the lands on which the plantation was undertaken were forest lands as defined under the Nagaland *Jhum* land Act, 1970. It was further replied that the fact of land holding system and the rate of assistance to the private farmers were reconfirmed and approved by the peer review committee of the NBM led by Dr. K.G. Prasad in the year 2008. Further, the granting authority has taken note of the ground reality about the mortality and approved the extension of the second yearly assistance to the farmers. The reply is not acceptable as the classification of area according to NBM guidelines, was not on the basis of geographical nature but on the basis of land holding pattern since it was associated with the entitlement of plantation assistance.

2.5.8.3 Inadequate Nurseries

Para 6.5 of the operational guidelines-2014 of NBM stipulates that a sizeable quantity of quality materials would be required for raising plantation which would be achieved through establishment of centralised and decentralised nurseries. The forestry and non-forestry sector will deal with centralised nurseries capable of producing 50,000

seedlings per nursery per year and decentralised nurseries (Kisan & Mahila) capable of raising 10,000 and 5000 seedlings per unit per year.

As per annexure-6 of the guidelines-2008, 416 saplings were required for plantation per hectre of land. The State has a total of 28 nurseries (18 centralised, 8 Kissan/Mahila and 2 private nurseries) with a total capacity to produce 10.40 lakh ⁵saplings which is equivalent to the requirement of 2500 Ha per annum. The area under plantation during 2010-15 was 22710 Ha. Thus, there was acute shortage of saplings in the State which required an intensive effort to increase the number of nurseries and sapling production.

The total bamboo cultivation area covered was 22710 hectares during the five year period (2010-2015) with an average annual coverage of 4542 hectares during those years. However, in the year 2014-15, the NBM accorded approval for coverage of 1000 hectares only which was much below the average annual coverage.

It was replied by the Government (September 2015) that 10.40 lakh sapling is the minimum capacity of the nurseries. Hence, the nurseries were engaged in raising three batches of saplings annually to cater the need of the state. However, the state agency is pursuing NBM for sanctioning more nurseries. The reply is not tenable as no documentary proof with regards to the production of three batches of saplings annually was made available to audit.

2.5.8.4 Inadequate planning for irrigation system

Availability of irrigation facilities is essential for bamboo plantation during the summer season for better yield. Areas in need of irrigation facilities were to be identified by Drought Prone Area Programme (DPAP) and financial assistance at the rate of ₹ 20,000 per hectare was to be extended to the beneficiaries in non-forest areas.

Examination of records revealed that for installation of micro irrigation facilities, NBM sanctioned ₹ 60 lakh for two years (2012-13 for 100 Ha (₹ 20 lakh) and 2013-14 for 200 Ha (₹ 40 lakh)). However, the agency spent only ₹ 50 lakh⁶ covering only 250 Ha as per demand received from the farmers.

It was observed that during 2010-15, plantation was undertaken on 22710 hectares of land and the mortality rate during 2010-14 was recorded to be between 33 to 39 *per cent* (Mortality for 2014-15 was not worked out by NBDA so far). Beneficiary survey revealed that irrigation facilities was provided only in 250 hectares of land and the reason for such high mortality was attributed to scarcity of water which could have been effectively addressed by providing adequate irrigational facilities.

In reply, the NBDA stated that the matter is being taken up with NBM to increase the allocation for the purpose.

⁵ Information furnished by the NBDA

⁶ 2012-13: ₹10 lakh & 2013-14: ₹ 40 lakh

2.5.9 Financial Management**2.5.9.1 Fund Position**

The grants received and utilized by NBDA during the period from 2010-15 is tabulated below:

Table -2.5.1**₹ in crore**

Years	Opening Balance	Grants Received from NBM	Total	Utilisation	Closing Balance
2010-11	0.44	11.55	11.99	10.65	1.34
2011-12	1.34	17.00	18.34	18.05	0.29
2012-13	0.29	16.60	16.89	15.01	1.88
2013-14	1.88	20.29	22.18	19.50	2.68
2014-15	2.68	11.36	14.04	12.72	1.32
Total		76.80		75.93	

(Source: Management figures)

It can be seen from the table above that NBDA received grant of Rs. 76.80 crore during 2010-15 and utilised Rs. 75.93 crore (98.87 percent). The unutilised balance was kept in current account of NBDA.

2.5.9.2 Differences in Receipt and Payment account and progress report

The UCs⁷ prepared on the basis of receipt and payment account were required to be submitted regularly by NBDA to NBM along with the Progress Report in respect of funds received for extending support to bamboo growers and other associated activities.

Examination of records revealed that the plantation assistance extended to the bamboo growers were recorded under three heads namely (i) Plantation assistance (ii) Purchase of sapling and (iii) Transportation cost. As per the Receipt and Payment account, NBDA had spent ₹ 61.20 crore under these heads during 2010-15. However, the total expenditure as per the Progress Report for the same period was ₹ 53.37 crore only. Thus, the expenditure under the same head in the Receipt and Payment account was overstated by ₹ 7.83 crore as shown in **Appendix 2.5.2**.

The NBDA stated (September 2015) that the discrepancy was due to clearance of outstanding liabilities like delay in release of plantation assistance of previous years to the beneficiaries. The reply is not acceptable as all payments made during the year should be reflected in the accounts.

2.5.9.3 Excess expenditure for raising nurseries

As per para 6.6 of the NBM operational guidelines-2008, the financial assistance for raising centralised private nurseries i.e. the nurseries set up by the private parties with NBM assistance was 25 *per cent* of the cost subject to maximum of ₹ 68,000 and for kisan nurseries/mahila nurseries was 25 per cent subject to a maximum of ₹ 6,500. As per guidelines-2008, the required area for centralised private nurseries was 0.25 Ha (27225 sq ft) and 0.10 Ha (10890 sq ft) for kisan and mahila nurseries respectively.

⁷In Form GFR 19-A along with the Audit Report.

Thus, the rate of financial assistance was worked out at ₹ 2.50 per sq ft and ₹ 0.60 per sq ft for centralised private nurseries and kisan /mahila nurseries respectively.

Out of the 28 nurseries raised with NBM assistance in the State, there were eight kisan/mahila nurseries and 18 centralised private nurseries. The area of centralised private nurseries was 800 square feet each and that of the kisan/mahila nurseries were 300 square feet each. Hence, the amount admissible as per the Guidelines 2008 was 25 *per cent* of the estimated cost of the nurseries i.e. ₹ 2006 (800 sq ft @ ₹ 2.50) and ₹ 179 (300 sq ft @ ₹ 0.60/-) for centralised private and kisan/mahila nurseries respectively whereas the assistance extended to them was ₹ 68,000 per centralised private nursery and ₹ 6500 per kisan/mahila nurseries resulting in excess expenditure of ₹ 12.38 lakh⁸.

Further, physical verification of three⁹ nurseries in Dimapur which were established in 2008-09, revealed that none of the nurseries dealt in bamboo saplings. The entrepreneurs stated that bamboo saplings production had been stopped since last three years. Thus the assistance extended to the entrepreneurs turn out to be fruitless. It was also noticed that no agreement was executed between the entrepreneurs and the NBDA with regard to the continuation of the production of bamboo saplings. As no conditions were laid down in the guidelines the beneficiaries discontinued producing the saplings after obtaining the financial assistance.

In reply, the NBDA stated (September 2015) that the area of 800 Sqft and 300 Sqft stated in report was not the total area of the nursery but the minimum land holding area which was used as pre condition for selecting the eligible beneficiaries. The reply is not tenable as the same information was furnished to audit by the management.

2.5.9.4 Diversion of funds from NBM activities to administrative activities.

During 2010-15, the agency was allocated an amount of ₹ 1.48 crore under “Consultancy Services” which are utilised to meet administrative expenses of the agency as other grants are received for bamboo development activities.

Examination of records revealed that an amount of ₹ 0.39 crore was spent on “Consultancy Services” and diverted ₹ 1.09 crore on other administrative components like payment of salary, honorarium, office expenditure etc. out of the total allocated fund of ₹ 1.48 crore.

In reply, the NBDA stated (September 2015) that the expenditure was incurred on bamboo activities such as Photograph/ Brochures/Leaflets (₹ 2.82 lakh), Hornbill Festival (₹ 15.88 lakh), World Bamboo Day (WBD) Expenditure (₹ 28.29 lakh), Base line data (₹ 4.00 lakh) and Advertisement (₹ 1.30 lakh). The reply is not tenable as funds were not allocated for the expenditures as mentioned by NBDA for those years.

2.5.9.5 Diversion of funds from plantation activities to other activities

During 2010-11 NBM sanctioned ₹ 6.88 crore for plantation activities (first year assistance). Examination of records revealed that the UC was furnished to the NBM

⁸{18(68000-2006) + 8(6500-179)}.

⁹RD Nurseries, Heka Nursery and Bito Nursery.

indicating utilisation of the entire amount received from NBM under different components during the year 2010-11. However, the “Revised Progress Report” as on 31 March 2011 of NBDA disclosed that ₹ 5.02 crore was incurred as expenditure towards financial assistance. As the sanctioned amount during 2010-11 was shown as fully utilised, an amount of ₹ 1.86 crore was diverted to other activities.

In reply, NBDA stated (September 2015) that the diversion of fund was need based and inevitable. The reply is not acceptable as the agency had not obtained prior approval of GoI for diverting the funds for other activities.

2.5.9.6 Expenditure incurred without approval of NBM

Scrutiny of Receipt and Payment Account of NBDA from 2010-14 read with the approved Action Plan for the respective years revealed that the agency incurred an expenditure of ₹ 59.30 lakh on different items which were not included in the approved Action Plan as per the table given below:

Table -2.5.2

		₹ in lakh
Year	Items	Amount
2011-12	Payment for Tissue Culture Saplings at Jagi Road	15.00
2012-13	Construction of Museum	14.30
2013-14	Treatment plant expenses	30.00
Total		59.30

(Source: Management figures)

Thus, the agency incurred an amount of ₹ 58.30 lakh on items not included in the approved Action Plan and also without obtaining prior approval from the NBM.

In reply, NBDA stated (September 2015) that the payment for tissue culture saplings was met out of the plantation assistance meant for the farmers and also setting up of the Treatment plant was essential to cater the need of the respective districts. The reply is not acceptable as the expenditure were not approved by NBM.

2.5.10 Execution of projects, research, training and developmental activities

Irregularities in implementation

2.5.10.1 Excess procurement of saplings

According to NBM operational guidelines, 333 saplings can be planted in one Ha of land in case of species like Tulda, Balcooa, Hamiltoni and Balgaris. The Bamboo Mission allows replacing the mortality up to 25 *per cent*. Thus, the required saplings including replacement up to 25 *per cent* was 416 per Ha.

Examination of records revealed that against the requirement of 416 per Ha, NBDA procured 610 saplings per Ha at ₹ 15 per unit during 2010-14. Thus, the agency procured 194 excess saplings per Ha and an amount of ₹ 1 per sapling was claimed as transportation charge. Thus, excess procurement of sapling led to excess expenditure of ₹ 7.09 crore as detailed in the table below:

Table –2.5.3

Year	Plantation Area (Ha)	Requirement as per norms	Actually procured	Procured in excess	Cost of excess procurement @ ₹ 15 each & (@ ₹ 17 each during 2014-15)	Transportation on excess procurement @ ₹ 1 each	Total expenditure on excess procurement
2010-11	5504	22,89,664	33,57,440	10,67,776	1,60,16,640	10,67,776	1,70,84,416
2011-12	4524	18,81,984	27,59,640	87,7,656	1,31,64,840	8,77,656	1,40,42,496
2012-13	5932	24,67,712	36,18,520	11,50,808	1,72,62,120	11,50,808	1,84,12,928
2013-14	5750	23,92,000	35,07,500	11,15,500	1,67,32,500	11,15,500	1,78,48,000
2014-15	1000	4,16,000	6,10,000	1,94,000	32,98,000	1,94,000	34,92,000
Total	22710	94,47,360	13853100	44,05,740	6,64,74,100	44,05,740	7,08,79,840

(Source: Management figures)

Further analysis showed that the expenditure incurred on procurement of saplings and its transportation was met from the financial assistance of ₹ 25,000 per Ha meant for the farmers. The farmers were paid ₹ 15,000 per Ha (in Cash) plus ₹ 9,760 for 610 saplings. The balance of ₹ 54.50 lakh (₹ 240 per Ha) was retained by the Agency towards administrative cost.

In reply, NBDA stated (September 2015) that the expenditure was met out of the plantation assistance meant for the beneficiaries and on the request of the farmers to supply adequate saplings to accommodate the on-field mortality of 25 *per cent* and in-transit mortality of 30 *per cent*. Thus, the purchase was made on behalf of the farmers. Further, NBDA stated that ₹ 54.50 lakh was retained as the overhead charges to meet the expenses incurred for procurement of saplings on behalf of the farmers for which NBDA did not get any allocation from NBM.

2.5.10.2 Diversion of funds meant for Pest and disease control

As per para 6.4.11 of the NBM operational guidelines-2008, disease control in bamboo is essential which involve application of fungicides as well as other chemicals. NBM provides ₹ 200 per Ha towards pest and disease control. It is pertinent to mention here that NBM did not allocate the funds for disease and pest control on all the areas under plantation but a part of the plantation area.

Examination of records revealed that during 2010-15, NBM released an amount of ₹ 32.02 lakh for disease and pest control for 21010 Ha of bamboo plantations as detailed in the table given below:

Table–2.5.4

Year	Sanctioned by NBM for pest & disease control		As per Utilisation		Actual		Short Utilisation	Mortality percentage
	Area in Ha.	Amount	Area in Ha.	Amount	Area in Ha.	Amount	Amount	
2010-11	6000	12.00	0	0	0	0	12.00	39.24
2011-12	6010	12.02	0	0	0	0	12.02	38.03
2012-13	1000	2.00	0	0	0	0	2.00	35.23
2013-14	3000	6.00	3000	6.00	3000	6.00	0	33.33
2014-15	0	0	0	0	0	0	0	0
Total	16010	32.02	3000	6.00	3000	6.00	26.02	

(Source: Management figures)

From the table above, it can be seen that an amount of ₹ 26.02 lakh released by NBM for the purpose of disease and pest control, was not utilised resulting in high mortality rate ranging from 33.33 *per cent* to 39.24 *per cent*. It was also observed that the funds released for the purpose during 2013-14 was diverted for bamboo shoot management instead of pest and disease control. No fund was released by NBM during 2014-15.

In reply, NBDA stated (September 2015) that the amount was spent on charcoal training. The reply is not acceptable as the amount was spent on bamboo shoot management only.

2.5.10.3 Non certification of the planting materials

According to para 6.4.2 of the NBM operational guidelines-2008, the planting materials were required to be certified by the identified certifying agencies such as State Forest Research Institute (SFRI), Rain Forest Research Institute (RFRI), Cane and Bamboo Technology Centre (CBTC) or Krishi Vigyan Kendras (KVKs) in order to ensure quality supply of planting materials for commercial bamboo plantation.

Examination of records revealed that during 2010-15, NBDA procured 138.53 lakh saplings at a cost of ₹ 6.65 crore for supply to the bamboo farmers. Certificates were issued by CBTC for purchase of bamboo seeds made by NBDA for the central nursery managed by the agency itself. However, no certificate was available in respect of the saplings purchased from different nurseries for supply to the farmers. The agency could not ensure the quality of the planting materials supplied.

In reply, NBDA accepted the audit observation.

2.5.10.4 Inadequate training to field functionaries

Continuous training is essential for field functionaries for bringing improvement in any activities. During the period 2010-15, NBM had sanctioned an amount of ₹ 10.68 lakh for imparting training to 158 field functionaries.

Examination of records revealed that only 63 out of 158 field functionaries were trained by the skilled group members of NBDA for which an expenditure of ₹ 3.14 lakh¹⁰ was incurred. Thus, 95 field functionaries were not trained and as a result, an amount of ₹ 7.54 lakh sanctioned for the purpose remained unutilised.

NBDA stated (September 2015) that the release of funds were made at such time that the field functionaries were busy in the field activities. The reply is not acceptable as the training programme could have been coordinated with the field functionaries to avoid such situation.

¹⁰ 2010-11: ₹ 2.86 lakh for 50 participants and 2014-15: ₹ 0.28 lakh for 13 participants

2.5.10.5 Inadequate conduct of workshops/seminars at District levels and State level

In compliance to the norms set by NBM, the State agency furnishes the Action Plan containing the number of workshops and seminars to be conducted and the amount required there against. The objective of such workshops/seminars is to discuss the risk areas and the required remedial measures to address such problems. After due consideration, NBM accords approval and accordingly the funds are released to the State agency.

Examination of records revealed that as against the approval for conducting five workshops/seminars at State level and eight workshops/seminars at District levels during 2010-15, the agency conducted only two workshops/seminars at State level involving an expenditure of ₹ 13.00 lakh. No workshop/seminars were conducted at district level. Thus, due to non-conduct of the workshops and seminars, the risk areas and the required remedial measures to address such problems were not disseminated to the beneficiaries.

NBDA replied (September 2015) that remedial measures are being taken.

2.5.10.6 Unfruitful financial assistance on innovative interventions

As per the NBM operational guidelines 100 per cent of the estimated cost of all projects under innovative interventions was to be provided by NBM. The new interventions focussed on introduction of innovative technology in bamboo sectors.

Examination of records revealed that the State agency incurred an amount of ₹ 2.15 crore (*Appendix 2.5.3*) for various purposes such as handicraft, furniture, market development & linkage etc., as against the sanctioned amount of ₹ 1.99 crore. Audit also noticed the following:-

- a) **Handicrafts:** The agency spent an amount of ₹ 46 lakh¹¹ for handicrafts during 2010-13, however, no innovative interventions were introduced and the craftsmen were engaged in manufacturing the old and conventional items being produced since inception.
- b) **Incense stick making unit:** During 2011-13, the NBM sanctioned ₹ 45 lakh¹² for cluster development of incense stick making against which an amount of ₹ 62.16 lakh¹³ was incurred for purchase of machineries. The machineries were procured and supplied to the entrepreneurs. As per guidelines, the role of NBDA was limited to provide financial assistance to the bonafide beneficiaries instead of purchasing machineries on their behalf. It was noticed that the specifications of the machines were neither suggested by the entrepreneurs nor by any expert in the fields concerned. It was noticed during physical verification that the kind of incense stick produced in those

¹¹ ₹ 20 lakh each (2010-11 and 2011-12) & ₹ 6 lakh (2012-13)

¹² ₹ 25 lakh and ₹ 20 lakh

¹³ ₹ 21.08 lakh each (2011-13) and ₹ 20 lakh (2012-13)

machineries were outdated in the market and thus could not secure the market share. As the machineries were outdated the beneficiaries stopped production of incense stick which indicates that the assistance extended to the beneficiaries did not yield the desired result.

c) **Bamboo Shoot & Pickle processing unit:** During 2012-14, NBM sanctioned ₹ 16.00 lakh for setting up of Bamboo Shoot & Pickle processing units. As per the Receipt & Payment Account, the entire amount was shown as expenditure for the projects but audit observed that no such units were in existence. Thus, an amount of ₹ 16 lakh was paid to unknown beneficiaries.

Thus, the expenditure of ₹ 124.16 lakh incurred on handicrafts, incense sticks making units and bamboo shoot & pickle processing units was unfruitful.

In reply, the Management stated that the expenditures were incurred in the best way to maximise the benefits. The reply is not tenable as no innovative interventions were introduced (handicrafts), incense stick making units were non-functional as the machineries were outdated and bamboo shoot & pickle making units were not set up.

2.5.10.7 Self- sustenance through enterprises/projects

Beneficiary survey was conducted in course of audit by issuing questionnaires to the bamboo farmers which revealed positive results on the generation of revenue to sustain the family economy and payment of wages to the manpower employed by the beneficiaries. Some of the beneficiaries who were yet to harvest were assured of adequate revenue to meet the operational requirement as well as strengthening their family economy.

Photograph: 2.5.1



Bamboo plantation grown with NBM funding at Phutso village, Dimapur

Management expressed that it was committed to empower the individuals and society economically.

2.5.11 Promotional facilities/activities for entrepreneurs and provisions for marketing of the end products

2.5.11.1 Non utilisation of funds for setting up of bamboo wholesale and retail market

As per the NBM operational guidelines-2008 (Para No. 6.5.1), the bamboo wholesale and retail markets were required to be set up near village level micro processing units with a view to facilitate easy access by the farmers and micro-processing units. During 2010-15 NBM sanctioned ₹ 173.31 lakh for setting up of 13 bamboo bazaars (₹ 117.00 lakh), 3 wholesale markets (₹ 15.99 lakh) and 3 retail markets (₹ 40.32 lakh)

Examination of records revealed that NBDA had set up seven numbers of retail markets and two bamboo bazaars utilising an amount of ₹ 80.62 lakh against the allocated fund of ₹ 173.31 lakh (2010-15). Thus, the agency failed to set up 11 bamboo bazaars and 3 wholesale markets resulting in retention of unutilised funds amounting to ₹ 0.93 crore.

It was, however, observed that all the units were located in Dimapur and Kohima. The micro-processing units such as craftsmen units, charcoal briquette manufacturing units, incense stick making units were located at different parts of the State. Thus, the entrepreneurs located at the districts other than Kohima and Dimapur have difficulties in availing market facilities.

NBDA stated (September 2015) that Kohima and Dimapur are the areas with more marketing potential. However, the reply was silent about the non utilisation of the funds amounting to ₹ 92.69 lakh and failure to set up another 14 marketing units.

2.5.11.2 Inadequate infrastructure at bamboo bazaars

According to para 6.5.2 of the NBM operational guidelines 2008, there must be an information centre adjacent to the bamboo bazaars with computers and V-SAT (Very Small Aperture Terminal) facilities to keep track of the demand and supply of bamboo products, costs, user industries, etc.

Examination of records showed that two bamboo bazaars were set up by NBDA at super market, Dimapur and at Kisama, Kohima. The bamboo bazaar set up at Super Market, Dimapur in 2010-11 at an expenditure of ₹ 35.40 lakh is still laying idle as it has not been allocated to the entrepreneurs by the Development Authority of Nagaland. However, bamboo bazaar set up at Kisama, Kohima at an expenditure of ₹ 2.76 lakh was lack of V-SAT facility though a computer was installed. Also information centre was not set up there despite incurring an expenditure of ₹ 38.16 lakh.

In reply, NBDA stated (September 2015) that steps were being taken to provide the infrastructure in the bamboo bazaars.

Photograph: 2.5.3



Bamboo Bazaar at Super Market, Dimapur

2.5.11.3 Resource Mapping

Examination of records revealed that the agency was allocated ₹ 20.00 lakh during 2010-11 for resource mapping to assess the availability of bamboo resources and the amount was utilised during 2011-12.

In reply, NBDA stated (September 2015) that the resource mapping was conducted in 2010-11 and was implemented in 2011-12 to assess the availability of bamboo in Nagaland. The reply is incorrect as the resource mapping was done in 2007-08 and the report was earlier included in the “Approach to Bamboo Development in Nagaland”.

2.5.12 Monitoring and evaluation

2.5.12.1 In-house monitoring and independent evaluation

Para 7 of the NBM operational guidelines specify that there should be continuous in-house monitoring by the State agency. It was observed that NBM-Implementing Team officers visited the sites twice a year. The first visit was to identify the proposed plantation site and the second visit was after plantation was made to verify the implementation. It was also observed that a third party independent evaluation was conducted during 2008-09 and 2011-12. However, the report was not made available to audit.

2.5.12.2 Timely submission of Quarterly Progress Report

The State agency was required to furnish the quarterly progress reports to the NBM about implementation of different schemes of the Mission. It was also required to highlight the problem areas in such report so as to attract the notice of the NBM with a view to take remedial measure.

Scrutiny of records revealed that the quarterly progress reports were not submitted regularly to the NBM by NBDA. Further, the quarterly reports did not highlight the

problem areas such as high mortality rate, ineffective market conditions, non-setting up of tissue culture nurseries, etc.,

In reply, NBDA stated (September 2015) that corrective measures would be taken.

2.5.12.3 Annual General Meeting

Clause 19 of the Memorandum of Association specifies that the Annual General Meeting (AGM) of the society shall be held at the Registered Office of the society not later than six months after the expiry of each financial year. Further, the date and time of AGM was to be decided by the governing body. In the AGM, the audited statement of accounts was to be adopted and the auditor for the next financial year was required to be appointed.

It was noticed that the 5th General Body Meeting was held on 09 September 2009 and the next General Body Meeting (6th) was held only after a lapse of five years (25 September 2014).

According to the minutes of 6th General Body Meeting, the audited financial statement for 2013-14 was tabled in the AGM but no mention was made regarding its adoption. Further, no records were made available to audit on the adoption of the audited financial statements for the earlier years 2010-11 to 2012-13.

In reply, NBDA stated (September 2015) that due to frequent change of Mission Director and also due to pre-occupation of the Chairman, the AGMs could not be conducted. The reply is not tenable as the required AGM was not held as per the provisions laid down in the Memorandum of Association and therefore the audited financial statements have not been adopted.

2.5.12.4 Non assessment of employment opportunities

There was no system in place to assess the magnitude of employment generation through implementation of NBM schemes. Further, conditions for generating employment opportunities, financial assistance to beneficiaries and payment of wages by the entrepreneurs to the workers were not streamlined and monitored by the agency. However, the beneficiary survey revealed that beneficiaries/entrepreneurs were paying wages to the workers at higher rate than the minimum wage prescribed by the Labour Department.

In reply, NBDA stated (September 2015) the matter would be taken up with NBM for formulation of policy.

2.5.12.5 Impact of training

The Agency stated that they provided employment opportunity of 1,91,476 man-days during 2010-15 out of which substantial employment opportunities (89 *per cent*) was created in “Plantation & Management” and “Handicraft & Furniture” as detailed in the table below:

Table -2.5.5

Profession	Employment Man-days	Percentage of total
Plantation & Management	85,996	44.91
Handicraft & Furniture	84,000	43.87
Mat Production	6,000	3.13
Construction	5,400	2.82
Bamboo Bazar & Retail Outlets	4,000	2.09
Bamboo Shoot	2,000	1.04
Charcoal Briquettes	1,680	0.88
Treated Bamboo	1,200	0.63
Flattened Bamboo Poles	1,200	0.63
Total	1,91,476	100.00

(Source: Management figures)

The agency should have taken adequate effective steps to generate more and more employment opportunities in the fields like “flattened bamboo poles”, “charcoal briquettes” and “bamboo shoots” etc.

In reply, NBDA stated (September 2015) that it is committed in bringing about more and more impacts of training on farmers and artisans.

2.5.13 Conclusion

NBDA has not prepared Bamboo Development Mission Document (BDMD) and Annual Action Plan was prepared without conducting feasibility studies. Faulty classification of “Forest area” and “Non-Forest area” led to excess and inadmissible financial assistance of ₹ 47.10 crore. The Agency submitted UCs without ascertaining the actual utilization of funds by the beneficiaries. Against the target to impart training to 130 field functionaries the agency trained only 63. The agency also could not achieve the target of conducting State and District Level Seminars. Expenditure of ₹ 59.30 lakh was incurred on items without approval of NBM. In-house monitoring by the NBDA-Implementing Team was deficient and not regular. Annual General Meetings were not held regularly, as a result, the Annual Accounts for the period 2009-10 to 2013-14 were not approved.

2.5.14 Recommendations

- *Financial assistance should be extended to the beneficiaries according to eligibility after considering the proper classification of the land.*
- *Procurement of saplings should be streamlined and intensive efforts should be made to increase nurseries and sapling production.*
- *UCs should be submitted to the NBM only after considering the utilisation of funds by the beneficiaries.*
- *Trainings and Seminars should be conducted as planned for proper dissemination of the benefits to the entrepreneurs.*
- *Annual General Meeting should be held regularly.*

DEPARTMENT OF ROADS AND BRIGDES (NATIONAL HIGHWAYS)

2.6 Special Accelerated Road Development Programme

2.6.1 Introduction

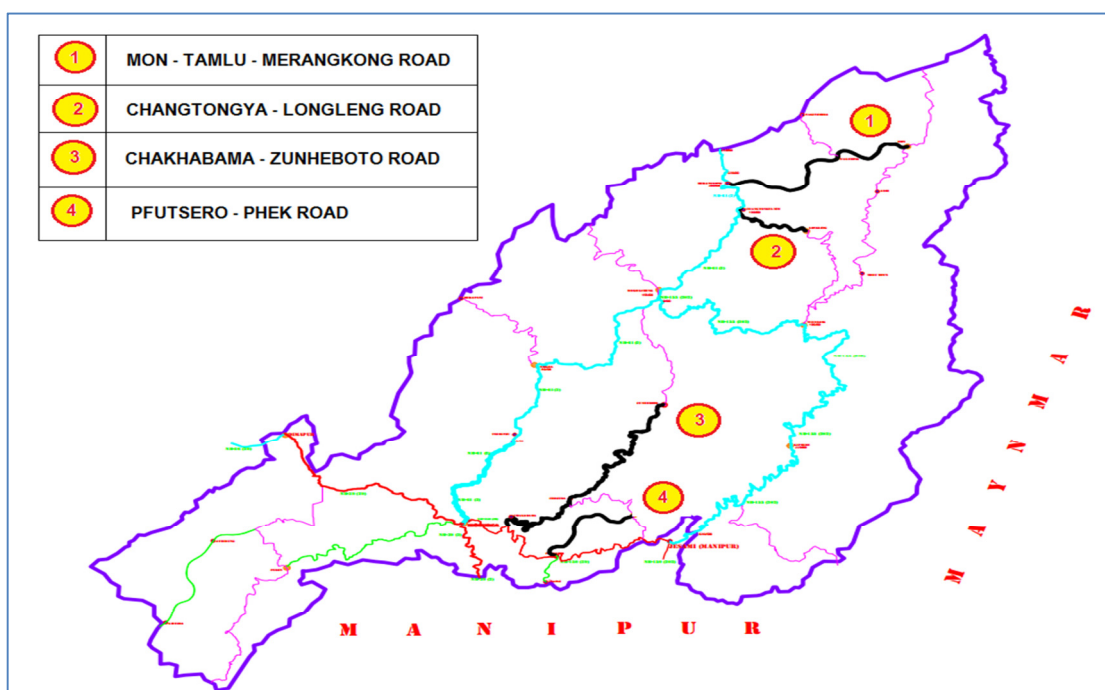
The Ministry of Road Transport & Highways (MoRTH) Government of India (GoI) initiated (April 2008) a mega road development programme in North East region as Special Accelerated Road Development Programme in North East (SARDP-NE) with the following objectives:

- (i) To upgrade National Highways connecting State Capitals to two/four lane;
- (ii) To provide connectivity to all 88 district headquarters' towns of North East Region (NER) by at least two lane road;
- (iii) To improve roads of strategic importance in border area; and
- (iv) To improve connectivity to neighbouring countries.

The Ministry approved (April 2010) for two-laning of the following four roads in the State of Nagaland in one package for ₹ 1,296 crore including centage charges.

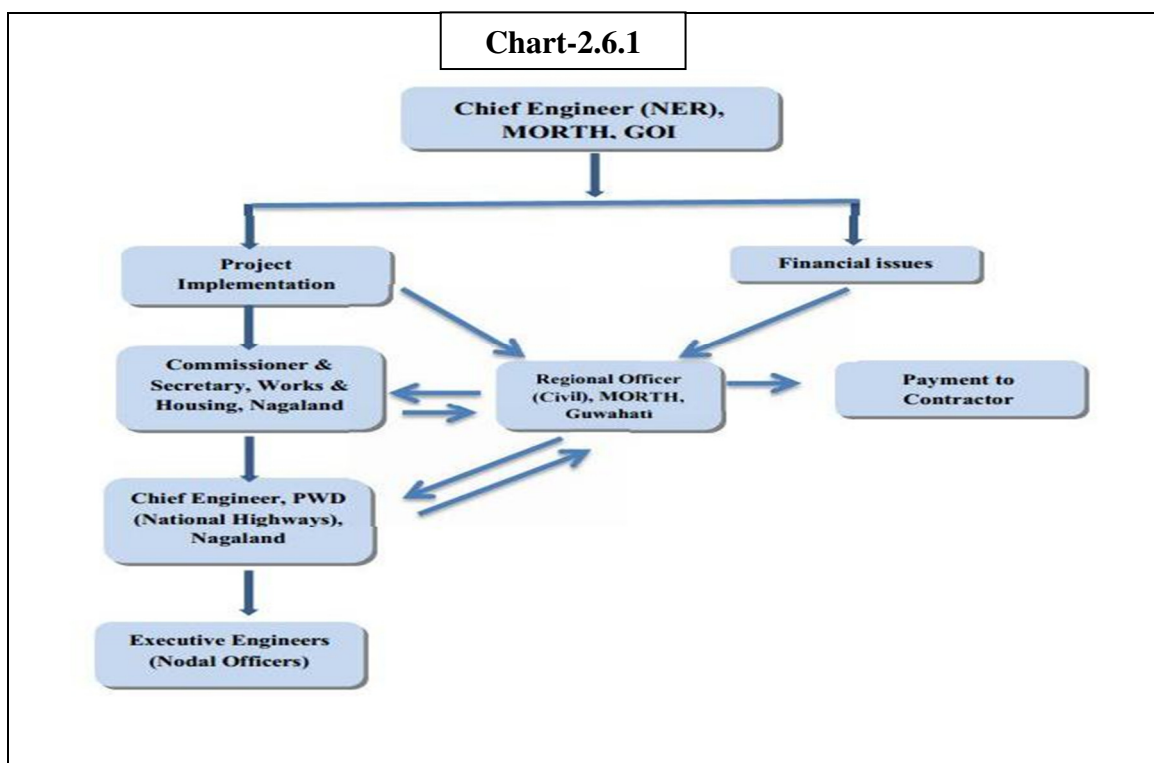
- (i) Changtongya–Longleng road (35 Km);
- (ii) Mon-Tamlu-Merangkong road (100 Km);
- (iii) Pfutsero-Phek road (66 Km); and
- (iv) Chakhabama-Zunheboto road (128 Km)

Accordingly administrative approval, technical approval and financial sanction for the work were accorded in December 2010.



2.6.2 Organisational Setup

The organisational structure for implementation of SARDP-NE in Nagaland is as given below:-



The audit of execution of two laning of the four roads in the State was taken up in September 2014 to March 2015.

Accordingly, project records maintained at the Office of the Chief Engineer, Public Works Department, National Highways (CE, PWD (NH)), Nagaland and four nodal offices of National Highways, entrusted for the implementation of the project was carried out. Joint physical verification (January- February 2015) of the project sites in 149.200 km¹⁴ were also carried out to assess the present status of the road construction under this project. The Audit findings were discussed (March 2015) with CE, PWD (NH), Nagaland and the views of the CE, PWD (NH) have been incorporated in this report.

2.6.3 Preparation of DPR

One of the most important activities before implementation of any major project is the determination of the cost of the project through a Detailed Project Report (DPR) consisting of survey reports, technical specifications, detailed statement showing Bill of Quantities (BOQ) and rates, plans and drawings and a detailed estimate of each item of work.

¹⁴ 21 Km of Mon-Tamlu-Merangkong road (out of 100 Km) + 41 Km of Pfutsero-Phek Road (out of 66 Km) + 30.200 Km of Changtongya-Longleng road (out of 35 Km) + 57 Km of Chakhabama-Zunheboto road (out of 128 Km) = 149.200 Km

As per the guidelines prescribed for preparation of DPR issued by MoRTH, the main objective of the assignment of consultancy services was to establish the technical, economical, and financial viability of the project with due consideration to environmental and social safeguards. MoRTH had also notified (May 2009) that consultancy proposal for the NH works and other Centrally Sponsored Schemes (CSS) should be invited, wherever needed from the empanelled consultants as per their eligibility for the type of work involved.

The Chief Engineer, PWD (R&B) appointed (June 2008) M/s Fast Track (FT), Dimapur, Nagaland as the consultants for preparation of DPR for the eight road projects, which inter-alia included the four roads to be executed under SARDP.

Table- 2.6.1

Sl. No.	Name of the Project	Tentative Length (in Km)
1	2 Laning of Pfutsero-Zhamai Road	18
2	2 Laning of Athibung-Khelma Road	55
3	2 Laning of Phek-Pfutsero Road	79
4	2 Laning of Longleng Changtongya Road	35
5	2 Laning of Tamlu- Merangkong Road	50
6	2 Laning of Mon-Tamlu Road	50
7	2 Laning of Peren-Kohima Road	96
8	2 Laning of Zunheboto- Chakhabama Road	128
Total		511

Note: Roads at Sl. No. 3, 4, (5 and 6 combined as single road) and 8 were taken up under SARDP

As per letter of appointment of the consultant, the consultancy fee shall be 2.5 per cent of the cost of the DPR or 2.5 per cent of the cost of the revised DPR or 2.5 per cent of the final project cost whichever is higher.

Examination of records relating to appointment of consultants revealed that no tendering process was followed during the selection of the consultant which indicated that the competence as per the nature of work involved was not assessed by the Department before issue of work order to the consultant. It was also noticed that the consultant was not amongst the empanelled consultants notified by the Government of India. Further, the Department did not issue any 'Terms of Reference' (TOR) for consultancy services. Instead, the Department accepted vague conditions stating that all necessary drawings and designs of the roads including the RCC bridges should be submitted as per the Indian Roads Congress (IRC) specification of Roads & Bridges.

The work order issued (June 2008) by the CE, PWD (NH) to the consultant was modified in June 2010 to include new clause regarding payment of service tax @ 12.36 per cent. The general procedure of discharge of service tax envisage, details service tax given by the Commissioner, Customs and Central Excise, GoI and should be endorsed with each claim.

M/s. Fast Track submitted, in May 2010, the DPR to the CE, PWD (R&B) for four projects for a total length of 329 Km. The total cost of these four projects was ₹ 1131.81 crore as detailed in Table 2.6.2

Table- 2.6.2

Sl. No.	Name of the Project	Tentative Length (in Km)	Total Estimated Project Cost (₹ in Crore)
1	2 Laning of Phek-Pfutsaro Road	66 Km	205.23
2	2 Laning of Longleng -Changtongia Road	35 Km	142.32
3	2 Laning of Mon to Merangkong via Tamlu Road	100 Km	347.34
4	2 Laning of Zunheboto - Chakhabama Road	128 Km	436.92
Total		329 Km	1131.81

The consultant claimed an amount of ₹ 84.38 crore for consultancy services rendered. However, it was observed that the claim was passed for payment of ₹ 94.81 crore by the Department, which included ₹ 10.43 crore as service tax. Against this, the Department made payment of ₹ 74.81 crore in four instalments and remaining amount were withheld. Reasons as to why the element of Service tax was included in the amount passed for payment, though not claimed by the consultant, was not on record. Proportionately ₹ 36.44 crore would be the share of payment for four roads under SARDP in which Service tax component would be approximately ₹ 4.01 crore. As Service Tax payment details required to be presented with the bills was not furnished by the consultant, the possible evasion of service tax to that extent cannot be ruled out.

It was noticed that the consultant did not conduct detailed topographical field survey, road and pavement investigations, road inventory surveys, survey on site clearance etc. which were essential for preparation of the DPR. Instead, the DPR was prepared by the consultant based on the survey data and drawings provided by the Department. The DPR also did not adequately cover all the requirements of the project. As a result, there were wide variations in the quantity of various items of work executed so far and also, the DPR was revised twice¹⁵ later.

Thus, the expenditure of ₹ 36.44 crore incurred on preparation of DPR was rendered waste as the subsequent implementation of the projects did not adhere to the DPR. It was also noticed that MoRTH had directed the CE, PWD (NH) to take punitive action against the consultant. However, the Department did not comply with the proposal indicating possible nexus between the departmental officers and the DPR consultant.

While accepting the facts and figures the Department in reply (May 2015), stated that punitive action against the erring officers and the consultants has been taken up. However, the follow up action taken up by the Government has not been communicated (December 2015).

¹⁵ M/s. Krishna Consultants and M/s. Rites Ltd.

2.6.4 Award of work

MoRTH invited (June 2010) 'Request for Qualification' (RFQ) from eligible bidders via Global bid for construction of four roads (total length – 329 Km) at an estimated cost of ₹ 928.78 crore. In July 2010, MoRTH invited bids from qualified bidders.

Out of the seven qualified bidders through the global bidding, only three bidders qualified for financial bidding. MoRTH approved (December 2010) the bid of M/s. Maytas Gayatri Joint Venture (MG JV) for the project at a total cost of ₹ 1296 crore (work value ₹ 1130.67 crore + agency charges of 9 *per cent* and centage charges for a sum of ₹ 165.33 crore). An agreement between CE, PWD (NH) and MG JV was signed in February 2011. The project was to commence in February 2011 and was to be completed by February 2014.

2.6.5 Financial progress

Against the sanctioned project for ₹ 1296 crore, the Department had incurred an expenditure of ₹ 579.18 crore (45 *per cent*) as of March 2015 on execution of work. Expenditure details are given below:

Table- 2.6.3

₹ in crore

Sl. No.	Particulars	Expenditure (as of March 2015)
1.	Outstanding Mobilisation advance	99.49
2.	Outstanding Equipment advance	7.46
3.	Released upto 8 th RA Bills	376.32
4.	Cost of Quality control equipment	0.65
5.	Price variation bills (2 RA Bills)	33.22
6.	Land compensation	23.16
7.	Shifting charges	6.13
8.	Agency Charges ¹⁶	32.75
TOTAL		579.18

(Source: Departmental figure)

2.6.6 Physical progress

As per the sanction accorded by the MoRTH, the project should be completed by March 2014. Examination of the records, however, revealed that only 20 *per cent* of physical progress was achieved (January 2015) against the expenditure of 45 *per cent*.

Joint physical verification (February 2015) revealed that the physical progress in respect of three road projects since February/August 2012 was dismal. The road project from Chakhabama to Zunheboto remained suspended since August 2012 and the work resumed after a gap of 28 months. Suspension of works was attributed to non-release of payment to the contractor for the works executed by the contractor over and above the approved DPR.

¹⁶ ₹ 7.83 crore (1st RA Bill) + ₹ 9.01 crore (2nd RA Bill) + ₹ 9.52 crore (3rd RA Bill) + ₹ 4.92 crore (4th RA Bill) + ₹ 1.14 crore (5th RA Bill) + ₹ 0.33 crore (6th RA Bill) = ₹ 32.75 crore

2.6.7 Execution of work

Out of the total claim settled with the contractor for ₹ 376.32 crore, the contractor executed site clearance, earth work, sub base and base course and pipe culverts and RCC slab works. The details of work executed, payments made to the contractors and audit observation thereof are detailed in the subsequent paragraphs.

2.6.7.1 Site Clearance and felling of trees

As per the approved detailed estimates, 125,082 trees of varying girth from 300 mm to above 1800 mm was identified to be cut down in 520.20 hectares¹⁷ of land at an estimated cost of ₹ 31.06 crore. It was, however, noticed that the Department paid ₹ 38.03 crore to the contractor for felling 154,690 extra trees in the stretch of 227 km.

Thus, an additional amount of ₹ 6.97 crore was already incurred for felling 29,608 trees in excess of the approved DPR. This indicate the DPR was faulty.

Further, the details of the volume and types of trees felled during formation cutting of the roads were not on record. The details of the disposal of trees felled was also unaccounted.

2.6.7.2 Earth work



As per clause 3 of the Technical Note of MoRTH, hill cutting for an additional width of 5.5 metre to 6.5 metre was approved to provide formation width of 12 metre including the width of drainage on the hill side and parapet wall. The DPR relating to earth work provided for formation cutting of 73,38,889 cum in soft soil and ordinary rock at a total cost of ₹ 273.40 crore.

Examination of records relating to earth works revealed that against the approved volume of 73,38,889 cum of formation cutting, the contractor executed formation cutting of 85,10,593 cum and accordingly, the Department made a payment of ₹ 314.27 crore. This resulted in extra payment of ₹ 40.87 crore to the contractor due to execution of 11,71,704 cum of earth work over the approved quantity in the detailed estimate.

It was also noticed from the physical and financial progress furnished (August 2014) to the MoRTH that formation cutting was executed only in 227 km (69 *per cent*) out of 329 km.

Out of 149.200 Km jointly verified, formation cutting (***Photographs No.2.6.1 and 2.6.2***) beyond the approved quantity in the detailed estimates was found executed, which was mainly due to bench formation cutting that was not envisaged in the DPR. In the absence of details of measurement in the measurement books, the volume of formation cutting actually executed could not be ascertained during audit.

¹⁷ Cleaning grass and removal of rubbish (263.20 hectare), Clearance by Manual means of the Light Jungle (60 hectares), Clearance by Manual means of the thorny jungle (36.50 hectare), Clearance by Mechanical means of Light jungle (115 hectare), and clearance by Mechanical means of the Thorny jungle (45.50 hectare) = 520.20 hectare

Photograph 2.6.1	Photograph 2.6.2
	
Bench formation cutting in Pfutsero Phek road (2.610 km)	Bench cutting of the hill. Changtongya-Longleng road (Chainage:23 Km)

2.6.7.3 Sub base and base course

As per the detailed estimates the quantity approved for compacting original ground and for Granular Sub Base (GSB) with coarse graded materials was 606,281.52 cum (estimated cost: ₹ 9.09 crore) and 310,790.04 cum (estimated cost: ₹ 91.68 crore) respectively. The contractor executed (August 2014) GSB works in 36 km (10.75 per cent) out of 329 Km and ₹ 14.98 crore¹⁸ was paid to the contractor.

As per BOQ, the cost of GSB work per kilometre work out to ₹ 0.31 crore¹⁹. However, it was observed that against the admissible cost of ₹ 11.16 crore for the completed GSB works for 36 Km the Department paid ₹ 14.98 crore. Thus, the Department paid ₹ 3.82 crore in excess by recording fictitious measurements.

Joint physical verification revealed that GSB work was mainly carried out in two roads viz. Mon-Tamlu-Merangkong road for 6.5 km and Chakhabama-Zunheboto road for 14 Km.

It was also noticed in joint physical verification that:

- GSB work was purportedly started at random stretches from Km. 4.200 to 5.500 and Km 5.800 to 7.450 in Mon-Tamlu-Merangkong road. The roads were filled with soil and mud. River gravel was used for GSB work.
- It was also noticed that GSB work was completed in locations 84.580 to 85.080; 86.280 to 87.010; 87.480 to 87.870; 88.080 to 89.100 and 89.480 to 90.480.
- As per Clause 3.2.2.2 of IRC SP-11 the stones utilised should be free of any weathered fragments However, it was noticed during joint spot verification of Chakhabama–Zunheboto stretch of road (at chainage 50.000 km) that the GSB used was weathered type of shale stone which was in contravention of the IRC specification.

The Nodal Officer in-charge of Chakhabama-Zunheboto road accepted (February 2015) that the rock shale was weathered type instead of approved quality for GSB which was

¹⁸ Provision for GSB for 48.92 km = (₹ 10,07,772,846/329) per km x 48.92 km = ₹ 14.98 crore;

¹⁹ Cost of laying of GSB in 329 Km = ₹ 100,77,72,846, the cost of laying of GSB per Kilometre = ₹ 0.31 crore.

in contravention to the contractual agreement and also assured that necessary rectifications would be done.



In reply the Department stated (May 2015) that the quantity of GSB varies from location to location and the GSB put into use in the work was tested as per IRC standards. The Department also added that there was no incorrect measurement of GSB in the work executed. However, the fact that the poor quality of GSB work was accepted by the Nodal Officer, PWD (NH).

2.6.7.4 Pipe culverts and RCC slab works

The detailed estimates provided for construction of 1167 Hume pipe culverts, extension of 79 culverts, 105 RCC slab culverts, 2 major bridges and 12 minor bridges for a total estimated cost of ₹ 159.99 crore²⁰. The Department reported (August 2014) that 125 Cross Drain structures (9.25 *per cent*) have been completed for which ₹ 7.17 crore (4.48 *per cent* of the estimated cost) was released to the contractor.

Joint physical verification (January 2015) of the four roads revealed that:

- (1) Hume pipe culverts were to be constructed at the locations specified in the Technical Note and as per the approved specification, with earth work excavation, stone masonry, catch pits, guide wall and apron. However, in Chakhabama-Zunheboto road, the Hume Pipe culverts of the ongoing projects were not constructed as per the above mentioned specifications (**Photographs No. 2.6.3 and 2.6.4**). When the matter was pointed out the Nodal Officer of the project stated (February 2015) that instruction to the contractor had already been served and also added that ₹ 0.50 crore had been withheld from the 8th RA Bill for rectification works.

Photograph-2.6.3	Photograph-2.6.4
	
HP Culvert lying half buried in soil in Chakhabama-Zunheboto road	Incomplete HP Culvert construction Chakhabama-Zunheboto road

- (2) In Changtongya-Longleng road, 19 HP culverts valued at ₹ 0.44 crore²¹ were recorded in the MBs as executed and accordingly payment was made to the Contractor. However, audit could not locate six HP culverts at locations

²⁰ 1167 HP Culvert (₹ 67.44 crore), 184 RCC (₹ 39.09 crore), 14 bridges (₹ 53.46 crore) = ₹ 159.99 crore.

²¹ Six HP culverts @ ₹ 0.073 crore/per unit=₹ 0.43 crore

7.760 Km; 7.850 Km; 7.945 Km; 8.240 Km; 11.110 Km and 14.620 Km during physical verification.

- (3) In Mon-Tamlu-Merangkong road, 36 HP culverts were recorded in the MB as executed in the entire stretch of 100 Km. However, 21 HP culverts valued at ₹ 1.53 crore reported as completed in 21 Km covered during the joint physical verification could not be located. The Nodal Officer of the project stated that the culverts could not be located due to excessive bush growth on the developed roads and filling of the culverts by eroded soil.

Thus, 27 HP culverts for ₹ 1.97 crore reported as constructed were not found during joint physical verification in respect of two roads.

The Department stated (May 2015) that rectifications would be made wherever necessary.

2.6.8 Compensation for damages to properties

During the process of the project implementation, the Department proposed an amount of ₹ 23.16 crore²² being the cost of damages in addition to the approved of project cost. The MoRTH released (October 2013) ₹ 23.16 crore²³ to the concerned District Administration to meet the cost of damages.

Scrutiny of records revealed that ₹ 23.00 crore was released to the Districts' Administration by the NHAI, Guwahati for payment of compensation to the owners for demolished buildings and damaged crops.

As per clause 2.01 and 2.04 of the BOQ, the excavated soil should be disposed by mechanical means up to 1.00 Km by the contractor and the rate applicable to this was also provisioned in the BOQ.

Joint physical verification of four roads totalling a length of 49.200 Km revealed that:

- The damage of crops/agri-land was due to haphazard dumping of soil by the contractor.
- Though buildings were reported as damaged/shifted in the estimate this was not supported by detail calculations of actual plinth area to arrive at the damage cost.
- Buildings, plantations and farms against which compensation was released in Pfutsero-Phek road (**Photograph No. 2.6.5**), Changtongya-Longleng road and Mon-Tamlu-Merangkong road amounting to ₹ 4.01 crore could not be identified during joint physical verification (**Appendix-2.6.1**).

²² Buildings (₹ 19.77 crore) + Plantation (₹ 0.95 crore) + Terrace field (₹ 2.44 crore) = ₹ 23.16 crore.

²³ Mokokchung (₹ 1.23 crore) + Longleng (₹ 6.82 crore) + Mon (₹ 1.91 crore) + Kohima (₹ 0.17 crore) + Phek (₹ 10.71 crore) + Zunheboto (₹ 2.32 crore) = ₹ 23.16 crore

Photograph 2.6.5



One of the locations identified for compensation for terrace field

- The owners of the affected buildings, water tanks and plantations in Pfutsero-Phek road who were paid compensation of ₹ 3.80 crore had not shifted/relocated (*Appendix-2.6.2*) their properties.
- The Department released ₹ 12.69 lakh in excess over the depreciated value of the assets in Pfutsero-Phek road (*Appendix-2.6.3*)

Thus, haphazard dumping of excavated soil caused destruction of standing crops and plantation in the agricultural land of the farmers. Further, out of the damages for ₹ 23.16 crore estimated by the Department, the properties and crops worth ₹ 7.81 crore for which the compensation was released could not be identified or found shifted.

In reply, the Department stated (May 2015) that the Actual Payee Receipts of the compensation paid through the Deputy Commissioners were yet to be obtained. The Department also assured that the excess over the depreciated value of the assets in Pfutsero-Phek road would be verified with the Deputy Commissioner, Phek.

2.6.9 Price Variation

Clause 47.1 of the Contract stipulates Contract price shall be adjusted for increase or decrease in rates and prices of labour, materials, fuels and lubricants in accordance with the principle and procedures and as per formula given in the contract. The price adjustment shall apply for the work done from the start date given in the contract up to end of the initial intended completion date or extensions granted by the Engineer and shall not apply to the work carried out beyond the stipulated date for reasons attributable to the Contractor.

The Department released an amount of ₹ 33.22 crore towards price variation to the contractor in two instalments based on the quantity of work executed in six RA Bills. Examination of records revealed that the Department paid ₹ 7.43 crore to the contractor as price variation against the non-executed bituminous components.

The Department stated (May 2015) that the price variation bill was released by the Regional office, MoRTH as per the contract conditions. However, the Regional Officers would release the payment to the contractor only on the basis of measurements made and recommended by the Nodal Officers of PWD (NH) of the State Government and hence could not absolve of its responsibilities.

2.6.10 Quality Control and monitoring of the project

Quality control of construction materials and product was an essential requirement for obtaining an improved and uniform standard of roads. As per Clause 12.7 of the Contract, measures shall be taken to ensure quality of works in accordance with "Handbook of Quality Control for construction of roads and runways (Second Revision) – IRC: SP -11", which provide that testing facilities are required to be set up at Central, Regional and Field levels. Since it is neither feasible nor advisable to send samples for routine test all the way to the Regional Laboratories and thereby delay the work for want of test results, setting up of facilities for basic tests at the level of Junior Engineer/Engineering Subordinates was therefore necessary.

Further, it is desirable that out of the total tests, 70 *per cent* is carried out by the Junior Engineers, 20 *per cent* by the Assistant/Deputy Engineer and the remaining 10 *per cent* by the Executive Engineer. The test result record registers were to be presented with every third running bill so that the payments get linked with the assured quality of work. For setting up of the Quality control facilities, the Department purchased (January and March 2013) Quality Control Equipment worth ₹ 65 lakh. Joint physical verification (February 2015) of the PWD Store revealed that

- Though the equipments were procured, they remained idle, packed and dumped haphazardly in the PWD Store as shown in the **Photograph 2.6.6**.
- Stock register was not maintained for accounting the equipments purchased.
- No Quality Control testing was conducted by the Nodal Officers.

Thus, even after spending ₹ 65 lakh for procurement of quality control equipment, no quality control testing was being conducted and as a result use of sub-standard material in GSB work of Chakhabama – Zunheboto road, in contravention to Clause 3.2.2.2 of IRC SP-11, was unnoticed.

The Department stated (May 2015) that the equipment procured were kept in PWD store due to non-setting up of temporary testing laboratory at Chozuba, Phek district as the proposal for the project was turn down by the MoRTH. The Department admitted that no stock register was maintained since all the materials were issued to site. However, the fact remains that the equipment remained idle, packed and were dumped haphazardly in the Store itself.



2.6.11 Monitoring mechanism

As per the Clause 12.7 of the Technical Note of the MoRTH, measures should be taken to ensure quality of works in accordance with the "Handbook of Quality Control for construction of Roads & Runways (Second Revision) - IRC:SP 11" and the instructions contained in Ministry's letter No. NH-III/P/83 dated. 19/04/1984. Financial progress of the project should be monitored by the Regional Officer, MoRTH, Guwahati whereas the physical progress should be monitored by the designated officers assigned by the CE, PWD (NH).

Nodal Officer posted against each road was to monitor the work by giving necessary directions, supervising the work, recording of measurements, forwarding the claim of the contractor and coordinating with District Administration.

Though instructions were given to the contractor from time to time while executing the project, the contractor did not follow the instructions of the nodal officers. This resulted in excess execution of different items of work as discussed in previous paragraphs.

2.6.12 Proposal for revised estimate

During examination of records it was noticed that the CE, PWD (NH) submitted (February 2012) a revised DPR for an amount of ₹ 2978.20 crore to the MoRTH citing reasons that the approved quantity in the sanctioned estimate had already been exhausted and a revised estimate was prepared to accommodate the excess as well as anticipated quantity of work remained for execution. At the time of submission of the revised DPR, financial achievement was 46 *per cent* where as physical achievement was only 20 *per cent*. Thus, the Department submitted a proposal for revision of DPR to the MoRTH. However, the proposal was turned down by the MoRTH.

The revised proposal vis-à-vis approved DPR is tabulated below:

Table-2.6.2

₹ in crore

Sl No	Item of work	BOQ/ sanctioned amount as per original DPR	Proposed BOQ/amount as per revised DPR	Variation	Percentage of variation
1	Site clearance and dismantling of existing structures	60.86	108.79	47.93	78.75
2	Earth work	7338889.02 cum	38755110.72 cum	31416221.7 cum	428.08
		273.40	1536.91	1263.51	462.15
3	Sub base and base course	1552028.12 cum	2123710 cum	571681.88 cum	36.83
		309.95	373.35	63.40	20.45
4	Bituminous courses	329.000 Km	313.000 Km	(-) 16 Km	-4.86
		270.92	256.99	(-) 13.93	-5.14
5	Pipe culverts, RCC slab culverts, Retaining wall, Road safety appurtenances, Bridges	-	-	-	-
		215.54	322.21	106.67	49.49
Sub total		1130.67	2598.25	1467.58	129.80

Sl No	Item of work	BOQ/ sanctioned amount as per original DPR	Proposed BOQ/amount as per revised DPR	Variation	Percentage of variation
6	Contingencies	31.66	72.75	41.09	129.79
7	Quality control charges	11.62	26.71	15.09	129.86
8	Work Charged establishment charges	17.44	40.07	22.63	129.76
9	Agency charges	104.61	240.39	135.78	129.80
Grand Total		1296.00	2978.17	1682.17	129.80

(Source: Departmental figure)

It would be seen from above table that maximum variation of 462.15 *per cent* with reference to the approved DPR occurred in BOQ in respect of earth work. The Chief Engineer PWD (NH) justified the variations considering the formation cutting in the height of 12 metres, classification of soil conditions, increase in quantum of felling of trees etc.

The MoRTH assigned M/s. Rail India Technical and Economic Service (RITES) Ltd. for re-survey of the project to analyse the huge variation in earth formation cutting proposed by the CE, PWD (NH) in the revised DPR. The copy of the re-survey report was not made available to audit.

Interestingly it was noticed that the CE, PWD (NH) appointed (September 2013) M/s. Krishna Techno Consultants (P) Ltd.–HNBC (JV) for resurvey and preparation of revised survey report for two-laning of four SARDP road covering 329 Km. For resurvey and preparation of DPR, the Department allowed ₹ 2.50 lakh per kilometre. This may entail a liability of ₹ 8.22 crore²⁴ towards consultancy charges by awarding work order to the consultant for resurvey and preparation of revised DPR.

2.6.13 Conclusion

The preliminary activities taken up by the Department of Public Works was inadequate for timely implementation of the project. The DPRs prepared for four roads were not based on adequate surveys and investigation resulting in large deviation in the implementation of the works from the approved DPRs. A proportionate amount of ₹ 36.44 crore paid to the Consultant for preparation of DPRs for four roads was a waste. As a consequence, **not a single kilometre in any of the four roads was completed as per the objectives of the scheme despite an expenditure of ₹ 602.34 crore on execution of work so far.** No further progress of work has been achieved on any of the four roads since August 2012. The single-lane roads which previously existed had since degraded and have been rendered almost unusable causing hardship to the commuters.

²⁴ 329 Km x ₹ 2.50 lakh = ₹ 8.22 crore

DEPARTMENT OF RURAL DEVELOPMENT

2.7 Backward Regions Grant Fund (BRGF)

Backward Regions Grant Fund Programme (BRGF) was launched by the Government of India (GoI) in 2006-07 for the development of 250 (increased 272) backward districts of the country including five districts²⁵ of the State of Nagaland. The scheme aims at focused development of backward areas by bridging gaps in critical infrastructure as well as other developmental requirements and to mitigate the regional imbalances. The BRGF programme has been delinked from the 100 per cent budgetary support by Government of India from the year 2015-16.

Highlights

➤ *BRGF was implemented in the State without identifying the critical developmental gaps in the villages.*

Paragraph 2.7.8.1

➤ *HPC decision to suo-moto formulate the rural housing scheme under BRGF defeated the very idea of participatory bottom up planning.*

Paragraph 2.7.8.2

➤ *There were delays in release of funds ranging from 62 days to 361 days to the implementing entities. and a penal interest of ₹ 2.68 crore on delayed release of fund, was not released to the implementing entities.*

Paragraph No.2.7.9.1

➤ *Rural housing materials supplied were not as per the quality specifications.*

Paragraph No.2.7.10.1 (f)

➤ *There were unexecuted works valued at ₹ 2.38 crore and inadmissible works valued ₹ 3.35 crore.*

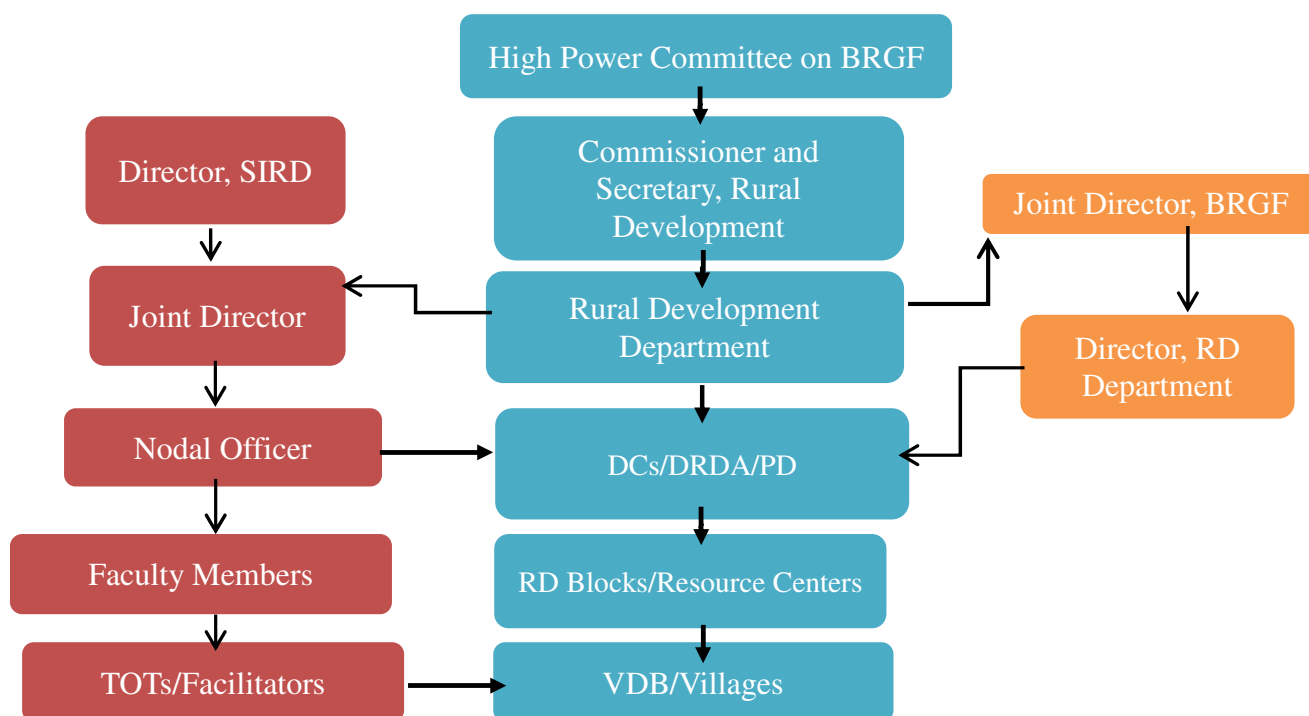
Paragraph No.2.3.10.2 (i)&(ii)**2.7.1 Introduction**

In Nagaland, the BRGF scheme was implemented in the same manner as the grants-in-aid programme of the State Government implemented by the Village Development Boards (VDBs) for rural areas and ULBs for urban areas. Out of 11 districts, BRGF scheme was implemented in five backward districts in Nagaland on the following funding pattern:

- a. **Capacity Building Fund:** To build capacity in planning, implementation, monitoring, accounting and improving accountability and transparency.
- b. **Development Fund.** To address critical gaps in integrated development identified through participative planning processes.

²⁵Kiphire, Longleng, Mon, Tuensang and Wokha.

2.7.2 Organisational setup



2.7.3 Audit objectives

The objectives of the Performance Audit of the BRGF programme were to assess whether:

- the planning process was comprehensive and participatory;
- the allocation and release of funds were timely and adequate;
- the scheme was implemented economically, efficiently and effectively and
- the internal control mechanism and evaluation systems were effective.

2.7.4 Scope of Audit

The Performance Audit covered the period from 2010-11 to 2014-15 through test check of records in the offices of the Directorate of Rural Development (RD), the State Institute of Rural Development (SIRD), three²⁶ District Rural Development Agencies (DRDAs), seven²⁷ Block Development Offices (BDOs), 35²⁸ Village Development Boards (VDBs) and three²⁹ Urban Local Bodies (ULBs).

²⁶ DRDA Mon, Tuensang and Wokha.

²⁷ Tuensang - Sangsangnyu, Chare, Noklak, Mon – Chen, Tobu, Wokha – Wozhuro-Ralan, Sanis

²⁸ (Tuensang) - Sangsangnyu, Chendang, Hakching, Konya, Tuensang P Khel, C Khel. Chare, Kidding, Alisopur, Noklak, Nokyan B, Kusong, Aniyashu, Lengnyu, Waoshu, (Mon) – Chenwetnyu, Chenmoho, Changlang, Ngangching, Monyakshu, Changlangshu, Bumei, Ukha, Langmeang, (Wokha) – Phiro, Shaki, Ralan Old, Pongithong, Liphayan, Chandalashung B, Pangti, Okotso, Sungro, Meshangpen, Tsopo.

²⁹ Mon, Tuensang and Wokha.

2.7.5 Methodology of Audit

The Performance Audit commenced with an Entry Conference on 15 April 2015, issue of requisition and questionnaires, examination and issue of audit observations, joint physical verification, beneficiary survey and issue of draft report to the Department. The draft report was discussed with the representatives of the Departments in an exit conference (28 Sept 2015). The replies received and the views expressed by the Department during the exit conference have been appropriately incorporated in the report wherever necessary.

2.7.6 Audit Criteria

The Criteria for assessing the achievement of the scheme are derived from the following sources:

- BRGF guidelines of the GoI.
- VDB grant-in-aid rules.
- Minutes of meeting of HPC for execution of BRGF projects.
- Perspective Plan and Annual action plan for implementation.
- Training calendar.
- Minutes of District Planning and Development Board.
- Records of Social Audit.

2.7.8 Acknowledgement

We acknowledge the assistance and cooperation extended to us at all levels during the conduct of this performance audit.

Audit findings

Important Audit findings are discussed in the following paragraphs.

2.7.8 Planning and participatory approach

BRGF guidelines envisage that each Panchayat or Municipality within the backward district concerned will be a unit for planning under BRGF. In terms of the defining features of the guidelines, the modalities of actual planning and implementation for the rural areas would be the same as grants-in-aid programme of the State Government implemented by the VDBs in the villages. The plan prepared by the VDBs are consolidated at the Block levels and forwarded to the District Rural Development Agency (DRDA). In the case of Urban Local Bodies (ULBs), the Urban District Level Committee (UDLC) on BRGF identifies and prioritises the schemes. The plans prepared by each VDB and ULB are consolidated into a District Plan which on approval by the District Planning & Development Board (DPDB) becomes the frame work for implementation of BRGF in the district.

2.7.8.1 Inadequate planning

The guidelines of the BRGF envisage taking up of a diagnostic study of backwardness by enlisting professional planning support through Technical Support Institutions

(TSIs). This includes preparation of a baseline survey of assets available in the districts and requirement of the villages and important developmental gaps and programme fund deficiencies that are hampering development, identify the needs and priorities of the stakeholders etc. which can be used for undertaking evaluation at a later date. Thereafter a well-conceived participatory district development perspective plan was required to be prepared to address the backwardness. The plan should integrate multiple programmes that are in operation in the district concerned and address the backwardness through a combination of resources that flow to the district. The programme identified for implementation under the fund will be selected through people's participation, particularly through village and ward members. Participatory plan prepared should take into account all resources being spent in the village/urban region, taking into account sectoral and district segments of district plan, centrally sponsored schemes, fund flow of MGNREGS, tied and untied grants from Central and State Finance Commissions, fund flows from Bharat Nirman Programmes etc.

Examination of records revealed that the GoN appointed (October 2007) Moksha Group, a Guwahati (Assam) based firm for preparation of perspective plan for the BRGF districts of the State at an estimated cost of ₹ 30 lakh. However, terms of reference of appointment was not mentioned by the Government. As per the guidelines of the Ministry of Panchayati Raj, for preparation of perspective plans, the Agency appointed was required to visit districts, blocks, villages and also take up baseline study of the district.

It was noticed that the Agency did not visit any of the test checked villages and also did not take into account the convergence of resources and activities in the Village/Urban level as envisaged. It also did not take into account the training needs and infrastructure developments required under capacity development and training. However, full payment was released to the consulting firm though it did not observe the modalities in preparation of Perspective Plan.

Since the participatory approach was not followed, the awareness of the programme was poor amongst the stakeholders. The fact was confirmed during interaction and interview with different stakeholders of BRGF as 75 *per cent* of the persons interviewed were not aware about the BRGF programme.

Thus the BRGF programme was implemented without identification of critical development gaps.

While accepting the facts, the Department replied (September 2015) that the Agency had visited 24 blocks and villages in 2007 for preparation of perspective plan. In the second phase, due to lack of co-operation from the heads of the department in the districts, only district level workshop was conducted to complete the task of preparation of Perspective plan. However, there was no documentary evidence in support of such visits to villages by the Agency as well as conducting of district level workshop.

2.7.8.2 Deviation from decentralised Planning

The BRGF programme envisaged a decentralised bottom up planning approach. The projects/activities are required to be selected by the VDBs in the rural areas and ULBs for the urban areas. BRGF guidelines also stipulated that DPDB should not add or substitute any work proposed by any VDB/ ULB unless the DPDB finds variance with the guidelines or duplication of works.

During 2010-15, for implementation of BRGF in the selected districts, the VDBs identified and proposed the following programmes which were duly approved by the DPDBs of the respective districts.

Table 2.7.1*₹ in crore*

Name of District	Total number of Schemes	Total amount proposed	No. of proposals for rural housing	Amount proposed
Mon	697	84.82	199	20.67
Tuensang	638	61.62	40	2.65
Wokha	990	52.40	5	0.29
Total	2325	198.84	244	23.61



(Source: Departmental figures)

As seen from the table above, during the last five years, VDBs in the selected districts submitted 2325 proposals under BRGF, of which only 244 (10 *per cent*) were related to rural housing. This indicated that the rural housing was a low priority scheme under BRGF programme among VDBs in selected district.

Examination of records revealed that the HPC however decided (August 2009) to implement rural housing on a priority basis. Against the actual proposal to extend assistance to 244 household by the VDBs, the HPC arbitrarily decided to extend assistance to 11,398 household i.e., 11,154 households were extended assistance in excess of what was proposed by the VDBs. It was noticed that under BRGF programme CGI sheets (83451 bundles) at a total cost of ₹ 42.14 crore was supplied out of the total allocation of ₹ 94.51 crore. It was also noticed that VDB Association of districts wherein BRGF programme was being implemented represented (February 2014) to GoN and the Director, Rural Development against the policy of the HPC to allocate funds for materials for rural housing under BRGF. However, the policy of allocation of CGI sheets for rural housing continued as of 2014-15. As a result, other components of the programme such as rural connectivity, community toilets, water reservoirs, etc. was accorded low priority despite being proposed by VDBs.

It was observed that prior to 2010-11, proposals made by VDBs was considered by the HPC during the implementation of BRGF programme in the State. As a consequence, the VDBs could take up development of infrastructure facilities in their villages as can be seen in the **Photograph No.2.7.1**. However, since the decision to prioritise the rural housing in villages was taken by the HPC, other infrastructure development in the villages was neglected due to fund constraints. It was also observed that a multipurpose VDB house taken up by the VDB Nokyan B under BDO Noklak (**Photograph-2.7.2**)

remained incomplete (May 2015). Since the scheme was wound up, it is unlikely that this house will ever be completed.

Photograph No. 2.7.1	Photograph No.2.7.2
	
Village council hall Cum rest house constructed by VDB Noklak during 2008-10 under BRGF.	An incomplete Multipurpose VDB House seen at Nokyan B village under BDO Noklak

The Department while accepting the fact stated (September 2015) that though the percentage allocated to rural housing was more in some of the districts as pointed out in audit, the aim was to cover 100 *per cent* coverage of the villages in the district and intervention to continue with rural housing for the interest of the people was taken.

The reply has to be viewed in light of the fact there is a flagship programme, *Indira Aawas Yojana* (IAY), intended at tackling the problem of rural housing, which was being implemented in the State. The guidelines of BRGF programme allowed sourcing of funds for augmenting IAY and meeting a portion of the backlog in provision of new housing if a particular DPC aims at making the district free of a housing problem and the local PRIs see this as a priority. However, VDBs had other priorities, which were neglected. The decision of HPC was against the spirit of the programme to involve participation at the grass-root level in decision making.

2.7.8.3 Guidelines and instructions not issued

The Government of India, Ministry of Panchayati Raj had amended (January 2011) paragraph 2.1 and paragraph 4.22 of BRGF guidelines empowering DPDBs to consolidate and approve the district Plan and changed the role of HPC from district plan approving authority to the body overseeing implementation and monitoring of the BRGF programme. For this purpose necessary guidelines and instructions were to be issued by the HPC.

However, policy frame work and guidelines were not issued on major issues of implementation like sub allocation of funds, grants-in-aid norms to women and youth, adoption of convergence activities, quality monitoring systems, equipping VDBs with professional administrative and technical help, in preparation of plans and their implementation and monitoring, using Panchayati Raj Institutions Accounting Software (PRIA soft) for accounting functions of VDBs/ULBs etc.

The Department did not furnish specific replies on all the points raised in Audit. However, it accepted (September 2015) that the norm of funding as per VDB grants

considering women and youth was not taken into BRGF and *inter se* allocation was made as per 2001 census for Rural and Urban areas.

2.7.9 Financial Management

2.7.9.1 Financial Outlay

The year wise position of receipts of fund from GoI and corresponding releases by the State Government and utilisation by the Implementing entities is given in the table below:-

Table 2.7.2

₹ in crore

Year	Allocation and fund released by GoI				Funds released by State Government to		Amount utilised	
	Capacity Building		Development Grants		SIRD	RD	SIRD	VDBs / ULBs
	Allocation	Fund released	Allocation	Fund released				
2010-11	9.00	3.00	37.04	37.04	2.00	29.91	2.10	30.78
2011-12	3.00	3.00	38.48	38.48	3.70	43.30	4.59	32.58
2012-13	4.20	4.20	37.31	37.31	1.80	39.61	2.58	45.94
2013-14	0	0	9.12	9.12	2.70	7.70	2.90	12.92
2014-15	4.20	4.20	64.86	56.67	2.10	15.83	1.12	14.91
Total	20.40	14.40	186.81	178.62	12.30	136.35	13.29	137.13

(Source: Departmental figures)

2.7.9.2 Delay in release of funds and parking of funds in Civil Deposit

Para 4.6 of the BRGF guidelines stipulated that all funds will be transferred to the Consolidated Fund of the State and the same shall be transferred to the bank accounts of the implementing entities (IEs) within 15 days from the date of release of fund to the State. Further, terms and condition of the GoI sanction orders stipulated that in case of delay in transfer of fund by the State Government beyond this stipulated period, penal interest at RBI rate shall be required to be transferred by the State Government to the IEs concerned along with the principal amount of fund.

Examination of records revealed that during 2010-15;

- ₹ 178.62 crore was released by GoI as Development Grants, of which ₹ 136.35 crore has been released by GoN and remaining ₹ 42.27 crore was kept in Civil Deposits;
- Further, ₹ 14.40 crore was released by the GoI for capacity building. Out of which ₹ 12.30 crore was released by GoN and balance amount of ₹ 2.10 crore was kept in Civil Deposit.
- There were delays ranging from 62 days to 361 days in release of funds by GoN. During the period 2010-15. Though there was delay in release of central allocation, the penal interest of ₹ 2.68 crore³⁰ as provided in the guidelines was not released to the IEs.

³⁰ Development grant ₹ 2.49 crore and Capacity Building ₹ 0.19 crore.

The Department accepted (September 2015) the facts and stated that the matter was discussed in HPC meetings for timely release of funds. Since the programme has been discontinued from the year 2015-16, prospects of utilisation of ₹ 44.37 crore parked in Civil Deposit by end of March 2015 are remote and needs to be refunded to GoI.

2.7.9.3 Grants-in-aid not released due to delay in approval AAP

BRGF is a 100 *per cent* centrally sponsored scheme. Timely release of funds is crucial for any scheme to be effectively implemented. Scrutiny of the funds sanctioned and released by the GoI revealed that during 2013-14, no fund was released by the GoI under capacity building to the GoN though an amount of ₹ 5 crore was proposed and included in the Annual Action Plan (AAP) by the GoN. Under development grant, GoI released only ₹ 9.12 crore for Tuensang district (March 2014) against a proposal of ₹ 71.80 crore and the other four districts³¹ did not receive any assistance from the GoI. The delay by the HPC for approval of the AAP was stated as the reason for late submission of proposals by SIRD and consequent non-receipt of assistance.

Since the anticipated assistance was not received, IEs could not implement the intended schemes.

2.7.9.4 Criteria for allocation of fund to different categories not adhered to

As per the BRGF guidelines and the HPC directions (August 2007), the funds was to be released on pro-rata basis to all the households in the case of villages and urban population in the case of ULBs. In Tuensang and Mon districts, the percentage share of VDBs and ULBs were 93 and 7 respectively.

However, the norms were not followed in the case of the above mentioned two districts during 2010-15. As against the admissible seven *per cent* for ULBs, the shares released to them were 15 to 20 *per cent* of the total allocation thus depriving the VDBs of their due share.

In reply (September 2015), the Department accepted the facts and stated that the changes in criteria for allocation of funds could not be proposed for approval in the HPC meetings by oversight.

2.7.10 Implementation of the Scheme

Irregularities in implementation

2.7.10.1 Implementation of Rural Housing under BRGF

(a) Para 4.3.2 (C) of the BRGF guidelines stipulates that if, by augmenting IAY, a portion of the backlog in provision of new housing can be met and if, a particular DPC aims at making the district free of housing problems and if, the local VDB sees this as a priority, funds may be sourced for rural housing.

³¹ Kiphire, Longleng, Mon and Wokha.

In the sample districts, the rural housing was given priority under BRGF at the behest of the HPC who had assigned no role in the selection of the schemes to be implemented under BRGF.

During 2010-15, the expenditure incurred on purchase of CGI sheets for rural housing of the three selected districts vis-à-vis funds received under BRGF is shown in the table below:

Table 2.7.3

₹ in crore

Year	Districts											
	Mon			Tuensang			Wokha			Total		
	Fund Received	Expenditure	Percentage of expenditure on CGI	Fund Received	Expenditure	Percentage of expenditure on CGI	Fund received	Expenditure	Percentage of expenditure	Fund received	Expenditure	Percentage of expenditure on CGI
2010-11	8.32	1.58	18.99	7.03	4.89	69.56	3.22	2.4	74.53	18.57	8.88	47.82
2011-12	8.83	0.91	10.31	8.5	7.91	93.06	4.69	4.38	93.39	22.02	13.21	59.99
2012-13	14.60	6.41	43.90	10.81	3.96	36.63	7.66	3.24	42.30	33.07	13.61	41.16
2013-14	4.97	1.83	36.82	2.85	0.35	12.28	0	0	0.00	7.82	2.18	27.88
2014-15	2.37	0	0.00	9.12	3.67	40.24	1.44	0.6	38.96	13.03	4.26	32.69
Total	39.09	10.74	27.48	38.31	20.78	54.24	17.01	10.62	62.07	94.51	42.14	44.59

(Source: Departmental figures)

The table above shows that expenditure on CGI sheets out of total expenditure during 2010-15 was 44.59 *per cent* and varied between 10 *per cent* and 93 *per cent*. The maximum expenditure was incurred in Wokha district during 2011-12 (93 *per cent*) whereas the proposal for rural housing by the VDBs of Wokha for the five years was only ₹ 29 lakh. The fund proposed from rural housing by the VDBs of Tuensang and Mon were 6 *per cent* and 35 *per cent* respectively of the total fund proposed for the five years period against the actual expenditure of 54 *per cent* and 27 *per cent* respectively. This was in spite of an already existing flagship programme, *Indira Awas Yojana* (IAY), which was exclusively meant for rural housing development.

The Department in reply (September 2015) stated that HPC had approved to continue with rural housing programme under BRGF to achieve 100 *per cent* coverage of rural housing.

As a consequence, the fund which would have otherwise prioritised for developmental projects under BRGF as proposed by the VDBs of the districts was expended for purchase of CGI sheets for rural housing. Under Wokha district, 46 *per cent* of the beneficiaries in the three³² test checked villages responded that the CGI sheet they received were utilised for construction of kitchen, construction of sheds, etc. as the beneficiaries already had pucca houses.

³² Phiro, Liphayan, and Shaki villages.

(b) During 2012- 13, PD, DRDA, Wokha released an amount of ₹ 1.09 lakh (March 2013) to a supplier³³ for supply of 2085 bundles of CGI sheets. It was however, observed that the supplier did not supply the materials even after full payment. The matter was confirmed during verification of records of the selected villages. Similarly, during 2014-15, supply order was issued to a supplier³⁴ for 1138 bundles of CGI sheets valued at ₹ 60 lakh. The CGI sheets were not received (May 2015) by the DRDA or blocks though full payment was made for the same.

The Department stated (September 2015) that the matter is under scrutiny and the results of the same will be intimated to audit at the earliest. However, no reply had been received as of December 2015.

(c) DRDA Mon had procured 6573 bundles of CGI sheets for ₹ 3.47 crore from a supplier³⁵ at the rate of ₹ 5279 per bundle during 2011-12 and allocated 1589 bundles (July 2011) to BDO Tobu. However, this was not received by the BDO resulting in non- receipt of CGI sheets worth ₹ 84 lakh. It was also observed that DRDA Mon issued supply order for 1136 bundles of CGI sheets and paid (March 2015) the full amount of ₹ 59.97 lakh though the supplier³⁶ did not supply the materials as of June 2015.

In reply (September 2015) the Department stated that reply would be furnished after cross verification of records. However, no reply was received (December 2015).

(d) During 2010-15, DRDA Tuensang allocated 7363 bundles of CGI sheets to BDO Sangsangnyu. However, it was observed that only 3031 bundles of CGI sheets was received by the BDO resulting in short receipt of 4332 bundles of CGI sheet worth ₹ 1.94³⁷ crore.

In reply (September 2015), the Department stated that the matter is under scrutiny and results of the same will be intimated to audit at the earliest. However, no reply was received (December 2015).

(e) In seven out of 35 villages test checked, it was observed that there was short/non receipt of 1348.20 bundles of CGI sheets worth ₹ 60 lakh (***Appendix 2.7.1***).

The Department did not offer any comments on this issue (December 2015).

(f) The specification of CGI sheet as per the supply order was 0.5 mm in thickness. However, during joint physical verification of 35 villages it was noticed that the material supplied was 0.3 mm thick CGI sheets in contravention of the supply order.

In reply (September 2015), the Department stated that there was no separate purchase committee under BRGF programme as the rural housing under BRGF was implemented in line with IAY programme and BRGF cell felt that same specification were being supplied to the districts. Further, there was no complaint from the beneficiaries so far

³³ M/s. Tangit Jamir

³⁴ M/s. Shetovi Sema, Dimapur

³⁵ M/s. Walling Enterprises, Dimapur

³⁶ M/s. Shetovi Sema

³⁷ 4332 bundles X ₹ 4470 = ₹ 1.94 crore.

and the Department is of the view that materials were received as per the specification. However, the fact remains the beneficiaries in 35 test checked villages was distributed with CGI sheets of 0.33 mm thickness only.

(g) During 2010-15, 329 bundles of CGI sheets costing ₹ 15 lakh in 14 cases issued to the beneficiaries remained un-utilised (**Appendix 2.7.2**). Instance of a beneficiary who received CGI sheets under both IAY and BRGF (2011-12) and kept unutilised is shown in **Photograph No.2.7.4**.



The Department stated (September 2015) that it will verify and reply to audit at the earliest. However, no reply from the department was received (December 2015).

(h) During 2012-15, a total of 38,057 bundles of CGI sheets valued at ₹ 18.99 crore were issued in the three test checked districts. However, NVAT amounting to ₹ 1.08 crore (@ 4.75 per cent) was not deducted causing thereby a loss of ₹ 1.08 crore to the Government.

(i) Out of 1621 rural housing beneficiaries from 35 test checked villages, female beneficiaries accounted for only 18 per cent (288 beneficiaries) due to non-formulation of policies as per VDB grants-in-aid.

While accepting the facts, the Department stated (September 2015) that the VDBs had overlooked the selection criteria in distribution of CGI sheets.

2.7.10.2 Execution of works

(j) Unexecuted and incomplete works.

During 2010-15, the VDBs and ULBs had taken up 375 works valued at ₹ 34.19 crore, out of which 335 works had been reported as completed and 42 works costing ₹ 1.54 crore (**Appendix 2.7.3**) were on-going. Examination of records and joint physical verification revealed that out of 82 works verified, 15 works valued at ₹ 2.38 crore (**Appendix 2.7.4**) were not actually executed though they were stated to be completed. It was also observed that DRDA Tuensang had released an amount of ₹ 50 lakh for construction of godown. During joint inspection, an old multi-storied building (**Photograph 2.7.5**) was stated to have been purchased and a room in the building used as store room. The rest of the building was occupied by tenants. However, no sale deed or other relevant documents relating to acquisition of the building was furnished. Hence, the actual purchase of the building meant for godown remains doubtful.



Further, two up-gradation/improvement of 4.02 Km roads works at a cost of ₹ 1.73 crore was reported as completed as per specification. Joint physical verification however revealed that only 2.4 Km valued at ₹ 1.03 crore was completed resulting in excess payment of ₹ 70 lakh.

(ii) Idle expenditure.

The construction of Scheduled Tribe (ST) Girl's hostel was taken up at a total cost of ₹ 50 lakh under BRGF during 2012-13. Examination of the records revealed that only ₹ 37 lakh had so far been released for the construction by DRDA Mon. The cement concrete floored building consisting of four rooms, a store room, veranda at the front and rear part was completed. During physical verification, it was observed that the doors, window panes and glass panels were broken and damaged (**Photograph 2.7.7**). The actual date of commencement and status of construction was not on record as the DRDA did not maintain the measurement books. The building was yet to be handed over to the college authorities. Thus, the girls' hostel on its construction ₹ 37 lakh has been spent remained idle (September 2015).



Photograph 2.7.7

The Department accepted the facts and stated that (September 2015) process has already been initiated to hand over the building to college authorities.

(iii) Deviation from approved plans

As per the scheme guidelines, all works executed should be from the approved AAP. It was noticed that in 12 cases, the IEs deviated from the approved AAP and executed works valued at ₹ 2.06 crore (**Appendix 2.7.5**).

(iv) Execution of work outside the approved plans

The construction of Konyak Baptist Bumeinok Bangjum (KBBB) Guest House at Ayikhongho was sanctioned during 2013-14 under ULB Mon at an estimated cost of ₹ 2.00 crore. An amount of ₹ 1.76 crore was released (March 2014) to Shri Aman Y Konyak for the construction. It was however, observed that the proposal for this construction was not approved by the DPDB and was not included in the AAP of BRGF (ULB) scheme. During joint inspection (June 2015), it was seen that the constructed building was occupied by KBBB without any agreement. On further inquiry, the PD, DRDA Mon stated that the work was carried out as per the Konyak Union resolution with the approval of the Deputy Commissioner, Mon.



Konyak Baptist Bumeinok Bangjum (KBBB) Guest House at Ayikhongho

In reply the Department stated (September 2015) that the work was carried out in consultation with the Konyak community and Civil Societies headed by Konyak Union.

The reply of the Department is not acceptable as there is no documentary evidence to show that work was actually executed by the community and work orders were issued against particular individuals.

(v) Criteria for selection of beneficiaries

As per the instruction of the Directorate of Rural Development, VDBs select the beneficiary from the poorest of the poor. But the criteria for selection of the poorest of the poor was not defined and communicated to the VDBs. Similarly entitlement under BRGF rural housing was also not defined. As a result, two types of beneficiaries were created in the village (a) beneficiaries under BRGF received three to seven bundles of CGI sheets only (b) the beneficiaries under IAY rural housing received seven to ten bundles of CGI sheets, ridging and a cash component of ₹ 3000 for petty procurements. Thus, it is evident that no proper definition of the poor was set and the selection criteria of beneficiaries followed under BRGF.

The Department accepted (September 2015) the facts pointed out in audit.

2.7.10.3 Implementation of Capacity Building component of BRGF

As per BRGF guidelines, each district is entitled to ₹ 1.00 crore for taking up various capacity building activities in the district. In addition, funds are earmarked for certain aspects of capacity building from the development grant. The SIRD, Nagaland is the implementing agency for capacity building component of BRGF in the State. The SIRD organised trainings for various stakeholders and also took up infrastructure development of different training institutions. During the year 2010-15, the SIRD received an amount of ₹ 14.40 crore from the Ministry against which an amount of ₹ 10.20 crore was reported as utilised for implementation of various activities.

Examination of the activities of SIRD revealed the following:

i. Discrepancies in training expenditure

As per the information furnished to audit, an amount of ₹ 6.06 crore was utilised for various training programmes conducted by the SIRD. However, examination of records revealed that only ₹ 3.25 crore was utilised for training purpose. The Department could not furnish any documentary evidence in support of an expenditure of ₹ 2.81 crore towards training or capacity building under BRGF.

The SIRD in reply stated (September 2015) that the Department was compelled to incur expenditure on daily allowance, travelling allowance etc. of the trainees and faculties though these were not admissible as per the guidelines. The fact however remains that no supporting documents were furnished in support of the expenditure of ₹ 2.81 crore.

ii. Diversion of funds for inadmissible works

Para 3.22 (c) of the BRGF guidelines has listed various components of capacity building and sources of fund for the same. Acquiring computers and peripherals and

providing interface equipment which may be required for broadband connectivity and training for software use at each panchayat level and telephone connections to all panchayats can be funded out of Capacity building fund. Physical infrastructure for conduct of Panchayat affairs are to be funded through development grant, provided 30 *per cent* of the cost is contributed from other sources. Further as per paragraph 6.2 of the guidelines under national capacity building framework, an amount of ₹ 1.00 crore per state is admissible for infrastructural works.

Our examination of records revealed that an amount of ₹ 3.48 crore was spent on 32 infrastructure works (**Appendix 2.7.6**). This indicates that SIRD incurred ₹ 2.48 crore on inadmissible works

The SIRD in reply (September 2015) stated that capital cost at the rate of ₹ 1.00 crore for strengthening of SIRD is admissible under BRGF guidelines and it was utilised as per need and requirement of the SIRD.

The reply furnished by the SIRD is not acceptable as BRGF guidelines (paragraph 6.1) clearly stipulated that Capital cost is limited to maximum of ₹ 1.00 crore only.

iii. Objective of helpline facilities not achieved

As per Para 2.48 III (h) of BRGF guidelines, telephone helpline can be setup to provide a speedy channel of communication and information, between trained persons and persons seeking clarification/information. Wide publicity should be given to the helpline telephone numbers in all communications of the Government. They should also be widely publicised in the press. Arrangements will have to be made to send the complaints received to the authorities concerned to redress and to provide replies to the persons concerned.

SIRD launched (November 2010) a helpline facility at a total cost of ₹ 17 lakh for two helpline numbers and for procuring mobile sets and BSNL SIM cards for distribution to 412 VDBs.

During interview with Village Chairmen and Secretaries of the selected villages it revealed that none of the VDB members had used the helpline services and the BRGF beneficiaries interviewed were also not aware about the existence of such a helpline facility. Moreover, in almost all the villages visited during joint inspection, BSNL reception was unavailable in the villages and the VDBs were either not using the mobile sets or had substituted the SIM cards with their own self purchased SIM card of other service providers available in the village.

Though helpline facility as laid down by the guidelines of BRGF was followed, there was no awareness of the existence of such a facility and therefore the objective of the helpline remained unachieved. In addition, the SIRD did not undertake any feasibility study on the availability of service providers in the villages before acquiring and distributing the SIM cards.

The SIRD while accepting the facts stated (September 2015) that most calls received from villagers related to release of fund of MGNREGS.

2.7.11 Internal controls and evaluation

Deficiency in monitoring and evaluation

2.7.11.1 Inspection of works

Para 4.14 of BRGF guidelines provides for preparation of a schedule for inspection of BRGF works and for instituting a quality monitoring system for maintaining the quality of works. The working of the quality monitoring system is to be regularly reviewed by the HPC. No such monitoring was carried out in the selected BRGF districts as the HPC did not formulate guidelines.

2.7.11.2 Audit of works

BRGF guidelines required conducting regular physical and financial audit of works executed under the scheme in each district at the end of the financial year. It was however, noticed that though financial audit was conducted in all the test checked districts regularly, physical verification of works was not carried out. This resulted in payment for works without measurement.

2.7.11.3 Peer review of BRGF schemes

Para 4.13 of BRGF guidelines provides for conducting peer review of performance of one VDB by another to find out the bottlenecks in programme implementation under BRGF and other flagship programmes, with a view to share the best practices. A Review Committee was to be constituted by the District Planning Committee to review reports of the committee and take follow up action. However, no such arrangement was found constituted in the three test checked districts.

2.7.11.4 Conduct of Social audit

Social Audit of BRGF at VDB and ULB levels are to be carried out at regular intervals. However, it was observed that no social audit was conducted in the three test checked districts.

While accepting the audit views, the Department replied (September 2015) that action will be initiated by the Department to strengthen the monitoring system.

2.7.12 Conclusion

In the implementation of BRGF scheme instances of deficiencies and lapses in several areas were noticed. In planning the participatory approach as envisaged in the guidelines were not followed. The scheme was implemented without identification of critical development gaps. Financial management was not satisfactory. The funds were not released to the implementing entities in a timely manner. Deviations from the approved annual action plan was noticed. The HPC's decision to implement rural housing defeated the core idea of a decentralised bottom up planning approach. Monitoring and evaluation of the programme did not exist and there were cases of non-execution of works, short execution of works and execution of inadmissible works. There was no convergence with other flagship programmes.

2.7.13 Recommendation

Since the BRGF programme has been wound up, deficiencies and lapses in the implementation of the scheme as pointed out in the report should be kept in mind while implementing programmes on similar lines so that such deficiencies and lapses do not recur.

COMPLIANCE AUDIT

RURAL DEVELOPMENT DEPARTMENT

2.8 Suspected embezzlement of MGNREGS fund

Out of ₹ 10.19 crore received under MGNREGS by BDO, Tokiye during 2011-12, the BDO transferred ₹ 1.37 crore to his personal account, ₹ 0.43 crore to another officer's account and ₹ 0.93 crore was transferred back to the account of the PD, DRDA.

According to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Operational Guidelines, separate bank accounts are to be opened for managing funds under the Scheme at the State, District, Block and Panchayat (village) levels. The funds received from Government of India or the State Government by the District Rural Development Agency (DRDA) is to be transferred to the Blocks/Panchayats by bank transfer.

Project Director cum District Programme Coordinator, MGNREGS, Zunheboto sanctioned. and remitted ₹ 10.19 crore between July 2011 and February 2012 for implementation of various works under the scheme during 2011-12 to Block Development Officer (BDO), Tokiye Block. The amounts were required to be transferred to the respective bank accounts of Village Development Boards (VDBs) under the block as the works were executed by the VDBs.

Examination (February 2014) of cash book and payment register revealed that the funds received against the Scheme as wage and material component were transferred (July 2011 and February 2012) to the bank accounts of 30 VDBs under the block. However, in support of payment of an amount ₹ 2.73 crore for material component, the BDO could not furnish the supporting documents such as remittance slips, actual payee receipts, etc. Therefore, we examined the statement of bank account maintained by the BDO for transacting MGNREGS funds which revealed that out of ₹ 2.73 crore, the BDO transferred ₹ 1.37 crore³⁸ to his personal account³⁹, ₹ 0.43 crore to the account of the Junior Engineer⁴⁰ and ₹ 0.93 crore was transferred back to an account operated by the Project Director cum District Programme Coordinator, MGNREGS, Zunheboto.

³⁸ ₹ 0.87 crore (July 2011) and ₹ 0.50 crore (February 2012)

³⁹ Account Nos 31113814413 and 11736610555, both maintained in SBI, Zunheboto

⁴⁰ Account No 30543643407 maintained in SBI, Zunheboto

Thus, in violation of the guidelines and contrary to the recordings made in the cash book, an amount of ₹ 2.73 crore was suspected to have been embezzled by the BDO. The matter needs further investigation.

The Department in reply (July 2014), stated that the amount sanctioned could not be utilised immediately and for the safe custody and security, the amount was temporarily transferred to private accounts mentioned above. However, the same was released to the concerned VDBs for implementation of the Scheme. The reply was also endorsed by the Government.

The reply of the Department is not acceptable as Government money was kept in private account of three departmental officials which amounts to mis-appropriation of public funds. Moreover, examination of bank statements of two bank accounts of the BDO revealed that ₹ 0.87 lakh transferred on 27/07/2011 was withdrawn in cash on three occasions between 27/7/2011 to 17/08/2011. Similarly, ₹ 0.50 crore transferred to his account on 02/02/2012 was withdrawn in cash on the same day itself and not transferred to any VDB accounts as claimed by the Department. The Department ought to have initiated disciplinary and criminal action against the errant officers, who transferred and received funds in private accounts.

2.9 Suspected Misappropriation

MGNREGS funds of ₹ 118.40 lakh claimed to have been paid by the BDO, Aghunaqa was not received by 12 VDBs and is suspected to have been misappropriated.

According to Para 7.2 of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) Operational guidelines all payments of MGNREGS wages were required to be made through banks or post offices. Para 8.2 further stipulated that the State Government should design a complete Financial Management System for the transfer and use of funds to ensure transparency, efficiency and accountability and track the use of funds towards the final outcomes. Separate bank accounts should be opened for the funds under the scheme at the State, District and Block level in public sector banks. Para 8.5.1 also stipulated that each Gram Panchayats should have a single bank account for the purpose of implementing MGNREGS works. In the absence of Panchayati Raj Institutions in Nagaland, the Village Development Boards (VDBs) were entrusted the responsibility of implementing MGNREGS at the village level.

Examination of records of the Block Development Officer (BDO), Aghunaqa revealed that an amount of ₹ 892.96 lakh (₹ 436.04 lakh for 2012-13 and ₹ 456.92 lakh for 2013-14) was received from the Project Director, DRDA Dimapur during 2012-13 & 2013-14 against 20 sanctions (*Appendix 2.9.1*) for implementation of MGNREGS in 36 Villages/VDBs. As per Cash Book of the BDO, the entire amount was recorded as disbursed to VDBs for implementation of MGNREGS.

We cross verified the transactions of the Cash book with the Bank statement of MGNREGS bank account maintained by the BDO and found that, out of the amount of

₹ 892.96 lakh, only ₹ 288.81lakh was transferred to the 36 VDBs' bank account and ₹ 604.15 lakh⁴¹ was drawn in cash against 37 cheques (*Appendix 2.9.2*).

To ascertain the actual transfer of the funds, cash book of 12 VDBs (Out of 36 VDBs) were cross examined which revealed that against the sanctioned amount of ₹ 284.69 lakh for 12 VDBs, the VDBs actually received only ₹ 166.29 lakh (₹ 125.66 lakh through bank transfer and ₹ 40.63 lakh by cash) leading to a short receipt of ₹ 118.40 lakh (42 *per cent* of the total sanction) by the 12 VDBs (*Appendix 2.9.3*).

Thus, an amount of ₹ 118.40 lakh shown in the records of the BDO as paid to 12 VDBs was actually not paid. The possibility of short payment to the remaining 24 VDBs also cannot be ruled out in view of the facts that a total of ₹ 604.15 lakh was withdrawn in cash from the bank instead of transferring the same directly to the bank accounts of the VDBs.

The matter was reported to the Department and the Government (October 2015). No reply had been received (December 2015).

INDUSTRIES AND COMMERCE DEPARTMENT

2.10 Excess payment of Marketing Incentives

The Director of Industries and Commerce paid ₹ 2.32 crore to 48 ineligible and seven non-functional societies on the basis of false sales details and ₹ 65.71 lakh as Marketing Incentive to 16 Co-operative societies above the prescribed rate.

Integrated Handloom Development Scheme (IHDS), envisaged providing Marketing Incentive to the handloom agencies for ensuring creation of conducive environment for marketing of handloom products. Marketing incentive is provided as a price incentive to ensure competitiveness in handloom sector but also to encourage the societies to invest in infrastructure and improve production and productivity on one hand and also to enable them to marginally reduce the price. The agencies were expected to use this amount towards activities that would attract the consumers in order to gear up overall sales of handloom goods. Marketing incentive is provided to State Handloom Corps, Apex Co-operative Societies, Primary Handloom Weavers Co-operative Societies & National Handloom Organizations. The quantum of assistance to be provided is as follows:

Table-2.10.1

Oranisation	Financial assistance	Sharing ratio
Marketing Incentive Handloom Corp., Apex Cooperative Societies, Primary Weavers Co-operative Societies, National Handloom Organizations	10 <i>per cent</i> of the average sales turnover of the last 3 years	50:50, except in the case of National Level Handloom Organizations/ Societies, where the entire assistance will be borne by the Government of India

⁴¹ ₹ 423.15 lakh by BDO, ₹ 176.00 lakh by VDBs and ₹ 5.00 lakh without indicating any name.

Examination (October 2013) of records of the Director of Industries and Commerce (DI&C), revealed that the Department drew ₹ 6.54 crore (July and October 2013) (Central Share ₹ 3.27 crore, State matching share ₹ 3.27 crore) towards marketing incentive against 131 registered⁴² Cooperative Societies dealing with Handloom products (Fabrics) and Nagaland Handloom & Handicrafts Development Corporation⁴³ for the year 2012-13. The incentive was paid (July and October 2013) to these 131 organizations/societies at the rate of 10 *per cent* of average sales turnover for the year 2009-10 to 2011-12 as certified by the Chartered Accountant⁴⁴. On further examination of records audit observed instances of payment in cash instead of transferring the amount to the respective bank accounts of the societies.

To track and authenticate the transactions, the balance sheets of 71 registered societies (54 *per cent*) out of 131 societies maintained by the Registrar of Co-operative Societies were cross examined which revealed the following irregularities as summarized below:-

- (i) As per registration certificate issued by Cooperation Department, 48 Co-operative societies were dealing with Agriculture, Fishery, Dairy farming, piggery, fruits and vegetables, fertilizer etc. They were ineligible for assistance under the Handloom Development Scheme. However, these societies were paid ₹ 204.72 lakh as marketing incentive. This resulted in inadmissible marketing incentive payment of ₹ 204.72 lakh (*Appendix-2.10.1*).
- (ii) Seven Co-operative societies in Dimapur which were reported non-functional by Registrar of Co-operative Societies (RCS) since 2009 were paid marketing incentive of ₹ 27.60 lakh by providing false documents. (*Appendix-2.10.2*).
- (iii) As against the reported average sales turnover of ₹ 6.76 crore during the last three years (2009-12), the DI&C paid ₹ 67.56 lakh as marketing incentive to 16 societies. It was further seen that the balance sheets of five societies showed a NIL sales turn over but were however paid ₹ 21.94 lakh as marketing incentive. In respect of 11 Co-operative societies engaged in weaving (Fabrics) the average sales turnover was ₹ 18.51 lakh but were paid ₹ 45.62 lakh instead of the admissible amount of ₹ 1.81 lakh. This resulted in excess and inadmissible payment of ₹ 65.74 lakh (*Appendix-2.10.3*).

Thus, the Department paid ₹ 2.32 crore as marketing incentive to 48 inadmissible and seven non-functional societies due to negligence in cross examining the audited reports of these societies with the RCS before admitting the claims. The Department also paid ₹ 65.74 lakh to 16 societies being marketing incentive in excess of the prescribed rate of 10 *per cent* of the sale turnover.

In reply, the Director while accepting the fact stated (June 2015) that marketing incentive was granted to 48 societies dealing in Agriculture & allied activities and that 17 of them were also involved in promoting handloom and weaving though they were

⁴² Registered under Multi-purpose Cooperative Societies Act

⁴³ State Public Sector Undertaking

⁴⁴ Shri. Ajit Jain, M-054545

basically registered in other names. Regarding release of marketing incentive to seven non-functional societies, the Director stated that the incentive was released on the basis of the certificate provided by the Chartered Accountant and the period of validity was not mentioned in the registration certificate. The Director further stated that there was no excess payment to 16 societies as the payments were released based on the claims made by the societies whose sales turnovers were certified by the Chartered Accountant. Reply from the Government had not been received (December 2015).

The reply is not acceptable since the RCS had furnished a report stating that all the 48 societies were not involved in any activities related to handloom development and seven societies were non-functional. Besides, the sales turnover certificates given by the Chartered Accountant was highly inflated.

NAGALAND STATE TRANSPORT DEPARTMENT

2.11 Infuctuous expenditure

Due to lack of proper planning and consultation with stakeholders, the Inter State Bus Terminus constructed at a cost of ₹ 7.50 crore at Mokokchung Town remained idle for the last four years.

With an objective to alleviate the perpetual traffic congestion in Mokokchung town, construction of Inter State Bus Terminus (ISBT) consisting of bus terminus, booking counters, staff quarters, parking bays, etc. at Mokokchung under NEC programme (90:10) at an estimated cost of ₹ 7.50 crore was taken up (April 2007) by the Department of State Transport. The operation of bus services from the old Bus station located in the heart of the town was proposed to be shifted to the new project site.

Our examination of records revealed that construction works which commenced in April 2007 was completed in March 2011 at a total expenditure of ₹ 7.50 crore and inaugurated on 1st August 2011. However, the project remained non-operational till June 2014 even after a lapse of 35 months of inauguration as shown in the photograph.

Photograph 2.11.1



On being pointed out, the Department stated that due to lack of co-operation from the travelling passengers and private operators the project could not be made functional. The Department further stated that efforts are being made to commence functioning of the ISBT in the new complex with the help of the District Administration.

Thus, the project constructed at a cost of ₹ 7.50 crore remained idle for the last four years which indicated that the project was taken up without proper planning and consultation with the stakeholders.

The issue was reported to the Government (July 2015), reply had not been received (January 2016).

CHAPTER – III
ECONOMIC SECTOR
(PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-III

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

3.1 Functioning of State Public Sector Undertakings

3.1.1 Introduction

The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2015, there were 6 (Six) SPSUs in Nagaland. Of these, no company was listed on the stock exchange(s). During the year 2014-15, neither any SPSU was incorporated nor closed down. The details of the SPSUs in Nagaland as on 31 March 2015 are given below.

Table 3.1

Type of SPSUs	Working SPSUs	Non-working SPSUs*	Total
Government Companies ¹	5	1	6
Statutory Corporations	0	0	0
Total	5	1	6

*Non-working SPSUs are those which have ceased to carry on their operations

The working SPSUs registered a turnover of ₹ 6.26 crore as per their latest finalised accounts as of September 2015. This turnover was equal to 0.31 *per cent* of State Gross Domestic Product (SGDP) for 2014. The working SPSUs incurred aggregate loss of ₹ 3.35 crore as per their latest finalised accounts as of September 2015. They had employed 616 employees as at the end of March 2015.

As on 31 March 2015, one SPSU with an investment of ₹ 4.96 crore was not working for the last 16 years (Since 1999-2000). This is a critical area as the investments in non-working SPSUs do not contribute to the economic growth of the State.

3.1.2 Accountability framework

The audit of the financial statements of a company in respect of financial years commencing on or after 1 April, 2014 is governed by the provisions of the Companies Act, 2013. However, the audit of a company in respect of financial years that commenced earlier than 1st April, 2014 continued to be governed by the Companies Act, 1956.

According to Section 2 (45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/or State Government (s) and includes a subsidiary of a Government Company. The process of audit of Government companies under the Act is governed by respective provisions of Section 139 and 143 of the Act.

¹ Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

3.1.3 Statutory Audit

The financial statements of a Government Company (as defined in Section 2 (45) of the Companies Act, 2013) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 139 (5) or (7) of the Companies Act. These financial statements are also subject to supplementary audit to be conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Further, the Statutory Auditors of any other company (Other Company) owned or controlled, directly or indirectly, by the Central and/or State Government (s) are also appointed by CAG as per the provisions of Section 139 (5) or (7) of the Act.

As per the provisions of Section 143 (7) of the Act, the CAG, in case of any company (Government Company or Other Company) covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company (Government Company and Other Company) and the provisions of Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

Audit of Statutory Corporations is governed by their respective legislations. There is no Statutory Corporation in Nagaland.

3.1.4 Role of Government and Legislature

The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

3.1.5 Stake of Government of Nagaland

The State Government has huge financial stake in these SPSUs. This stake is of mainly three types:

- **Share Capital and Loans-** In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.

- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the SPSUs from Financial Institutions.

3.1.6 Investment in State SPSUs

As on 31 March 2015, the investment (capital and long-term loans) in Six SPSUs was ₹ 106.17 crore as per details given below.

Table 3.2

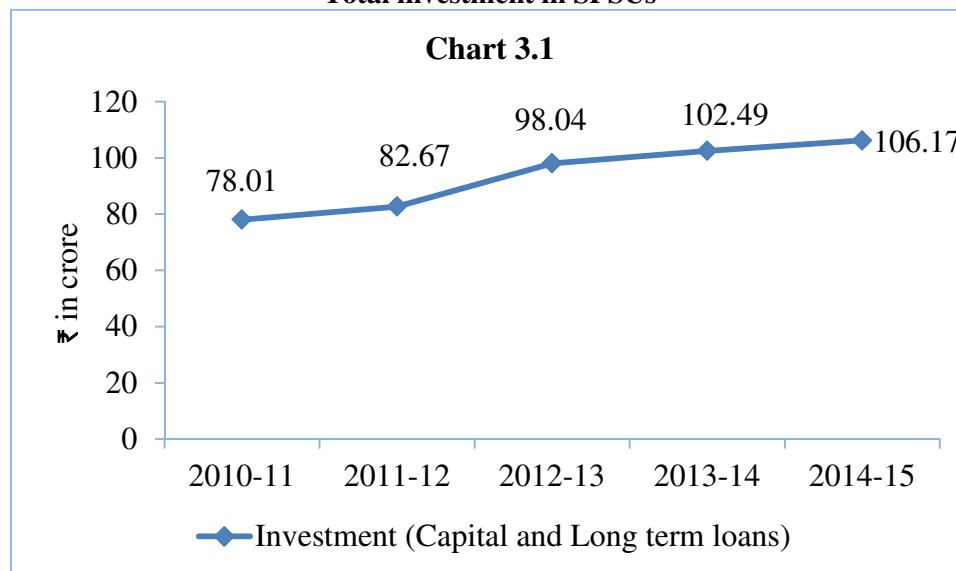
₹ in crore

Type of SPSUs	Government Companies			Statutory Corporations			Grand Total
	Capital*	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working SPSUs	35.95	65.26	101.21	0	0	0	101.21
Non-working SPSUs	4.96	0	4.96	0	0	0	4.96
Total	40.91	65.26	106.17	0	0	0	106.17

* As per latest finalized financial statements. Also, includes ₹ 6.27 crore from sources other than State Government.

Out of the total investment of ₹ 106.17 crore in SPSUs as on 31 March 2015, 95.33 per cent was in working SPSUs and the remaining 4.67 per cent in non-working SPSUs. This total investment consisted of 38.53 per cent towards capital and 61.47 per cent in long-term loans. The investment has grown by 36.10 per cent from ₹ 78.01 crore in 2010-11 to ₹ 106.17 crore in 2014-15 as shown in the graph below.

Total investment in SPSUs



3.1.7 Summary of Investments

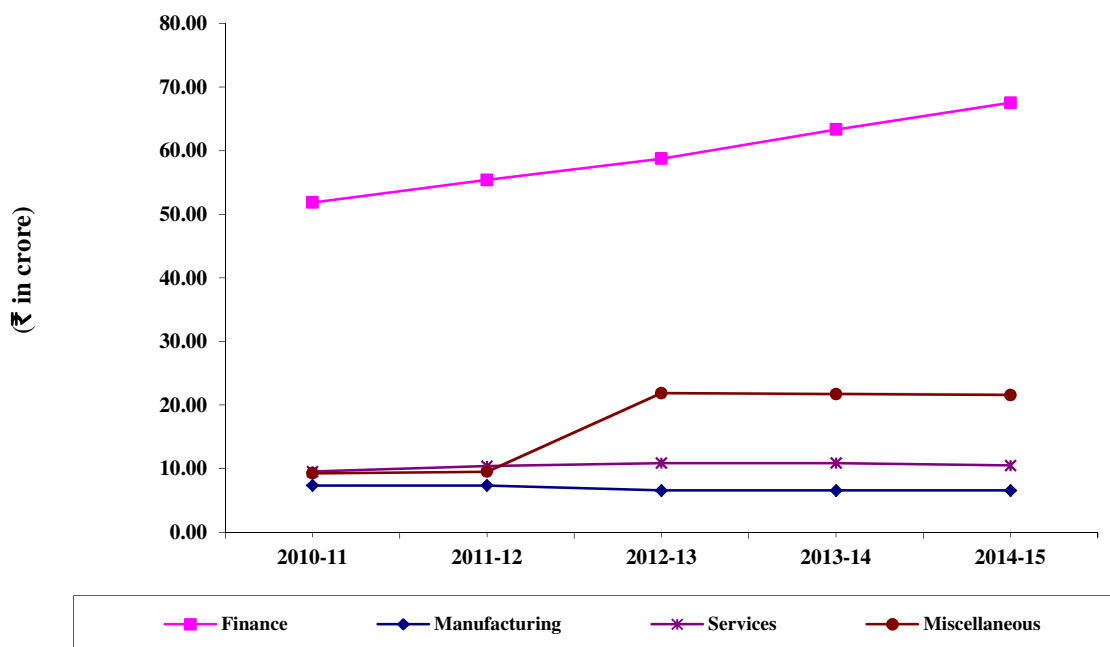
The sector wise summary of investments in the State PSUs as on 31 March 2015 is given below:

Table 3.3

Name of Sector	Government/Other ² Companies		Statutory Corporations	Total Investment (₹ in crore)
	Working	Non-Working	Working	
Power	0	0	0	0
Manufacturing	1.60	4.96	0	6.56
Finance	67.54	0	0	67.54
Miscellaneous	21.58	0	0	21.58
Service	10.49	0	0	10.49
Infrastructure	0	0	0	0
Agriculture & Allied	0	0	0	0
Total	101.21	4.96	0	106.17

The investment in four significant sectors and percentage thereof at the end of 31 March 2011 and 31 March 2015 are indicated below in the line chart. The thrust of SPSU-investment was mainly in Finance sector which had increased from 51.84 *per cent* (2010-11) to 67.54 *per cent* (2014-15) of the total investment of the respective years during 2010-11 to 2014-15.

Chart 3.2: Sector wise investment in SPSUs



² 'Other Companies' as referred to under Section 139 (5) and 139 (7) of the Companies Act, 2013.

It may be noticed that investment in finance sector has recorded highest among others and also has recorded stiff rise over last five years where as the investment in manufacturing and service sectors remained consistently low during last five years. The average investment in manufacturing and service sectors was ₹ 6.72 crore and ₹ 10.43 respectively. The investment in miscellaneous sector recorded a stiff increase of ₹ 12.36 crore in 2012-13 as compared with the previous year. The investment in miscellaneous sector was ₹21.87 crore in 2012-13 as compared with investment ₹ 9.51 crore in 2011-12.

3.1.8 Special support and returns during the year

The State Government provides financial support to SPSUs in various forms through annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs are given below for three years ended 2014-15.

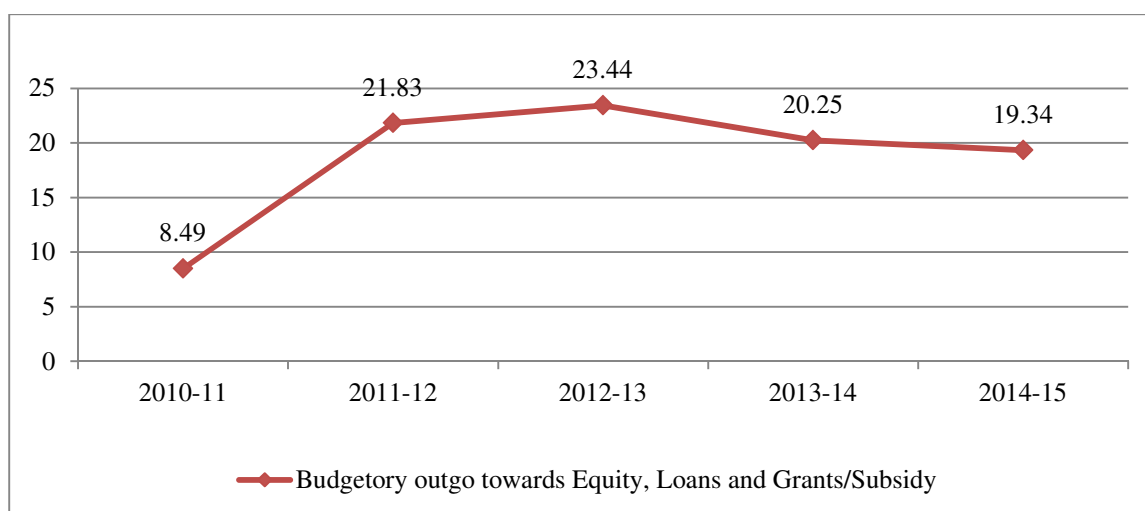
Table 3.4

₹ in crore

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	2	2.40	1	4.25	0	0
2.	Loans given from budget	1	6.59	0	0	1	8.68
3.	Grants/Subsidy from budget	5	14.45	4	16.00	3	10.66
4.	Total Outgo (1+2+3)		23.44		20.25		19.34
5.	Waiver of loans and interest	0	0	0	0	1	4.48
6.	Guarantees issued	0	0	0	0	1	4.48
7.	Guarantee Commitment	2	11.59	1	6.55	1	8.68

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in a graph below.

Chart 3.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies (₹ in crore)



The chart above indicated that the year-wise budgetary outgo of the State Government towards equity, loans and grants had shown an increasing trend during 2011-12 and

2012-13. During 2013-14 & 2014-15 however the budgetary support provided to SPSUs had marginally reduced to ₹ 20.25 crore and ₹ 19.34 crore respectively.

During the year 2014-15, the Government has waived the loan of ₹ 4.48 crore and issued a guarantee of ₹ 8.68 crore to Nagaland Industrial Development Corporation Limited.

In order to enable SPSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee. However, the State Government had not framed any rules regarding extending guarantee for the same. The guarantee commitment decreased to ₹ 8.68 crore during 2014-15 from ₹ 11.59 crore in 2012-13. Further, no SPSU paid guarantee fee to the state government during 2014-15 as there was no demand from the Government.

3.1.9 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2015 is stated below.

Table 3.5

₹ in crore

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	190.48	34.64	155.84
Loans	Nil	0.77	0.77
Guarantees	59.53	15.00	44.53

Audit observed that the differences occurred in respect of two SPSUs and some of the differences were pending reconciliation since 2010-11. The Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

3.1.10 Arrears in finalisation of accounts

The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) the Act. Failure to do so, may attract penal provisions under Section 99 of the Act. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The table below provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2015.

Table 3.6

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of Working PSUs/other companies	5	5	5	5	5
2.	Number of accounts finalised during the year	15	34	21	17	7
3.	Number of accounts in arrears	75	46	30	18	16
4.	Number of Working PSUs with arrears in accounts	5	5	5	5	5
5.	Extent of arrears (numbers in years)	5 to 21	1 to 13	1 to 9	1 to 5	1 to 5

It can be observed that the number of accounts in arrears has decreased from 75 (2010-11) to 16. (2014-15). None of the SPSUs, however, had made their accounts up-to-date as on 30 September, 2015. Further, one out of five SPSUs (Nagaland Handloom & Handicrafts Development Corporation Limited) did not finalise any accounts during 2013-14 and 2014-15.

All the SPSUs need to take effective measures for early clearance of the backlog and make their accounts up-to-date. SPSUs should ensure finalisation of at least one year accounts by 30 September each year so as to restrict further accumulation of accounts backlog.

In addition to above, the accounts of the only non-working SPSU in the State had the arrears of accounts for 37 years.

The administrative departments have the responsibility to oversee the activities of these entities and ensure that the accounts are finalised and adopted by these SPSUs within the prescribed period.

In view of above state of affairs, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956 and orders of the Ministry of Corporate Affairs from time to time.

3.1.11 Finalisation of Accounts

The State Government had invested ₹ 138.08 crore in five SPSUs {equity: ₹ 5.10 crore (two SPSUs), loans: ₹ 8.68 crore (one SPSU) and grants ₹ 124.30 crore (four SPSUs)} during the years for which accounts have not been finalised as detailed in **Annexure 3.1**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not and thus Government's investment in such PSUs remained outside the control of State Legislature.

3.1.12 Arrears in finalisation of Accounts

In addition to above, as on 30 September 2015, there were arrears in finalisation of accounts by the non-working SPSU which was in the process of liquidation whose accounts were in arrears for 37 years.

Table 3.7

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
One - Nagaland Sugar Mill Company Ltd.	1978-79 till date	37

3.1.13 Impact of non-finalisation of accounts

As pointed out above (paragraph 3.1.10 to 3.1.12), the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of SPSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

3.1.14 Performance of SPSUs as per their latest finalized accounts

The financial position and working results of working Government companies and Statutory Corporations are detailed in **Annexure 3.2**. A ratio of SPSU-turnover to State GDP shows the extent of SPSU-activities in the State economy. Table below provides the details of working SPSU turnover and State GDP for a period of five years ending 2014-15.

Table 3.9

Particulars	₹ in crore				
	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover*	18.06	5.36	6.75	5.98	6.26
State GDP	11759	13859	15676	17749	20099
Percentage of Turnover to State GDP	0.15	0.04	0.04	0.03	0.31

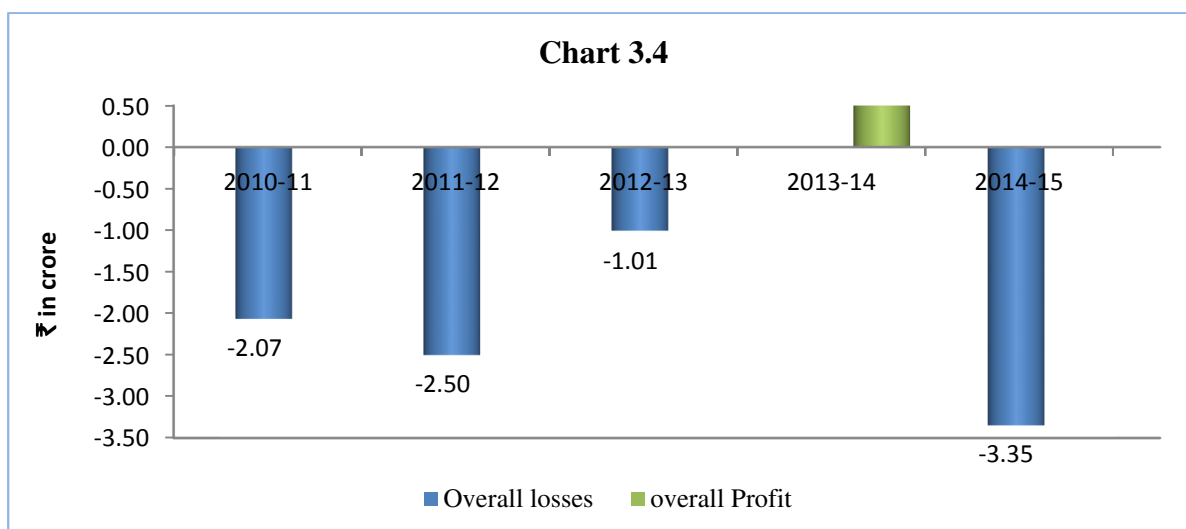
*Turnover as per the latest finalised accounts as of 30 September of the respective year

From the table, it may be noticed that during 2014-15 the percentage of SPSUs turnover to State GDP had marginally increased to 0.31 from 0.03 during 2013-14. During 2014-15, the percentage of SPSUs turnover was high at 0.31 *per cent* mainly due to increase in the turnover in respect of Nagaland State Mineral Development Corporation Limited (NSMDC). The increase in the turnover of NSMDC was mainly because of the Government Grants.

3.1.15 Overall Profit/Loss of SPSUs

Overall profit and losses earned/incurred by State working SPSUs during 2010-11 to 2014-15 are given below in a bar chart.

Chart 3.4: Profit/Loss of working SPSUs



It could be seen from the chart above that overall losses incurred by the working SPSUs had decreased from ₹ 2.07 crore in 2010-11 to ₹ 1.01 crore in 2012-13. During 2013-14 the working SPSUs had registered an overall profit of ₹ 0.50 crore but again incurred an overall loss of ₹ 3.35 crore during 2014-15 mainly due to loss (₹ 3.18 crore) sustained by Nagaland Industrial Development Corporation Limited. As per the latest finalised accounts of five working SPSUs as of November 2015, four SPSUs incurred loss of ₹ 3.97 crore, while the remaining one SPSU (Nagaland Industrial Raw Material Supply Corporation Limited) earned profit of ₹ 0.62 crore.

3.1.16 Key Indicators

Some other key parameters of SPSUs are given below.

Table 3.10

	₹ in crore				
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed (Per cent)	*	*	0.63	5.02	*
Debt	45.64	47.69	61.46	61.66	65.26
Turnover ³	18.06	5.36	6.75	5.98	6.26
Debt/ Turnover Ratio	2.53:1	8.90:1	9.11:1	10.31:1	10.42:1
Interest Payments					
Accumulated Profits/ (losses)	(33.62)	(48.53)	(51.38)	(49.35)	(51.84)

*Negative figures

(Above figures pertain to all SPSUs except for turnover which is for working SPSUs).

From the above it can be noticed that the debt-equity ratio of SPSUs had increased consistently after 2010-11 due to increase in the long term borrowings of SPSUs. The accumulated losses of SPSUs had also shown an increasing trend during 2010-15 (excepting 2013-14). This has also positively affected the return on capital employed

³ Turnover of working SPSUs as per the latest finalised accounts as of 30 September of the respective year.

during 2013-14. There was, however, no return on capital employed during 2009-10 to 2011-12. The losses of SPSUs are generally due to deficiencies in management, planning, running their operations and monitoring.

Thus, appropriate steps are needed to be taken for better management, operation and monitoring of the activities of the working SPSUs to arrest the gradual deterioration of their financial results.

3.1.17 Paid up share capital

The State Government has not formulated any dividend policy under which all SPSUs could have been required to pay a minimum return on the paid up share capital contributed by the State Government.

3.1.18 Winding up of non-working SPSUs

There was one non-working SPSU as on 31 March 2015 which has commenced liquidation process. The numbers of non-working SPSUs (companies and corporations) at the end of each year during past five years are given below.

Table 3.11

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
No. of non-working companies	1	1	1	1	1
No. of non-working corporations	0	0	0	0	0
Total	1	1	1	1	1

1.19 Closure of non-working SPSUs

The stages of closure in respect of non-working SPSUs are given below:

Table 3.12

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working SPSUs	1	0	1
2.	Of (1) above, the No. under			
(a)	liquidation by Court (liquidator appointed)	0	0	0
(b)	Voluntary winding up (liquidator appointed)	0	0	0
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	1*	0	1

* In the process of liquidation.

During the year 2014-15 no company was finally wound up.

3.1.20 Accounts Comments

Four working companies forwarded their audited seven accounts to AG during the year 2014-15. Of these, none of the account was selected for supplementary audit and Non-Review Certificate was issued with respect to all the accounts received. The audit reports of statutory auditors appointed by CAG indicate that the quality of maintenance of accounts needs to be improved substantially.

During the year, the Statutory Auditors had not given unqualified certificates for any accounts.

Response of the Government to Audit

3.1.21 Performance Audits and Paragraphs

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015, no performance audit and audit paragraph was issued to the Government/Management.

Follow up action on Audit Reports

3.1.22 Replies outstanding

The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Nagaland did not issue any instruction to any Administrative Departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

Table No.3.15:

Year of the Audit Report (Commercial/S PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received (as on 30 September,2015)	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	22 March 2012	0	0	0	0
2011-12	18 July 2013	0	1	0	0
2012-13	25 July 2014	0	1	0	0
2013-14	17 March 2015	0	1	0	0
Total		0	3	0	0

3.1.23 Discussion of Audit Reports by Committee on Public Undertakings

The status as on 30 September 2015 of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as under.

Table No.3.16

Period of Audit Report	Number of reviews/paragraphs as on September 2015			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2011-12	0	1	0	0
2012-13	0	1	0	0
2013-14	0	1	0	0
Total	0	3	0	0

3.1.24 Recommendations of COPU

It is recommended that the Government may ensure; (a) sending of replies to IRs/explanatory Notes/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/outstanding advances/overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

3.1.25 Coverage of this Report

This Report does not contain any Paragraph.

3.1.26 Disinvestment, Restructuring and Privatisation of SPSUs and any reforms in power sector

There is no instance of disinvestment, restructuring and privatization of SPSUs during the year under Report.

CHAPTER – IV

REVENUE SECTOR

CHAPTER-IV

REVENUE SECTOR

4.1 General

4.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Nagaland during the year 2014-15, the State's share of net proceeds of divisible Union taxes and grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

Table-4.1.1

₹ in crore

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
I	Revenue raised by the State Government					
	• Tax revenue	227.32	303.88	339.95	333.39	388.60
	• Non-tax revenue	183.14	232.95	207.17	216.57	270.61
	Total-I	410.46	536.83	547.12	549.96	659.21
	Percentage of increase over previous year	33.76	30.79	1.92	0.52	19.86
II	Receipt from the Government of India					
	• States share of net proceeds of divisible Union taxes	689.46	803.20	917.14	1,001.27	1,062.69
	• Grants-in-aid	3,900.07	4,246.35	4,740.03	4,946.67	5,929.04
	Total-II	4,589.53	5,049.55	5,657.17	5,947.94	6,991.73
III	Total receipts of the State Government (I+II)	4,999.99	5,586.38	6,204.29	6,497.90	7,650.94
	Percentage of I to III	8	10	9	8	9

Thus, growth of revenue during 2014-15 over previous year was at 19.86 *per cent* against 0.52 *per cent* in the year 2013-14. Further, during the year 2014-15, the revenue raised by the State Government (₹ 659.21 crore) was nine *per cent* of the total revenue receipts against eight *per cent* in the preceding year. The balance 91 *per cent* of receipts during 2014-15 was from the Government of India.

4.1.2 The following table presents the details of Tax revenue raised during the period 2010-11 to 2014-15.

Table-4.1.2

₹ in crore

Sl No.	Head of revenue	2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14
1	Sales Tax/VAT	167.22	231.12	257.21	250.20	294.29	(+)18
2	State Excise	3.00	3.36	3.73	4.86	4.70	(-)03
3	Stamps and Registration Fees	1.35	1.85	1.58	1.77	1.93	(+)09
4	Taxes and duties on Electricity	0.05	0.04	0.05	0.04	0.03	(-)25
5	Taxes on vehicle	23.92	34.58	41.59	36.15	46.46	(+)29
6	Taxes on Goods and Passengers	6.62	4.85	6.71	10.79	9.73	(-)10
7	Other taxes on Income and expenditure	24.57	27.03	27.22	28.30	27.95	(-)01
8	Other taxes and duties on Commodities and Services	0.00	0.37	1.14	0.58	2.77	(+)378
9	Land Revenue	0.59	0.68	0.72	0.70	0.74	(+)06
	Total	227.32	303.88	339.95	333.39	388.60	(+)17

The reasons for variations were not reported by the departments though called for.

4.1.3 The following table presents the details of Non-Tax revenue raised during the period from 2010-11 to 2014-15.

Table-4.1.3

₹ in crore

Sl, No.	Head of revenue	2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14
1	Interest Receipts	14.35	9.62	5.90	7.62	7.23	(-)05
2	Housing	3.63	4.38	5.12	5.13	5.01	(-)02
3	Water Supply & Sanitation	1.29	1.62	1.74	1.95	1.95	(-)00
4	Forestry and Wildlife	10.18	8.87	7.76	8.81	9.68	(+)10
5	Education, Sports, Art and Culture	8.74	12.16	45.57	67.83	103.56	(+)53
6	Miscellaneous General Services	12.43	29.01	6.60	6.57	13.08	(+)99
7	Power	74.01	94.28	102.83	88.31	98.91	(+)12
8	Medical & Public Health	0.09	0.21	0.35	0.55	0.52	(-)05
9	Co-operation	0.34	3.54	1.13	2.45	0.98	(-)60
10	Public Works	0.72	0.69	0.18	0.40	0.11	(-)73
11	Police	34.21	30.65	7.34	3.37	1.45	(-)57
12	Other Administrative Services	2.90	2.38	3.22	2.73	4.03	(+)48
13	Crop Husbandry	0.16	0.20	0.16	0.27	0.10	(-)63
14	Others	20.09	35.34	19.27	20.58	24.00	(+)17
	Total	183.14	232.95	207.17	216.57	270.61	(+)25

The reasons for variations were not stated by the departments.

4.1.4 Variation between the budget estimates and actuals

The variation between the budget estimates and actuals of revenue receipts under the principal heads of Tax and Non-Tax revenue for the year 2014-15 are mentioned in the following table:

Table-4.1.4

Sl. No.	Head of revenue	Budget Estimates (₹ in crore)	Actual Receipts (₹ in crore)	Variation Increase (+) Decrease (-)	Percentage of variation
Tax Revenue					
1	Sales Tax/VAT	294.36	294.29	(-)0.07	(-)02
2	State Excise	4.47	4.70	(+)0.23	05
3	Stamps and Registration fees	1.67	1.93	(+)0.26	16
4	Taxes on vehicles	46.00	46.46	(+)0.46	01
5	Taxes on Goods and Passengers	7.50	9.73	(+)2.23	30
6	Land revenue	0.81	0.74	(-)0.07	(-)09
Non-Tax Revenue					
7	Interest Receipts	3.00	7.23	(+)4.23	141
8	Other Administrative Service	3.00	4.03	(+)1.03	34
9	Medical & Public Health	0.39	0.52	(+)0.13	33
10	Public Works	0.88	0.11	(-)0.77	(-)88
11	Forestry & Wildlife	13.07	9.68	(-)3.39	(-)26
12	Education, Sports, Art and Culture	0.46	103.56	(+)103.10	22413
13	Power	125.00	98.91	(-)26.09	(-)21

Source: Receipt Budget and Finance Account for the year 2014-15.

The reasons for variations were not stated by the departments.

4.1.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 in respect of principal Heads of Revenue as reported by the departments was ₹ 12.69 crore of which ₹ 4.60 crore (36.24 per cent) was outstanding for more than five years as per details mentioned in the following table:

Table-4.1.5**₹ in crore**

Sl. No	Head of Revenue	Amount outstanding as on 31 March 2015	Amount outstanding for more than five years
1	Taxes/ VAT on Sales, Trades etc.	12.69	4.60

4.1.6 Arrears in assessment

The details of Sales tax/VAT assessment cases pending at the beginning of the year 2014-15, cases which were due for assessment during the year, cases disposed of during the year and number of cases pending at the end of the year 2014-15 as furnished by Commissioner of Taxes are mentioned in the following table:

Table-4.1.6

Head of Revenue	Opening Balance as on 1 st April 2014	New cases due for assessment during 2014-15	Total assessment due	Cases disposed of during 2014-15	Balance at the end of the 31 st March 2015	Percentage of cases disposed to the total assessment due
1	2	3	4	5	6	7 (5 to 4)
Taxes /VAT on Sales, Trades etc.	806	4649	5455	3254	2201	60

The arrear in assessment increased from 806 to 2201 cases with the addition of another 4649 cases which became due for assessment during the year 2014-15 and 3254 cases got disposed during the year. The percentage (60) of cases disposed during the year was encouraging and needs to be maintained.

4.1.7 Response of the Departments/Government towards audit

Transactions and maintenance of important accounts and other records of the departments are test checked and Inspection Report containing audit findings is issued to the Head of the Office so audited for comments and/or compliance. Audit findings of serious nature are processed into draft paragraph and forwarded to the Administrative Head of the concerned Department through demi-official letter drawing their attention to the audit findings with a request to furnish their response within six weeks. The response of the Departments/Government towards audit is discussed in succeeding paragraphs.

4.1.7(a) Failure of senior officials to enforce accountability and protect the interest of the State Government

The Accountant General (Audit), Nagaland (AG) conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued upto June 2015 disclosed that 226 paragraphs involving ₹ 50.62 crore relating to 74 IRs remained outstanding as mentioned in the following table along with the corresponding figures for the preceding two years.

Table-4.1.7

	June 2013	June 2014	June 2015
Number of outstanding IRs	89	94	74
Number of outstanding audit observations	344	352	199
Amount involved (₹ in crore)	80.49	82.58	49.47

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2015 and the amount involved are mentioned in the following table:

Table-4.1.8

Sl. No.	Name of Department	Name of Receipts	No. of outstanding IRs	No. of Outstanding Audit Observations	Money Value involved (₹ in crore)
1	Finance	Taxes/VAT on Sales, Trade etc	30	139	42.98
2	Finance	Miscellaneous General Services/Lottery	03	16	2.59
3	Transport	Taxes on Vehicles/ Taxes on Goods & Passengers	23	44	3.90
Total			56	199	49.47

In respect of three IRs received during 2014-15, even the first reply required to be received from the Heads of Offices within one month from the date of issue of the IRs were not received up to December 2015. This large pendency of IRs due to non-receipt of replies is indicative of the fact that the Heads of offices and Heads of departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the Accountant General in the IRs.

It is recommended that the Government takes suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as take action against officials/officers who fail to send replies to IRs/paragraphs as per prescribed time schedules and also fail to take action to recover loss/outstanding demand in a time bound manner.

4.1.7(b) Departmental Audit Committee Meetings

In order to expedite settlement of the outstanding audit observations contained in the IRs, Departmental Audit Committees are constituted by the Government. These Committees are chaired by the Secretaries of the concerned Administrative Department and attended by the concerned officers of the State Government and officers of the Accountant General (AG). The audit committees need to meet regularly in order to expedite clearance of the outstanding audit observations.

During 2014-15, no audit committee meeting was convened to clear the outstanding audit observations.

The Government may ensure holding of frequent meetings of these committees for ensuring effective action on the audit observations leading to their settlement.

4.1.7(c) Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General to the Principal Secretaries/Secretaries of the concerned departments, drawing their attention to Audit findings and requesting them to send their response within six weeks.

The fact of non-receipt of the replies from the departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Three draft paragraphs were sent to the Principal Secretaries/Secretaries of the respective departments by name during July to October 2015. The Principal Secretaries/Secretaries of the Departments did not send replies (December 2015) and the same have been included in this Report without the response of the Departments.

4.1.7(d) Follow up on Audit reports – summarised position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee.

However, *suo-moto* explanatory notes were not furnished to AG (Audit) by the departments and were also not received through Nagaland Legislative Assembly Secretariat in respect of paragraphs/reviews appeared in the Audit Reports. Hence, status on delay of submission of explanatory notes cannot be commented upon.

During 2014-15 no PAC meeting was held and no Action Taken Notes were also received.

4.1.7(e) Compliance with the earlier Audit Reports

In the Audit Reports 2008-09 to 2013-14, cases of under assessments, evasion/non/short levy of taxes/penalty, loss of revenue, failure to raise demands etc., involving ₹ 29.86 crore were reported. As of March 2015, the departments concerned have accepted observations of ₹ 1.99 crore and recovered ₹ 0.33 crore which was 16.58 *per cent* of accepted money value. Audit Report wise details of cases accepted and recovered are given in the following table:

Table-4.1.9

₹ in crore

Year of Audit Report	Total Money Value	Accepted money value	Recovery made
2008-09	11.78	0.00	0.00
2009-10	0.23	0.16	0.16
2010-11	7.99	0.43	0.00
2011-12	0.20	0.00	0.00
2012-13	1.20	0.17	0.17
2013-14	8.46	1.23	0.00
Total	29.86	1.99	0.33

4.1.8 Analysis of mechanism for dealing with the issues raised by Audit

In order to analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Department/Government the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last five years in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 4.1.8 (a) and 4.1.8 (b) discuss the performance of Taxation Department in dealing with the cases detected in the course of local audit conducted during the last ten years and also the cases included in the Audit Reports for the years 2004-05 to 2013-14.

4.1.8(a) Position of Inspection Reports

A summarised position of Inspection Reports issued during the last ten years, paragraphs included in these Reports and their status as on 30 June 2015 are given in the following table:

Table-4.1.10

Money value: ₹ in crore

Year	Opening Balance ¹			Addition during the year			Clearance during the year			Closing Balance		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
2004-05	15	32	8.34	6	27	2.37	1	14	0.70	20	45	10.01
2005-06	20	45	10.01	-	-	-	-	-	-	20	45	10.01
2006-07	20	45	10.01	-	-	-	-	-	-	20	45	10.01
2007-08	20	45	10.01	3	31	0.25	-	-	-	23	76	10.26
2008-09	23	76	10.26	1	10	0.18	-	-	-	24	86	10.44
2009-10	24	86	10.44	1	2	0	1	2	0	24	86	10.44
2010-11	24	86	10.44	-	-	-	-	-	-	24	86	10.44
2011-12	24	86	10.44	3	35	23.71	0	9	8.53	27	112	25.62
2012-13	27	112	25.62	1	3	0.77	-	-	-	28	115	26.39
2013-14	28	115	26.39	1	7	1.01	-	-	-	29	122	27.40
2014-15 Up to 06/ 2015	29	122	27.40	1	20	21.30	0	3	5.72	30	139	42.98

Audit reminded the Department periodically to furnish the replies to the outstanding audit observations.

4.1.8(b) Assurances given by the Departments/Government on the issues highlighted in the Audit Reports

4.1.8(b)(i) Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last five years and those accepted by the departments and the amount recovered are mentioned in the following table:

¹ Opening balance differs from the last year due to review of old inspection report during the year 2014-15.

Table-4.1.11

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs (₹ in crore)	No. of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year (₹ in crore)	Cumulative position of recovery of accepted cases
2009-10	1	0.23	1	0.16	0.16	0.16
2010-11	-	-	-	-	-	-
2011-12	1	0.20	-	-	-	-
2012-13	2	0.53	2	0.17	0.17	0.17
2013-14	2	8.46	-	-	-	-
Total	6	9.42	3	0.33	0.33	0.33

From the above table, it is seen that during the last five years, an amount of ₹ 0.33 crore was accepted and recovered by the Department.

4.1.8(b)(ii) Action taken on the recommendations accepted by the Departments/Government

The draft Performance Audit (PAs) conducted by the AG are forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These PAs are also discussed in the Exit Conference and the Department's/Government's views are included while finalising the PAs for the Audit Reports.

During the period from 2002-03 to 2013-14, two Performance Audits in respect of Finance (Taxation) Department were featured in the Audit Report 2008-09 and 2010-11. Details are given in the following table:

Table-4.1.12

Year of Audit Report	Name of the review	No. of recommendations	Details of the recommendations accepted
2008-09	Transition from Sales Tax to Value Added Tax	7	Nil
2010-11	Performance Audit on 'Utilisation of declaration forms in Inter State Trade'	5	Nil

4.1.9 Results of audit

4.1.9(a) Position of local audit conducted during the year

Test check of the records of 4 units of Transport and Finance (Taxes) departments conducted during the year 2014-15 revealed under assessment/short levy/loss of revenue/non-realisation of outstanding revenue aggregating ₹ 21.49 crore in 24 cases.

4.1.9(b) This Report

This Report contains three paragraphs involving financial effect of ₹ 1.64 crore. The audit findings are discussed in succeeding paragraphs.

FINANCE (TAXATION) DEPARTMENT

4.2 Evasion of tax by concealment of turnover

One motor vehicle dealer based in Dimapur district concealed taxable turnover amounting to ₹ 602.99 lakh leading to evasion of tax of ₹ 79.90 lakh during 2011-14. Interest amounting to ₹ 47.15 lakh was also leviable on the amount of tax evaded by the dealer.

Section 32 of the Nagaland Value Added Tax (NVAT) Act requires that the appropriate Assessing Authority (AA) on the basis of the information contained in the Return filed by the dealer scrutinises the correctness of the tax assessed by the dealer himself. For this purpose, the AAs may require the dealer to produce any account details, documents or any other evidences as may be deemed necessary for such scrutiny. Section 58 of the Act further states that where in any particular year, the gross turnover of a dealer exceeds fourty lakh rupees, then such dealer shall get his accounts, in respect of that year audited by an accountant² within six months from the end of that year and obtain a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed. A true copy of such report shall be furnished by such dealer to the Commissioner by the end of the month after expiry of the period of six months during which the audit would have been completed. Further, as per Rule 49 of the NVAT Rules 2005, interest at 2 *per cent* per month is payable from the date the tax payable had become due to the date of its payment or to the date of order of assessment, whichever is earlier.

During test check (June 2015) of the annual tax returns filed from 2011-12 to 2013-14 in respect of one dealer³ based in Dimapur District bearing TIN 13010365072, it was observed that the dealer filed NVAT Returns declaring Gross Turn Over⁴ under Section 34 of NVAT Act 2005 and the same was accepted by the AA under Section 32 of the said Act.

Examination of records revealed that the Deputy Excise & Taxation Commissioner (ST), Rewari, Haryana referred (February 2015) four 'C' form numbers for verification as detailed below:

Table-4.2.1

'C' Form Number	Taxable amount (in ₹)	Period
139831	60,10,792.33	1 st Quarter 2011-12
139832	41,79,864.46	2 nd Quarter 2011-12
139833	55,51,821.99	3 rd Quarter 2011-12
139834	42,98,603.50	4 th Quarter 2011-12
Total	200,41,082.28	

² Chartered Accountant

³ M/s National Automobiles

⁴ ₹ 9088026 (2011-12), ₹ 5678309 (2012-13) and ₹ 11358439 (2013-14).

These forms were issued to the said dealer and utilised by the dealer during the year 2011-12. As could be seen from the table above, the dealer actually purchased goods valuing ₹ 200.41 lakh against four 'C' forms during 2011-12. However, the dealer disclosed purchase of goods worth ₹ 82.23 lakh only. Thus, the dealer concealed Turn Over of ₹ 118.18 lakh which led to evasion of Tax amounting to ₹ 15.66 lakh (*Appendix-4.2.1(i)*).

Further, on scrutiny of the way bills data (*Appendix-4.2.2*) furnished by the Department, in respect of the dealer during the period from 2012-13 to 2013-14, revealed that the dealer concealed purchase of goods valued ₹ 392.08 lakh and ₹ 92.73 lakh resulting in evasion of tax amounting to ₹ 51.95 lakh and ₹ 12.29 lakh respectively (*Appendix-4.2.1(ii)*).

Thus, acceptance of Returns not supported by proper Utilisation Certificates of statutory forms and audited accounts coupled with failure to cross verify the disclosed business activities in the Returns with the actual business activities of the dealer led to evasion of tax amounting to ₹ 79.90 lakh⁵. In addition to the above, an amount of ₹ 47.15 lakh (*Appendix-4.2.1*), was also leviable from the dealer as interest @ 2 per cent per month on the amount of tax evaded by the dealer.

While furnishing replies (November 2015) the Department stated that revision was carried out by the Commissioner in March 2015 under Section 78 of NVAT Act and the tax liability was enhanced by ₹ 8.21 lakh. However, the Department was silent on how the tax was assessed to only ₹ 8.21 lakh as against the tax payable of ₹ 79.90 lakh by the dealer for the escaped turnover.

Reply of the Government had not been received (January 2016).

4.3 Evasion of Tax

Failure of the Assessing Authority to exercise the mandatory checks resulted in concealment of purchase turnover of ₹ 195.44 lakh and evasion of tax to the extent of ₹ 25.23 lakh by a dealer.

Rule 67 of the NVAT Rules, 2005 provides that a dealer who imports taxable goods into Nagaland from any place located outside Nagaland shall submit to the in-charge of the check-post established under section 66 of the Act, a declaration in Form VAT 23 (*Challan Inward*) indicating the value of goods, etc. brought in, who in turn shall verify the documents and record the same in the Daily Goods Movement Register (*Incoming*) before allowing the entry of goods. Every dealer who was issued a form VAT 23 or who imports goods from outside Nagaland shall submit the VAT 23 form in original along with the returns to the Assessing Authority (AA).

³ ₹ 1565917/- (2011-12)+ ₹ 5195017/- (2012-13) + ₹ 1228641/- (2013-14)= ₹ 7989575/-

The AA is required to take everything into consideration during scrutiny to avoid any mistake and thereafter serve the notice in the prescribed form to the dealer to make the payment of tax along with all other penal charges as per the provisions of the Act.

Examination of the Self-Assessment and Trading account submitted to the Deputy Commissioner of Taxes, Dimapur by M/s Sanitary & Hardware Centre (bearing VAT TIN No. 13020159042, CST TIN No. 13020070126, Ward-B) under section 32 and 34 of the NVAT Act 2005 revealed that the dealer disclosed a total interstate purchase of ₹ 72.20 lakh during 2010-11 and 2011-12. Accordingly, the AA assessed the tax payable by the dealer as ₹ 5.24 lakh. On cross examination of the dealer's returns with the Challan Inward (VAT 23) register maintained by the Assistant Commissioner of Taxes (Mobile Squad), Dimapur it was noticed that the dealer had actually imported goods into Nagaland valued at ₹ 2.68 crore during the above mentioned period. This resulted in concealment of import of goods valuing ₹ 1.96 crore and consequent evasion of tax of ₹ 25.23 lakh as given below:

Table-4.2.2

Period	Purchase shown in the Trading Account and VAT Tax Return (₹ in lakh)	Purchase as per Inward Challan (₹ in lakh)	Concealment of purchase (₹ in lakh)	Rate of NVAT (Calculated at the highest rate) (in per cent)	Amount of NVAT evaded (₹ in lakh)
2010-11	33.10	122.90	89.80	12.50	11.23
2011-12	39.10	144.74	105.64	13.25	14.00
Total	72.20	267.64	195.44		25.23

Thus, failure on the part of the Assessing Authority to scrutinise the mandatory forms and consider the value of goods imported into the State during the assessment resulted in the concealment of turnover by the dealer and evading tax payable to the tune of ₹ 25.23 lakh.

In reply (August 2015), the Department as well as the Government stated that consequent to audit observation, show cause notice was issued to the dealer. However, in response to the show cause notice, the dealer submitted a representation stating several discrepancies in the way bill entries and therefore the Taxation Department initiated action to cross examine the utilisation statement of 'C' form, purchase bills and mobile way bills. During that exercise the Department noticed concealment of turnover of ₹ 88.19 lakh⁶ by the dealer and accordingly the tax payable was reassessed to ₹ 5.32 lakh as against ₹ 25.23 lakh as pointed out by audit. The facts however remains that the amount of ₹ 5.32 lakh payable by the dealer as worked out by the Department had not been recovered (January 2016).

⁶ 2010-11-₹ 48.86 lakh and 2011-12 -₹ 39.33 lakh

4.4 Irregular allowance of Input Tax Credit

One dealer irregularly claimed Input Tax Credit amounting to ₹ 11.82 lakh against interstate sales which is taxable at concessional rates.

The Nagaland Value Added Tax (NVAT) Act, 2005 and NVAT Rules, 2005 govern the levy and collection of value added tax (VAT) in Nagaland at every point of sale. The tax payable by a dealer under the Act on sale is called Output Tax while the tax paid by the dealer on purchases is called Input Tax. The process of setting off Input Tax Credit (ITC) from the output tax is called input rebating. A dealer is liable to pay the net tax⁷ after such adjustment.

Further, section 17 (4) (d) of NVAT Act, 2005 provide that the ITC can be claimed for sales in the course of inter-state trade or commerce under the Central Sales Tax Act, 1956 in full paid or payable basis. In other words, ITC cannot be claimed against interstate sales for which concessional rate of Central Sales Tax (CST) is charged.

One dealer⁸ under Ward C of Dimapur Zone, dealing with goods taxable at 4.75 *per cent* under NVAT Act, 2005 claimed ITC of ₹ 11.82 lakh for sales of ₹ 13.89 crore during 2012-13 and the same was accepted (December 2013) by the Assessing Officer.

Scrutiny of trading accounts and returns filed by the dealer revealed that the dealer was procuring goods from within the State and was selling the same through interstate sales. The Assessing Authority however, assessed (December 2013) and levied tax of ₹ 25.49 lakh at the concessional rate of CST for interstate trade.

However, the Assessing Authority had allowed ITC claim of ₹ 11.82 lakh to the dealer during 2012-13 which was not admissible. Thus, due to irregular allowance of ITC to the dealer there was loss to the Government to that extent.

The matter was reported to the Government (September 2015). In response the Government stated (October 2015) that the return for the year 2012-13 was reassessed and the ITC claim of the dealer was disallowed. However, no intimation has been received from the Government about the recovery of the amount (January 2016).

⁷ Net Tax = Output Tax- Input Tax

⁸ M/S Mahalaxmi Mines, Pvt. Ltd.

CHAPTER – V

GENERAL SECTOR

CHAPTER - V

GENERAL SECTOR

5.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2015 deals with the findings on audit of the State Government units under General Sector.

The departments and the total budget allocation vis-a-vis expenditure of the State Government under General Sector during 2014-15 are given below:

Table-5.1.1

₹ in crore

Name of the Departments	Total Budget allocation	Expenditure
State Legislature	25.47	20.84
Head of State	4.79	4.78
Council of Ministers	12.89	12.68
Law & Justice	54.77	51.50
Election	14.29	9.80
Public Service Commission	4.90	4.87
District Administration	200.00	115.39
Treasuries and Accounts	33.46	32.75
Village Guards	31.89	31.52
Jails	33.10	32.84
Vigilance Commission	5.60	5.59
State Guest Houses	13.19	12.75
Rajya Sainik Board	3.00	3.00
Relief & Rehabilitation	1.26	1.26
Civil Secretariat	143.61	134.99
Police	1028.66	1029.07
Stationery & Printing	19.54	17.95
Administrative Training Institute	4.15	3.80
Statistics	28.80	26.83
Legal Metrology and Consumer Protection	10.50	9.41
Home Guards	20.02	18.75
Fire and Emergency Services	19.86	19.83
Parliamentary Affairs	0.54	0.54
State Information Commission	1.53	1.23
Total number of Departments=24	1715.82	1601.97

Source: Appropriation Accounts

5.2 Planning and Conduct of Audit

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

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

During the year, test-check of audits involving expenditure of ₹ 2072.74 crore (including funds pertaining to previous years audited during the year) of the State Government under General sector were conducted. This chapter contains two compliance audit paragraphs.

Compliance Audit Paragraphs

FINANCE DEPARTMENT (Directorate of Treasuries and Accounts)

5.3 Fraudulent/Excess Drawal

Failure of Drawing and Disbursing Officers and Treasury Officers to exercise checks as prescribed under various rules resulted in fraudulent drawal of ₹ 2.81 crore by 41 DDOs. Out of the fraudulent/excess amount drawn by the DDOs, a sum of ₹ 91.34 lakh was recovered by 27 DDOs at the instance of audit.

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

Audit of vouchers received from the Treasury Officers are carried out to cross examine whether the vouchers are as per the prescribed form, individual amounts detailed in the vouchers add up to the totals and the withdrawal of Government money are in accordance with the prescribed rules. 20 *per cent* of vouchers received from the Treasury Officers were selected on the basis of simple random sampling for test check in Audit.

During audit of vouchers of 41 Drawing and Disbursing Officers (DDOs) 51 cases of irregularities such as inflated total, fraudulent and excess drawals were detected as detailed below:

(A) It was observed that 22 DDOs of different establishments had drawn an amount of ₹ 8.27 crore¹ (*Appendix 5.3.1 and Appendix 5.3.2*) in 27 pay and allowances bills by inflating the net total amount whereas the actual admissible amount was ₹ 7.91 crore². This resulted in excess drawal of ₹ 35.90 lakh³. On being pointed out 17 DDOs in their reply stated that an amount of ₹ 11.64 lakh (*Appendix 5.3.2*) had been recovered till November 2015.

The Chief Medical Officer, Peren while furnishing replies (August 2015) stated that an amount of ₹ 3.39 lakh was drawn in order to meet the salary expenditure of *Dhais* and staff nurses of the establishment and furnished new set of documents in support of the claim. However, the reply was not acceptable as no such staffs were in the pay roll of the establishment.

The Block Development Officer, Tseminyu in reply assured (July 2015) that the amount of ₹ 6.17 lakh would be recovered and intimated to audit.

The Director, Information & Public Relations, Nagaland in reply stated that an amount of ₹ 0.11 lakh had been recovered (August 2015). However, the actual excess drawal was ₹ 2.79 lakh and therefore the remaining amount of ₹ 2.68 lakh still need to be recovered.

No replies were received (January 2016) from the remaining two DDOs.

(B) Out of the 41 DDOs, seven DDOs fraudulently drew an amount of ₹ 29.48 lakh⁴ (*Appendix 5.3.3 and Appendix 5.3.5 (a)*) by presenting five false bills, two double drawal of DA arrears and one excess drawal of DA arrears.

The District Statistical Officer, Tuensang in reply stated that an amount of ₹ 40,000 had been recovered (August 2015). However, an amount of ₹ 1.30 lakh still need to be recovered.

The District Education Officer, Kohima stated (August 2015) that the excess drawal of pay and allowances amounting to ₹ 22,441 were pertaining to three newly appointed RMSA teachers. However, the reply is not acceptable as the same employees were already paid for that particular month. The Department also furnished copies of pay bills regarding drawal of ₹ 14,912 by inserting some additional names of employees to suit the inflated amount. However, there no such employees. Hence, still an amount of ₹ 37,353 remained outstanding for recovery against the DEO, Kohima.

(C) It was also observed that nine DDOs fraudulently drew an amount of ₹ 1.38 crore⁵ (*Appendix 5.3.4 and Appendix 5.3.5 (b)*) as pay and allowances by presenting seven fraudulent pay bills and five cases of double drawal of pay and allowances

¹ ₹ 13454332 + ₹ 69224946 = ₹ 82679278 (*Appendix 5.3.1 & 5.3.2*)

² ₹ 11422694 + ₹ 67666756 = ₹ 79089450 (*Appendix 5.3.1 & 5.3.2*)

³ ₹ 2031638 + ₹ 1558190 = ₹ 3589828 (*Appendix 5.3.1 & 5.3.2*)

⁴ ₹ 2329536 + ₹ 618376 = ₹ 2947912 (*Appendix 5.3.3 & 5.3.5 (a)*)

⁵ ₹ 6017125 + ₹ 7813391 = ₹ 13830516 (*Appendices 5.3.4 & 5.3.5 (b)*)

against the same employees. In reply, six DDOs stated that an amount of ₹ 74.82 lakh in respect of seven cases had been recovered (November 2015) (**Appendix 5.3.5 (b)**).

The General Manager, District Industries Centre, Zunheboto in reply stated (September 2015) that the amount of ₹ 5.34 lakh was recoverable and not ₹ 8.65 lakh and added that the same has been recovered (July 2015). However, documentary evidence in support of the claim that only ₹ 5.34 lakh was recoverable and also proof for recovery of ₹ 5.34 lakh have not been furnished. Thus, an amount of ₹ 8.65 lakh still needs to be recovered.

(D) An amount of ₹ 77.01 lakh (**Appendix 5.3.6**) was drawn by three DDOs by presenting three fictitious bills of travelling allowances and one excess drawal of travelling allowances. While accepting the audit observation (August 2015), the Director, Social Welfare, Nagaland stated that due to time constraint and also of clerical errors, the bills were drawn in inflated/double amount

Thus, failure on the part of the DDOs and Treasury Officers to exercise internal controls/non-adherence to prescribed rules and procedures resulted in fraudulent drawals of ₹ 2.81 crore⁶. Similar instances of fraudulent/excess drawals in the vouchers not selected for test check could not be ruled out.

In reply, 27 DDOs reported recovery of ₹ 91.34 lakh⁷ out of the amount of ₹ 2.81 crore fraudulently drawn. However, in some cases the proof of recovery of the amount has not been produced.

Principal Secretary, Finance Department, GoN while accepting (October 2015) the facts about existence of excess and fraudulent payments stated that it is a matter of concern to the State Government. However, the Department and the Government were silent on initiating administrative action against the offenders.

DEPARTMENT OF PLANNING & CO-ORDINATION, TREASURIES & ACCOUNTS AND CIVIL SECRETARIAT

5.4 Fraudulent/Double drawal

The Department of Treasuries and Accounts, Planning & Co-ordination and the Civil Secretariat fictitiously drew ₹ 9.40 lakh by presenting duplicate hotel bills and the Department of Treasuries and Accounts drew ₹ 18.05 lakh twice for computer hardware and peripherals.

(A) Fraudulent drawal of funds of ₹ 9.40 lakh

Examination of records in the offices of the Special Officer (Accounts), Nagaland Civil Secretariat and Additional Development Commissioner, Planning and Co-ordination Department (July 2014) revealed that ₹ 59.48 lakh in connection with

⁶ ₹ 2031638 + ₹ 1558190 + ₹ 2329536 + ₹ 6017125 + ₹ 618376 + ₹ 7813391 + ₹ 7701018 = ₹ 28069274 (Appendices 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5 (a & b), 5.3.6)

⁷ ₹ 1164254 + ₹ 488065 + ₹ 7482167 = ₹ 9134486 (Appendices 5.3.2 & 5.3.5 (a & b))

the visit of the officials of 14th Finance Commission was drawn. Examination of records of the Director of Treasuries and Accounts (February 2015) also revealed an amount of ₹ 34.75 lakh was drawn in AC bills (Bill No. 140 of 03.10.2013) for the same purpose for which two other Departments had drawn as detailed below:-

Table 5.4.1

Department	Bill No	Dated	Amount (in ₹)
Directorate of Treasuries & Accounts	140	03-10-2013	34,75,000
Nagaland Civil Secretariat	543	17-11-2013	39,48,000
Planning & Coordination	154	17-12-2013	20,00,000
Total			94,23,000

Out of the amount of ₹ 94.23 lakh drawn by the three Departments, we observed that an amount of ₹ 13.87 lakh⁸ was drawn against the same hotel bills of the same person and period of stay by the three departments. As the amount of the hotel bill was drawn by the Directorate of Treasury and Accounts on 03 October 2013, the subsequent drawal by the two departments was duplication. This resulted in fraudulent drawal of funds of ₹ 9.40 lakh by the Department of Planning and Co-ordination and Civil Secretariat.

(B) Double drawal of ₹ 18.05 lakh

To regularise the Abstract Contingent Bill for ₹ 34.75 lakh drawn by the Director of Treasuries and Accounts (Bill No 140 of October 2013) DCC bill was submitted to the Accountant General (A&E) on 30-05-2014.

On examination of the sub-vouchers which inter-alia included invoice bills for procurement of computer hardware and peripherals from M/s Hard & Soft, Kohima it was observed that an amount of ₹ 18.05 lakh relating to procurement of computers hardware and peripherals was already drawn vide bill No. 243 dated 17-12-2013 as shown in the table below:

Table 5.4.2

Sl. No.	Vendor	Vendor's Bill No.	Dated	Amount (in ₹)
1.	Hard & Soft, Kohima	Hns/KMA/13-14/141	09-10-2013	2,17,939
2.	Hard & Soft, Kohima	Hns/KMA/13-14/F-101	10-10-2013	9,88,128
3.	Hard & Soft, Kohima	Hns/KMA/13-14/144	09-10-2013	5,98,951
Total				18,05,018

This resulted in double drawal of ₹ 18.05 lakh by the Director of Treasuries and Accounts.

Thus, Department of Planning & Co-ordination and the Nagaland Civil Secretariat fraudulently drew ₹ 9.40 lakh by presenting duplicate hotel bills and the Department

⁸ Treasuries & Accounts- ₹ 4.47 lakh, Civil Secretariat - ₹ 4.70 and Planning & Co-Ordination- ₹ 4.70 lakh

of Treasuries and Accounts, drew ₹ 18.05 lakh for computers hardware and peripherals by duplicating bill vouchers already drawn.

While accepting the facts, the Government stated (August 2015) that there were some unforeseen expenditure such as cultural, musical and social programmes for which payments were made to outsourced cultural troupes and musicians along with other entertainment bills . Hence, in order to adjust these expenditures, due to time factor, the same bills were produced and drawn.

The reply of the Government is obnoxious. Instead of discouraging such blatant malpractices, it is trying to legitimise/cover-up the matter and even gone to the extent of encouraging offence. An independent investigation has to be initiated to bring the offenders to the book.

CHAPTER – VI
FOLLOW UP OF AUDIT
OBSERVATIONS

CHAPTER – VI

FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Response of the departments to the recommendations of the Public Accounts Committee (PAC)

Finance Department issued instructions to all departments to submit Action Taken Notes (ATNs) on various suggestions, observations and recommendations made by PAC for their consideration within 15 days of presentation of the PAC Reports to the Legislature. The PAC Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executives to the Legislature and it is appropriate that they elicit timely response from the departments in the form of ATNs.

As of December 2015, out of 1262 recommendations of the PAC, made between 1990-91 and 2014-15, 859 ATNs in respect of the recommendations had been submitted to the PAC and discussed.

6.2 Monitoring

The following Committee had been formed at the Government level to monitor the follow up action on Audit related matters:

State Level Audit and Accounts Committee: State Level Audit and Accounts Committee (SLAAC) had been formed (June 2008) at the State level under the Chairmanship of the Chief Secretary to monitor the response and corrective action on the findings reported by audit, to review and oversee the working of Departmental Audit and Accounts Committee and also to hold meetings once in six months.

During 2014-15, no SLAAC meeting was convened.

6.3 Outstanding Inspection Reports

The Accountant General (Audit), Nagaland conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed under the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the higher authorities for taking prompt corrective action. The Heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Accountant General

(Audit) within one month from the date of issue of the IRs. Serious irregularities are reported to the Heads of the departments and the Government.

The position of outstanding IRs pertaining to Civil (Expenditure audit including that of Works, Forest and Autonomous Bodies), Revenue (Audit of Revenue Departments) and Commercial (Audit of Public Sector Undertakings) audit as of September 2015 is shown below:

Table-6.1

Year	Civil (including works, Forest and autonomous bodies)		Revenue		Commercial	
	No. of IRs	Paragraphs	No. of IRs	Paragraphs	No. of IRs	Paragraphs
Upto 2010-11	1,154	7,905	38	125	8	27
2011-12	107	666	6	7	3	16
2012-13	124	873	10	17	2	11
2013-14	215	1,462	16	53	1	10
2014-15	93	618	4	20	2	26
Total	1,693	11,524	74	222	16	90

This large pendency of IRs is indicative of absence of adequate action to rectify the defects, omissions and irregularities pointed out through IRs by the Heads of offices and Heads of the departments.

It is recommended that the Government look into the matter and streamline the system to ensure proper response to audit observations. Action may be taken against the officials who fail to send replies to IRs/paragraphs as per prescribed time schedule and the losses/outstanding advances/overpayments may be recovered in a time bound manner.


6.4 Departmental Audit Committee Meetings

In order to expedite the settlement of the outstanding audit observations contained in the IRs, departmental audit committees have been constituted by the Government. These Committees are chaired by the Secretaries of the concerned administrative departments and their meetings are attended by the concerned officers of the State Government and officers from the office of the Accountant General (Audit).

An Audit Committee Meeting was held (August 2015) to discuss the outstanding IRs on Nagaland State Transport Department comprising of 134 outstanding paragraphs with a money value of ₹ 32.97 crore. Out of which 41 paragraphs with a money value of ₹ 10.44 crore was settled.

Kohima
The


04 MAR 2016


(Athikho Chalai)
Accountant General (Audit)
Nagaland

Countersigned

New Delhi
The

11 MAR 2016


(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

Appendix-1.3.1
Statement showing PYKKA funds released to individuals.
(Paragraph reference 1.3.9.2)

Transaction date	Cheque No.	Particulars	Amount in ₹
15.05.2009	26733	To K Sanchu	1,50,000
15.05.2009	26736	Prakash / To Cash	5,00,000
19.05.2009	26731	To K T Sukhalu	2,50,000
19.05.2009	26735	Kuolie Mere / To Cash	1,00,000
21.07.2009	26737	K Sanchu / To Cash	1,00,000
26.08.2009	26739	Parliamentary Secretary, YR&S / To Cash	6,56,000
28.08.2009	26740	To K T Sukhalu	82,000
09.07.2010	66701	Executive Engineer PWD (H) YRS ¹	20,00,000
01.09.2010	66703	VobouKweho / To Cash	20,000
01.09.2010	66705	BendangLongchari / To Cash	1,50,000
22.09.2010	66707	Executive Engineer PWD (H) YRS ¹	3,00,000
26.11.2010	66709	Executive Engineer PWD (H) YRS ¹	2,00,000
21.12.2010	66711	VelahuPuro / To Cash	3,00,000
07.04.2011	66712	ShriHumezoArchev Cover / To Cash	42,300
15.04.2011	66714	NaibaKonyak / To Cash	15,00,000
18.04.2011	66713	Shri. NizholtoAwomi / To Cash	4,70,500
19.04.2011	66715	Executive Engineer, PWD (H), YRS ¹	1,80,000
21.04.2011	66716	NaibaKonyak / To Cash	5,00,000
03.05.2011	66719	Rita Verie / To Cash	2,80,000
06.05.2011	66732	VelukhoPuro / To Cash	1,16,000
19.05.2011	66738	Oremo T Murry / To Cash	20,000
25.06.2011	11296	To Cash / NaibaKonyak	10,00,000
Total			89,16,800

¹ The funds utilized for renovation of staff quarters as per the approval of GoN.

Appendix-1.3.2

Statement showing the purchase of sports equipment on higher rates than the approved rate from the lowest/approved firms

(Paragraph reference: 1.3.10.11 (4))

Amount in ₹

Name of the Sports equipment	Name of the firm	Date	Approved rate	Quantity purchased	Unit	Purchased rate	Difference in rate	Excess cost
Football	Kiran Sports, Dimapur	19.3.2013	900	400	Nos.	1600	700	2,80,000
	Kiran Sports, Dimapur	12.3.2014	1080	382	Nos.	1600	520	1,98,640
	Star Sports, Kohima	12.3.2014	1080	154	Nos.	1878	798	1,22,892
	Star Sports, Kohima	12.3.2014	1080	150	Nos.	1600	520	78,000
	Kiran Sports, Dimapur	17.7.2014	1296	400	Nos.	1600	304	1,21,600
				1486			Sub Total (A)	8,01,132
Football Goal Net	Kiran Sports, Dimapur	19.3.2013	1250	20	Nos.	3800	2550	51,000
	Kiran Sports, Dimapur	12.3.2014	1250	10	Nos.	3800	2550	25,500
	Kiran Sports, Dimapur	17.7.2014	1250	20	Nos.	3800	2550	51,000
				50			Sub Total (B)	1,27,500
Volleyball	Kiran Sports, Dimapur	19.3.2013	450	300	Nos.	1280	830	2,49,000
	Kiran Sports, Dimapur	12.3.2014	540	300	Nos.	1600	1060	3,18,000
	Star Sports, Kohima	12.3.2014	1020	147	Nos.	1620	600	88,200
	Star Sports, Kohima	12.3.2014	1020	150	Nos.	1350	330	49,500
	Kiran Sports, Dimapur	17.7.2014	648	300	Nos.	1280	632	1,89,600
				1197			Sub Total (C)	8,94,300
Volleyball Net	Kiran Sports, Dimapur	19.3.2013	350	55	Nos.	1500	1150	63,250
	Kiran Sports, Dimapur	12.3.2014	350	50	Nos.	1500	1150	57,500
	Star Sports, Kohima	12.3.2014	960	15	Nos.	3042	2082	31,230
	Kiran Sports, Dimapur	17.7.2014	504	55	Nos.	1500	996	54,780
				175			Sub Total (D)	2,06,760
Badminton net	Star Sports, Kohima	19.3.2013	550	50	Nos.	750	200	10,000
				50			Sub Total (E)	10,000

Name of the Sports equipment	Name of the firm	Date	Approved rate	Quantity purchased	Unit	Purchased rate	Difference in rate	Excess cost
TT Board	Star Sports, Kohima	19.3.2013	15500	7	Nos.	19000	3500	24,500
	Star Sports, Kohima	12.3.2014	32400	3	Nos.	38000	5600	16,800
				10			Sub Total (F)	41,300
TT Bat	Kiran Sports, Dimapur	19.3.2013	600	120	Nos.	1050	450	54,000
	Kiran Sports, Dimapur	12.3.2014	720	60	Nos.	1050	330	19,800
	Kiran Sports, Dimapur	17.7.2014	720	120	Nos.	1050	330	39,600
				300			Sub Total (G)	1,13,400
Total (A to G)								21,94,392

Appendix-1.3.3
Statement showing non-accountal of Archery Equipment
(Paragraph Reference:1.3.10.11 (5))

Amount in ₹

Sl. No.	Particulars	Quantity	Rate	Amount	Quantity actually issued to the 34 Archers as authenticated by the Coach	Quantity unaccounted	Cost
1	Chest guard	300	635	190500	92	208	1,32,080
2	Arm guard	300	360	108000	22	278	1,00,080
3	Side Guard	300	860	258000	73	227	1,95,220
4	Target face 122 cm	300	340	102000	68	232	78,880
5	Target face 80 cm	300	260	78000	102	198	51,480
6	Target face 40 cm	535	100	53500	102	433	43,300
7	Finger Tab	300	360	114000	87	213	76,680
8	Serving thread	300	420	126000	68	232	97,440
9	Arrow bamboo	3000	90	270000	972	2028	1,82,520
10	Fletching Jig	300	4065	1219500	158	142	5,77,230
11	Target Bow	300	4450	1335000	93	207	9,21,150
12	Target Boss	315	3600	774000	68	247	8,89,200
13	Bow scale	300	980	294000	68	232	2,27,360
14	Target Stand	390	2600	754000	68	322	8,37,200
15	Nock bamboo 50 pcs.	300	480	144000	102	198	95,040
16	Bow stand	300	640	192000	68	232	1,48,480
17	Serving jig	300	2645	793500	85	215	5,68,675
18	Fast flight spool	200	5500	1100000	68	132	7,26,000
19	Long stabilizer	300	975	295500	68	232	2,26,200
20	Short stabilizer	300	1225	369500	68	232	2,84,200
21	Bow box	100	8960	896000	68	32	2,86,720
22	Clicker	300	75	22500	102	198	14,850
23	Arrow rest metallic	300	185	55500	68	232	42,920
Total							68,02,905

Appendix-1.3.4
Statement showing the status of equipment available at Music Academy, Jotsoma
(Paragraph reference:1.3.10.14.1)

Sl. No	Name of the item	Sl. No. in RA bill	Quantity	Rate	Cost (₹ in lakh)	Remarks
1.	Acoustic ceiling	26 (a) to (e)	Composite		8.98	Damaged
2.	6500 lumens projector	38 (a)	1	17.77	17.77	Lens damaged since Oct 2014. Hence not working
3.	Long throw lens projector	38 (c)	1	5.17	5.17	Not traceable
4.	Proscale digital scaler	38 (e)	1	1.59	1.59	Not traceable
5.	Cinema processor	35 (a)	1	2.77	2.77	Not working since the date of installation
6.	Motor head control head	39 (i)	1	0.66	0.66	Not provided by the contractor.
7.	Fire detection	44	Composite		11.09	Analogue addressable fire alarm panel was not installed. Beam smoke detector and electronic speakers are not traceable. In the absence of above installation, the entire fire detection is out of control though cost of commissioning for ₹ 1.50 lakh was paid the contractor.
8.	Fire suppression system	44(k &i)	Composite		0.84	Two NAF PIV cleaning agents (2kg) and 3 Kg cylinders are not traceable.
9.	Push-back chair	28	44 @ 7084.80		3.12	The seating capacity was limited to 481 from 506 against which 525 chairs purchased.
10.	10 KVA stabiliser	360	2 @ 0.51		1.03	Not traceable
Total					53.02	

Appendix-1.3.5

**Statement showing discrepancies in between Payment Register and Selected Cash Award list
(Paragraph reference: 1.3.10.15)**

Amount in ₹

Tournament/Championship	Name of awardee	Discipline	Medal	To be awarded	Awarded	Difference
Short disbursement of awards/incentives						
1 st Asia Grand Prix held at Bangkok, Thailand from 15-19 Feb 2012	Thepfuvoyi	Archery	Silver	31,000	21,000	10,000
32 nd Sub-Junior National Archery Championship 2011 at Jamshedpur from 18-22 Dec. 2011	Velasulu	Archery	Gold	31,000	10,000	21,000
	-do-		Gold	31,000	10,000	21,000
	-do-		Silver	21,000	5,000	16,000
	Khoshelu		Bronze	11,000	5,000	6,000
	Wetsiro		Bronze	11,000	5,000	6,000
	Sushanti		Bronze	11,000	5,000	6,000
14 th Junior National Sepaktakraw Champ. At Sabarmati from 1-4 June 2011	Hungribe	Sepaktakraw	Gold	31,000	10,000	21,000
	Peteneinu		Gold	31,000	10,000	21,000
	Kechothuzo		Gold	31,000	10,000	21,000
15 th Junior National Sepaktakraw Champ at Nagpur from 12-15 Jan 2012	Hungraibe	Sepaktakraw	Bronze	11,000	5,000	6,000
	Zhocuyi		Bronze	11,000	5,000	6,000
	Nguhinseh		Bronze	11,000	5,000	6,000
	Dehlenlal		Bronze	11,000	5,000	6,000
	Kechothuzo		Bronze	11,000	5,000	6,000
	Dehlelal		Gold	31,000	10,000	21,000
	Nguhinseh		Gold	31,000	10,000	21,000
	Hungrai		Gold	31,000	10,000	21,000
	Phashei		Gold	31,000	10,000	21,000
	Rukuleno		Gold	31,000	10,000	21,000
	Kuzevelu		Gold	31,000	10,000	21,000
	C.Tiajunglaa		Gold	31,000	10,000	21,000
	Thujoshelu		Bronze	11,000	5,000	6,000
	Rukulenu		Bronze	11,000	5,000	6,000
	C. Tiajungla		Bronze	11,000	5,000	6,000
29 th National Sub-junior Taekwondo Championship 2011	Mhiketsiu	Taekwondo	Bronze	11,000	5,000	6,000
	Aleto Peseyie		Bronze	11,000	5,000	6,000
	Shanlanthang		Bronze	11,000	5,000	6,000
31 st National Junior Sub-Junior Taekwondo Championship at Ranchi from 26-28 Aug. 2011	Francis	Taekwondo	Silver	21,000	7,000	14,000
India National Muaythai Championship 2011 at Hyderabad from 5-7 Aug 2011	Thenyei	Muaythai	Gold	31,000	10,000	21,000
	Tonghi		Gold	31,000	10,000	21,000
	Pangyeih		Gold	31,000	10,000	21,000
	Renchio		Silver	21,000	7,000	14,000
	Milelse		Silver	21,000	7,000	14,000
	Meyilemba		Bronze	11,000	5,000	6,000
	Amen		Bronze	11,000	5,000	6,000
Total				7,56,000	2,77,000	4,79,000
Excess disbursement of awards/incentives						
National Level Games 2011 at Chennai from 17-22 Feb 2012 (Disabilities)	Khanshak	100m race	Bronze	11,000	21,000	10,000
34 th National Games 2011 Jharkhand from 12-26 Feb 2011	18 team members	Sepaktakraw	Bronze	1,98,000	3,78,000	1,80,000
Total				2,09,000	3,99,000	1,90,000

Tournament/Championship	Name of awardee	Discipline	Medal	To be awarded	Awarded	Difference
Non-payment of Cash Award/incentives to selected awardees						
7 th National Wrestling Championship held at Udaipur from 6-10 Nov 2011 U-19 (Boys & Girls)	Wethilhu	Wrestling	Gold	31,000	0	
	Vilezo		Gold	31,000	0	
	Keneimelie		Silver	21,000	0	
	Khrieketou		Bronze	11,000	0	
	Nourheineinu		Bronze	11,000	0	
5 th National Women Sports Festival Bhopal from 3-7 March 2012	18 players	Football	Gold	1,80,000	0	
8 th National Level Judo Championship held at Delhi from 7-11 Sept 2011	6 player	Judo	2 Gold, 2 Silver & 2 Bronze	1,26,000	0	
All India Varsity Football Championship held at Bangalore from 12-20 Jan 2012	19 players	Football	Bronze	2,09,000	0	
32 nd Sub-Junior National Archery Championship 2011 at Jamshedpur from 18-22 Dec. 2011	Velasulu	Archery	Bronze	11,000	0	
Total				6,31,000	0	
Cash Award to those players outside the approved list						
32 nd Sahara Senior National Archery Championship 2011 from 24-29 Jan 2012 at Jamshedpur	Chekrovolu	Archery	Gold	31,000	31,000	
	Chekrovolu	Archery	Silver	21,000	21,000	
31 st Sahara Senior National Archery Championship at Vijaynadu from 5-11 Feb 2011	Chekrovolu	Archery	Bronze	11,000	11,000	
	Chekrovolu		Silver	21,000	21,000	
	Chekrovolu		Silver	21,000	21,000	
	Thepfuvoyi		Bronze	11,000	11,000	
Sports Awards for Sports Coaches	3 coaches	Archery, Boxing & Football	-	3,00,000	3,00,000	
19 th Senior Sepaktakraw Championship from 5-9 Nov 2008 at Khuman Lampak Indoor Stadium, Imphal	13 Men & 13 Women	Sepaktakraw	Bronze & Silver	4,16,000	4,16,000	
4 th NLRT 2011-12 at Aurangabad from 19-22 Jan 2012	Zasevoyi	Archery	Silver	7,000	7,000	
Senior National Wushu Championship from 27-31 March 2012 at J&K	Bivendhu	Wushu	Gold	31,000	31,000	
	Kanpi	Wushu	Bronze	11,000	11,000	
Total				8,81,000	8,81,000	

Appendix: 1.3.6

**Statement showing Grants-in-Aids released to organisations/individuals/activities outside recommendations of Nagaland Olympic Association
(Reference: Paragraph 1.3.10.16)**

₹ in lakh

Sl. No.	GIA released to	Amount released	Year	Date of Payment
1	Parl. Secretary YRS	0.50	2010-11	10.12.2010
2	Chief Guest	1.00	2010-11	10.12.2010
3	Welfare Sports Association	0.10	2010-11	03.01.2011
4	Jotsoma Sports Association	0.10	2010-11	03.01.2011
5	Akikhe	2.00	2010-11	10.01.2011
6	Yonyong Students Union Longleng	0.10	2010-11	27.01.2011
7	Nagarjan B. Khel Youth Organisation	0.10	2010-11	28.01.2011
8	Kyong Lotha Sports Association	0.10	2010-11	17.02.2011
9	Pangyu Sports Associatiom Mapungchuket	0.10	2010-11	16.05.2011
10	Alim Kamei Wrestling championship	0.10	2010-11	16.05.2011
11	Student Council ETC Jorhat	0.10	2010-11	29.05.2013
12	Naga Student and Welfare Kuda	0.10	2010-11	29.05.2013
13	Pusal Sports Association	5.00	2011-12	20.12.2011
14	Kohima Youth Club	0.25	2011-12	23.01.2012
15	Valley Association Mokokchung	2.00	2011-12	13.02.2012
16	ENSF	0.29	2011-12	30.05.2014
17	Mokokchung Youth club	10.00	2012-13	21.03.2013
18	Rhino Sports Association	8.00	2012-13	21.03.2013
19	Inauguration of NCS Sovima	16.00	2012-13	05.04.2013
20	Sunrise Sporting Club Phek	10.00	2012-13	19.03.2013
21	Mpai Sporting Club	1.00	2012-13	19.03.2013
22	Zhetovi Sporting Club Dimapur	1.00	2012-13	19.03.2013
23	Longleng Youth Club	5.00	2012-13	19.03.2013
24	Chess Club Kohima	0.50	2012-13	07.05.2013
25	Badminton Club Kohima	1.00	2012-13	15.05.2013
26	Phulu & Rakho Club Pfutsero	1.00	2012-13	15.05.2013
27	Naga Boys Club	1.00	2012-13	30.05.2013
28	Various Sports Associations	70.00	2013-14	7,11,29.4.2014 6,13,22.5.2014
29	Development of community ground at Jalukie	15.00	2012-13	19.12.2012
30	Development and renovation of playground at Kikruma	15.00	2012-13	19.12.2012

Sl. No.	GIA released to	Amount released	Year	Date of Payment
31	Renovation of playground at Atoizu	3.00	2012-13	21.12.2012
32	Renovation of playground at Akuluto	4.00	2012-13	21.12.2012
33	Renovation of playground at Toluvi	3.00	2012-13	21.12.2012
34	Renovation of playground at Sokhuvi	3.00	2012-13	21.12.2012
35	Renovation of community playground at Pimla	2.00	2012-13	21.12.2012
36	Renovation of community playground at Chiephobozou	15.00	2012-13	21.12.2012
37	Renovation of community playground at Changki	5.00	2012-13	21.12.2012
38	Development of community ground at Molan	2.00	2012-13	02.04.2014
39	Development /Renovation of playground at Changlangshu	33.00	2012-13	17.12.2012
Grand Total		236.44		

Appendix-1.4.1

Statement showing overlapping of construction of 11 kitchens-cum store due to non-convergence with SSA

(Reference: Paragraph 1.4.8.2)

Sl. No.	SSA		Year of construction	Nodal Department	Month of construction	Rate per unit-MDM (₹ in lakh)
	District	Name of the School		SDEO		
1	Dimapur	GMS Xelhoshe	2010-11	Niuland	July-August 2011	2.76
2	Dimapur	GMS Ekrani pathar	2010-11	Dimapur	-do-	2.76
3	Dimapur	GPS Peduzha Colony	2010-11	Dimapur	-do-	2.76
4	Tuensang	GMS Station I	2010-11	Tuensang	-do-	3.67
5	Tuensang	GPS Lirese B	2011-12	Tuensang	-do-	3.67
6	Kohima	GPS Zhadi II	2010-11	Cheiphobozou	-do-	3.48
7	Kohima	GMS Keyake	2010-11	Kohima	-do-	3.48
8	Kohima	GMS Phesama	2010-11	Kohima	-do-	3.48
9	Mon	GPS Apao Changle	2011-12	Aboi	-do-	3.48
10	Mon	GPS Mohung B	2011-12	Aboi	-do-	3.48
11	Mon	GPS Aboi Town D	2011-12	Aboi	-do-	3.48
Total						36.50

Appendix-1.4.2
Statement showing delay in release of Central assistance funds by the State Government
(Reference: Paragraph 1.4.11.3)

Year	Government of India sanction order No.	Date	Government of Nagaland sanction order No.	Date	Delay in days
2010-11	F No 1-8/2010-EE-6(MDM-3-1)	3.5.10	No EDS/MDM-CA/2009-2010	31.8.10	119
	F No 1-8/2010-EE-6(MDM-3-1)	31.3.11	No EDS/MDM-COOK/006-2009	25.11.11	238
	F No 1-8/2010-EE-6(MDM-3-1)	8.9.10	No EDS/MDM-CA/2009-2010	4.3.11	175
	F No 1-8/2010-EE-6(MDM-3-1)	6.12.10	No EDS/MDM-SANCT/009-2008	9.8.11	245
	F No 5-8/2010-EE-6(MDM-3-1)	15.2.11	No EDS/MDM-2/2009	4.11.11	261
	F No 5-18/2010-EE-6(MDM-3-1)	31.3.11	No EDS/SSA-COOK/006-2009	7.7.11	97
	F No 2-8/2010-EE-6(MDM-3-1)	22.3.11	No EDS/MDM-TRANS/007-2009	4.10.11	195
2011-12	F No 1-8-C/2011-EE-6(MDM-3-1)	25.5.11	No EDS/MDM-SANCT/009-2008(Pt)	14.12.11	202
	F No 1-8-A/2011-EE-6(MDM-3-1)	2.8.11	No EDS/MDM-SANCT/009-2008/837	6.10.12	429
	F No 1-8/2011-EE-6(MDM-3-1)	1.12.11	No EDS/MDM-FUND/1/2011/757	13.9.12	285
2012-13	F No 1-8-C/2012-EE-6(MDM-3-1)	16.5.12	No EDS/MDM-10%/004-2009	30.3.13	318
	F No 1-8-A/2012-EE-6(MDM-3-1)	20.9.12	No EDS/MDM-SANCT/009-2008(Pt)	30.10.13	404
	F.No1-8-A/C-2012-EE-6(MDM-3-1)	27.12.12	No EDS/MDM-10%/004-2009	17.10.13	293
	F No. 6-8-C/2012-EE-6(MDM-3-1)	1.1.13	No EDS/MDM-Kit-Devices/013-2009(Pt)	6.3.14	428
	F No. 6-8/2012-EE-6(MDM-3-1)	28.2.13	No EDS/MDM-Kit-Devices/013-2009(Pt)	21.10.13	234
	F No. 6-8-A/2012-EE-6(MDM-3-1)	8.2.13	No EDS/MDM-Kit-Devices/013-2009(Pt)	21.10.13	254
2013-14	F No 1-8/2013-EE-6(MDM-3-1)	22.4.13	No DSE/MDM-FUND/1/2011/124	21.3.14	332
	F No 1-8-A/2013-EE-6(MDM-3-1)	26.3.14	No DSE/MDM-FUND/1/2011	23.7.14	118
	F No 1-8-C/2013-EE-6(MDM-3-1)	30.4.14	No EDS/MDM-SANCT/009-2008(Pt)	21.10.14	173
2014-15	F No 1-8-A/2014-EE-6(MDM-3-1)	30.4.14	No EDS/MDM-SANCT/009-2008 (Pt)	13.3.15	316
	F No 1-8-A/2014-EE-6(MDM-3-1)	26.11.14	EDS/MDM-2/013-2009	30.3.15	123
	F No 6-8-B/2012-EE-6(MDM-3-1)	28.10.14	No. EDS/MDM-KIT DEVICES/013-2009	27.3.015	149
	F No 1-8-A/C/2014-EE-6(MDM-3-1)	3.2.15	Not released till August 2015		

Appendix-1.4.3

**Statement showing delay in submission of Quarterly Progress Report/Utilisation Certificates to the Government of India
(Reference: Paragraph 1.4.12.5)**

Year	Particulars of QPR/UC	Date of submission of QPR-UC	Due date	Delay in days
2010-11	1 st .	8/ 2010	31.7.2010	30
	2 nd .	12/2010	31.10.2010	60
	3 rd .	1/2011	31.12.2010	---
	4 th .	12/2010	30.4.2011	0
2011-12	1 st .	NA	31.7.2011	0
	2 nd .	NA	31.10.2011	0
	3 rd .	NA	31.12.2011	0
	4 th .	6/2012	30.4.20112	60
2012-13	1 st .	31.8.12	31.7.2012	30
	2 nd .	10.12.12	31.10.2012	60
	3 rd .	4.3.2013	31.12.2012	60
	4 th .	29.7.13	30.4.20113	90
2013-14	1 st .	23.11.13	31.7.2013	120
	2 nd .	25.3.14	31.10.2013	144
	3 rd .	25.3.14	31.12.2013	52
	4 th .	16.6.14	30.4.2014	46
2014-15	1 st .	21.10.14	31.7.2014	80
	2 nd .	8.12.14	31.10.2014	37
	3 rd .	27.3.15	31.12.2014	54
	4 th .	8.7.15	30.4.2015	67

Appendix-1.5.1

Statement showing the detail of achievements against the given baselines in the Key Performance Indicators
(Reference: Paragraph 1.5.10.2)

Name of ITI	Key Performance Indicators	2010-11			2011-12			2012-13			2013-14			2014-15		
		Base line	Achieved	Short (+)/ Excess (-)	Base line	Achieved	Short (+)/ Excess (-)	Base Line	Achieved	Short (+)/ Excess (-)	Base line	Achieved	Short (+)/ Excess (-)	Base line	Achieved	Short (+)/ Excess (-)
Dimapur	Percentage of enrolments as compared to no. of seats	60	30	(+)30	80	38	(+)42	85	67	(+)18	95	63	(+)32	NA	NA	NA
Mon		NA	NA	NA	83	70	(+)13	85	78	(+)8	90	84	(+)6	95	88	(+)7
Tuensang		63	59	(+)4	75	54	(+)21	85	60	(+)25	95	74	(+)21	97	68	(+)29
Mokokchung		90	78	(+)12	100	82	(+)18	100	80	(+)20	100	83	(+)27	100	90	(+)10
Wokha		NA	NA	NA	80	41	(+)39	85	65	(+)20	90	74	(+)16	95	60	(+)35
Phek		NA	NA	NA	16	11	(+)5	30	38	(-)8	60	38	(+)22	75	75	(+)0
Zunheboto		NA	NA	NA	16	20	(+)4	30	46	(-)16	60	51	(+)9	75	59	(+)20
Dimapur	Percentage of dropout as compared to no. of enrolment	8	0	(+)8	6	33	(-)27	4	54	(-)50	4	50	(-)46	NA	NA	NA
Mon		NA	NA	NA	20	4	(+)16	15	25	(-)10	10	1	(+)9	10	0	(+)10
Tuensang		NA	27	NA	NA	19	NA	NA	27	NA	NA	27	NA	NA	0	0
Mokokchung		15	62	(-)47	10	62	(-)52	10	52	(-)42	5	43	(-)38	2	6	(-)4
Wokha		NA	NA	NA	20	70	(-)50	15	63	(-)48	10	71	(-)60	10	31	(-)21
Phek		NA	NA	NA	NA	22	NA	NA	90	NA	NA	33	NA	NA	55	NA
Zunheboto		NA	NA	NA	NA	100	NA	NA	84	NA	NA	71	NA	NA	57	NA
Dimapur	Percentage of students passed out compared to enrolment	85	56	(+)29	90	64	(+)26	90	46	(+)44	95	42	(+)53	NA	NA	NA
Mon		NA	NA	NA	85	79	(+)6	87	51	(+)36	90	51	(+)39	95	37	(+)58
Tuensang		95	42	(+)53	95	72	(+)23	96	68	(+)45	97	34	(+)63	99	68	(+)31
Mokokchung		86	29	(+)57	90	21	(+)69	95	45	(+)45	97	39	(+)58	100	54	(+)46
Wokha		NA	NA	NA	80	27	(+)53	85	37	(+)48	90	24	(+)66	95	40	(+)55
Phek		NA	NA	NA	100	78	(+)22	100	10	(+)90	100	67	(+)33	100	45	(+)55
Zunheboto		NA	NA	NA	100	0	(+)100	100	16	(+)84	100	29	(+)71	100	36	(+)64

Appendix-1.7.1
Statement showing fraudulent drawal of Pay and Allowances
(Reference: Paragraph 1.7)

Month/Year	Bill No	Particular	Amount in ₹
Mar-12	32	Regularised arrear of Grade III	2,41,838
Apr-12	64	P/T Regular	15,37,604
May-12	85	Grade III P/T	16,55,404
May-12	94	Grade III P/T	9,81,632
Jun-12	138	Ahoto P/T D/C hill	4,14,008
Jul-12	150	Grade III P/T	1,42,529
Jul-12	166	Nil	1,34,496
Jul-12	171	Nil	6,98,400
Aug-12	189	Grade III P/T	17,17,540
Sep-12	233	Grade III P/T	17,32,416
Oct-12	267	Grade III P/T	9,34,802
Oct-12	269	Grade III P/T	17,24,058
Oct-12	313	Grade III GPS	6,12,780
Oct-12	318	Grade III GPS	3,40,160
Nov-12	350	Nil	21,49,158
Dec-12	470	Grade III	22,57,457
Jan-13	517	Grade III P/T	22,49,064
Mar-13	28	P/T	22,74,784
Jul-13	247	Grade III P/T	4,92,972
Oct-13	357	Grade III P/T	8,03,572
Oct-13	358	Grade III	1,49,572
Nov-13	407	Grade III	1,24,276
Nov-13	411	Grade III P/T SSA	4,63,359
		Total	254,31,881

Appendix-2.3.1
Statement showing status of PMGSY road projects as on 31.03.2015
(Reference: Paragraph 2.3.9.7)

Sl. No	Year	Name of Sanctioned Projects	Contract Price (in ₹)	Date of issue of work order	Stipulated date of completion as per work order	Date of Completion	No. of completed Projects	Time Overrun (in days)
	2011-12 (Phase-VIII)	Dimapur District						
1		NH-39 to Viphoma Stage II	803.98	03.03.2012	03.09.2013	16.02.15	1	531
2		T-02 to Ghokhuto Stage II	456.11	03.03.2012	03.09.2013	30.12.13	1	118
		Mon District						
3		N-M Nokyan rd to Sangsa Stage II	35.60	03.03.2012	03.09.2013	10.05.13	1	0
4		L025 to Yannu Village Stage II	42.64	03.03.2012	03.09.2013	03.08.12	1	0
5		T-01 to Zakho via Ngangting Stage II	454.59	03.03.2012	03.09.2013	19.06.14	1	289
		Phek District						
6		Kanjang to Reguri Stage II	798.71	03.03.2012	03.09.2013	On Going		574
7		Ketsapo to Metsale Stage II	824.06	03.03.2012	03.09.2013	On Going		574
8		Pfutsero to Chetheba Stage II	1152.04	03.03.2012	03.09.2013	28.06.14	1	298
		Tuensang District						
9		Shiponger to Kuitsuikar Stage II	632.81	03.03.2012	03.09.2013	On Going		574
10		Noklak Sanglao rd to Kingnyu Stage II	369.19	03.03.2012	03.09.2013	On Going		574
11		Thonok Sanglao rd to Kenjong Stage II	1231.91	09.04.2012	09.10.2013	On Going		538
12		BRO Rd to Longkong Stage II	386.27	03.03.2012	03.09.2013	On Going		574
13		Thoktsur to Pang Stage II	1981.59	03.03.2012	03.09.2013	On Going		574
14		Hukir to Aiponger Stage II	369.66	09.04.2012	09.10.2013	12.08.14	1	343
15		Yimpang to Taknyu Stage II	410.73	03.03.2012	03.09.2013	On Going		574
16		Nokhu to Choklangan Stage II	1286.44	03.03.2012	03.09.2013	On Going		574
17		Sangsangnyu to Maksha Stage II	411.90	09.04.2012	09.10.2013	On Going		538
18		T-02 to Langnok	675.18	09.04.2012	09.10.2013	On Going		538
19		Phokpur Jn. To Thongsomyu	277.41	09.04.2012	09.10.2013	On Going		538
20		Kephore to Shiponger Stage II	510.85	03.03.2012	03.09.2013	On Going		574

Audit Report for the year ended 31st March 2015

Sl. No	Year	Name of Sanctioned Projects	Contract Price (in ₹)	Date of issue of work order	Stipulated date of completion as per work order	Date of Completion	No. of completed Projects	Time Overrun (in days)
	2011-12 (Phase-VIII)	Wokha District						
21		Sumito to Akakito Stage II	877.81	03.03.2012	03.09.2013	On Going		574
22		T-01 to Yanthung Stage II	276.94	03.03.2012	03.09.2013	25.05.13	1	0
23		T-01 to Shankitong Stage II	639.56	03.03.2012	03.09.2013	20.06.13	1	0
24		T-01 to Niroyo Stage II	394.63	03.03.2012	03.09.2013	15.12.13	1	103
25		L-025 to Serika A & B Stage II	392.37	03.03.2012	03.09.2013	09.11.13	1	67
		Zunheboto District						
26		Yezashi to Tsukho (O) Stage II	328.66	03.03.2012	03.09.2013	16.03.15	1	75
27		Tizu River - Titha River road (T-01) to Lutsumi Stage II	395.90	03.03.2012	03.09.2013	On Going		574
28		Khuvuxu to Tsutoho Stage II	864.72	03.03.2012	03.09.2013	05.07.14	1	186
29		T-01 to Yezami Stage II	555.04	03.03.2012	03.09.2013	On Going	1	574
30		Satami to Lizutomi Stage II	339.82	03.03.2012	03.09.2013	03.07.15	1	574
		Peren District						
31		Jalukie - Khelma road (L-021) to New Nkio Stage II	985.53	03.03.2012	03.09.2013	On Going		574
32		JA road -Khelma to Ikesingram Stage II	486.61	03.03.2012	03.09.2013	On Going		574
33		Lalong to Nzauna Stage II	534.43	03.03.2012	03.09.2013	On Going		574
34		Kohima Laike road -N/Peren to Kezanglwa Stage II	216.46	03.03.2012	03.09.2013	27.05.13	1	0
35		Jalukie - Athibung road (L-021) to Nkio-B Stage II	1033.56	03.03.2012	03.09.2013	On Going		574
36		Heranglwa to Old Nkio via Upper Sinjol Stage II	435.48	03.03.2012	03.09.2013	25.3.14	1	203
37		T-02 to Tepun Stage II	455.52	03.03.2012	03.09.2013	3.2.15	1	518
38		Ngam to Lalong Stage II	523.51	03.03.2012	03.09.2013	On Going		574
		Longleng District						
39		Shetap road (L-021) to N/Ching Stage II	336.08	03.03.2012	03.09.2013	19.04.14	1	228
40		Pongo-Yongpang road to Mongtikang Stage II	706.87	03.03.2012	03.09.2013	18.03.15	1	561
41		Pongo to Yongpang Stage II	291.10	03.03.2012	03.09.2013	On Going		574
42		S/Ching to Ladigarh Stage II	448.40	03.03.2012	03.09.2013	On Going		574

Sl. No	Year	Name of Sanctioned Projects	Contract Price (in ₹)	Date of issue of work order	Stipulated date of completion as per work order	Date of Completion	No. of completed Projects	Time Overrun (in days)
	2011-12 (Phase-VIII)	Kiphire District						
43		Kichang to Hutanger via Huranger Stage II	876.29	03.03.2012	03.09.2013	On Going		574
44		BRO road to Phulanger Stage II	186.12	03.03.2012	03.09.2013	30.04.14	1	239
45		Old Longmatra to Honito Stage II	798.98	03.03.2012	03.09.2013	28.03.14	1	206
46		Kuisam to Sangkumti via Mutanger Stage II	1267.69	03.03.2012	03.09.2013	On Going		574
47		Sitimi-Shamatore rd to Kisetong Stage II	291.57	03.03.2012	03.09.2013	On Going		574
48		Pungren-Mimi rd to Fakim Stage II	727.12	03.03.2012	03.09.2013	On Going		574
49		Pungren - Mimi road to Thanamir. Stage II	1249.06	03.03.2012	03.09.2013	On Going		574
50		Sitimi - Shamatore (T-01) to Kior Stage II	185.98	03.03.2012	03.09.2013	20.12.13	1	108
51		Kiphire- Meluri - Titha River road (L-022) to Longzanger Stage II	393.76	03.03.2012	03.09.2013	On Going		574
52		Kiphire- Meluri - Titha River road (L-022) to Tsunger Stage II	788.35	03.03.2012	03.09.2013	On Going		574
53		Chomi - Pungro road (T-02) to Lonsonger via Chikiponger Stage II	1354.18	03.03.2012	03.09.2013	On Going		574
54		Mimi to Khonga and Hakumuti Stage II	1568.29	09.04.2012	09.10.2013	On Going		538
55		L-032 to Shothumi Stage II	422.19	03.03.2012	03.09.2013	On Going		574
56		L-022 to Yimphire Stage II	741.41	03.03.2012	03.09.2013	On Going		574

Appendix-2.4.1
Statement showing details of the Coal Mines operating without consent of NPCB
(Reference: Paragraph: 2.4.8.4)

Sl. No	Name of Coal mines	Location/Area of the mining operation in the state	Date of mining Rules, Act & Policy framed by the Govt.	Functional/ Non-Functional	No. of mining lease granted by the Govt.	Date of commencement of the project	Year wise extraction of Coal in the State (in MT)					
							2010	2011	2012	2013	2014	2015
1.	M/s I.Wati.Jamir	Lakhuni	Notler Act,1990	Functional w.e.f. 2013	CML/9	04.07.2012	NIL	NIL	NIL	420	150	2000
2.	M/s T.N.Mannen	Molungkimong	NMCR, 2005 Coal	Non-Functional	CML/22	05.03.2014	NIL	NIL	NIL	NIL	NIL	NIL
3.	M/s ThungjanoKikon	Yimpang	Policy and Rules, 2006	Functional w.e.f. 2015	CML/19	17.12.2012	NIL	NIL	NIL	NIL	NIL	200

Appendix-2.4.2

**Statement showing status of equipment at Dimapur required for water/waste water analysis as per Appendix – B of Guidelines for Recognition of Environmental Laboratories under the Environment (Protection) Act, 1986
(Reference: Paragraph 2.4.8.5)**

Sl.No.	List of equipment	Availability (Yes/No)
1.	Ice Box	No
2.	Filtration assembly	No
3.	Heating Mantle	No
4.	Stop watch	No
5.	Hot air oven	Yes
6.	Hot plate	Yes
7.	Muffle furnace	No
8.	Standard weight	No
9.	Water bath	No
10.	Thermometer	Yes
11.	Refrigerator/s big size	Yes
12.	Autoclave	Yes
13.	Bottom Sampler	No
14.	BOD Incubator	Yes
15.	Centrifuge	Yes
16.	Aquarium for bioassay test	No
17.	COD Digester with aluminium heating blocks	No
18.	Colony Counter	No
19.	Depth Sampler	No
20.	Digester with condensers	No
21.	Digestion chamber	No
22.	Dissolved oxygen sampler	No
23.	Flocculator (Jar testing apparatus)	No
24.	Flow Meter	Yes
25.	Incubator for bacteriological test	Yes
26.	Laminar flow	Yes
27.	Magnetic Stirrer with hot plate	Yes
28.	Mechanical Shaker	No
29.	Microwave digester	No
30.	TKN Analyser semi-automatic with aluminum block digester	No
31.	Ultrasonic water bath	Yes
32.	Vacuum Pump	Yes
33.	Water purification/distillation assembly	Yes
34.	Ekman Dredge	No
35.	Water sampler	No
36.	Oil & Grease sampler	No
37.	Water testing Kit	Yes
38.	Chloroscope for residual chlorine	No

Appendix-2.4.3
Statement showing list of functional/Non-functional instruments at Laboratory
Dimapur
(Reference: Paragraph 2.4.8.5)

Sl.No.	List of Instruments	Whether functional/Non-functional?
1.	Analytical Balance	Functional
2.	Conductivity Meter	Functional
3.	Dissolved oxygen meter	Functional
4.	pH Meter with combined glass electrode	Functional
5.	Turbidity meter	Functional
6.	Alpha/Beta Radioactivity Counter	Non-functional
7.	Atomic Absorption Spectrophotometer (Flame) with cathode lamps	Non-functional
8.	Atomic Absorption Spectrophotometer with Graphite Furnace and Hydride Generation System	Non-functional
9.	Organic Halogen Analyser (AOX/TOX)	Non-functional
10.	Binocular Microscope	Non-functional
11.	Flame Photometer	Functional
12.	Gas Chromatograph	Non-functional
13.	Gas Chromatograph with Mass Spectrometer (GC – MS)	Non-functional
14.	High Pressure Liquid Chromatograph	Non-functional
15.	Ion Chromatograph	Non-functional
16.	Inductively Coupled Plasma (ICP) Spectrometer	Non-functional
17.	Mercury Analyser Digital	Non-functional
18.	Portable Analyser Kit (DO, pH, Temp. Cond.)	Functional
19.	Precision balance weighing up to 1 mg (water/air)	Functional
20.	Rotary Evaporator	Non-functional
21.	Spectrophotometer (Visible) or Ultraviolet and visible	Functional
22.	Specific Ion Meter	Non-functional
23.	Stereo Microscope	Non-functional
24.	Total Organic Carbon Analyser	Non-functional

Anppendix-2.4.4
Statement showing shortfall in Pollution Under Control certificate issued in the State
(Reference: Paragraph: 2.4.8.6 (ii))

in numbers

Year	Opening balance of vehicles registered in Dimapur/Kohima	Additions during the year	Closing balance of vehicles registered in Dimapur/Kohima	Total number of PUCs to be issued	PUCs issued	Shortfall	Percentage of shortfall
2010-11	92966	12304	105270	185932	2603	183329	98.60
2011-12	105270	11806	117076	210540	978	209562	99.53
2012-13	117076	11436	128512	234152	104	234048	99.95
2013-14	128512	12305	140817	257024	104	256920	99.95
2014-15	140817	13203	154020	281634	44	281590	99.98

Appendix-2.5.1
Statement showing excess and inadmissible payment due to improper classification of landholding
(Reference: Paragraph 2.5.8.2)

Amount in ₹

Year	1st Year Assistance					2nd Year Assistance				Total Excess Payment
	Area(Ha)	Admissible Rate	Admissible Amount	Amount Paid	Excess Amount Paid	Area(Ha)	Admissible Amount	Amount Paid	Excess Amount Paid	
2010-11	5504	4000	2,20,16,000	502,29,000	2,82,13,000	2980	0	3,72,50,000	3,72,50,000	6,54,63,000
2011-12	4524	4000	1,80,96,000	370,00,000	1,89,04,000	5504	0	6,88,00,000	6,88,00,000	8,77,04,000
2012-13	5932	4000	2,37,28,000	741,50,000	5,04,22,000	4524	0	5,65,50,000	5,65,50,000	10,69,72,000
2013-14	5750	4000	2,30,00,000	718,75,000	4,88,75,000	5932	0	7,41,50,000	7,41,50,000	12,30,25,000
2014-15	1000	5000	50,00,000	210,00,000	1,60,00,000	5750	0	7,18,75,000	7,18,75,000	8,78,75,000
Total	22710		9,18,40,000	25,42,54,000	16,24,14,000	24690		30,86,25,000	30,86,25,000	47,10,39,000

Appendix-2.5.2
Statement showing difference in Receipt and Payment Account and Progress report
(Reference: Paragraph 2.5.9.1)

₹ in crore

As per Receipt & Payment Account					As Per Progress Report on 31 March			
	<i>Plantation Assistance</i>	<i>Sapling Cost</i>	<i>Transportation Cost</i>	<i>Total</i>	<i>1st Yr. Assistance</i>	<i>2nd Yr. Assistance</i>	<i>Total</i>	<i>Discrepancy</i>
2010-11	6.36	2.68	0.50	9.54	2.09	3.72	5.81	3.73
2011-12	7.52	5.04	0.28	12.84	3.70	6.88	10.58	2.26
2012-13	7.84	4.14	0.36	12.34	7.42	5.66	13.08	-0.74
2013-14	8.76	5.43	0.35	14.54	7.19	7.42	14.61	-0.07
2014-15	6.68	5.26	0	11.94	2.10	7.19	9.29	2.65
Total				61.20			53.37	7.83

Appendix-2.5.3
Statement showing unfruitful financial assistance on innovative intervention
(Reference: Paragraph 2.5.10.6)

₹ in lakh

Activity	200-11		2011-12		2012-13		2013-14		Total	
	Sanctioned Amt.	Actual Expr.	Sanctioned Amt.	Actual Expr.	Sanctioned Amt.	Actual Expr.	Sanctioned Amt.	Actual Expr.	Sanctioned Amt.	Actual Expr.
Handicraft	20.00	20.00	20.00	20.00		6.00			40.00	46.00
Furniture			6.00	4.50	6.00	0.00			12.00	4.50
Market Development & Linkage	20.00	20.00							20.00	20.00
Resource Mapping	20.00	20.00		20.00					20.00	40.00
Micro Processing Unit			20.00						20.00	0.00
Incense Stick Unit			25.00	21.08	20.00	20.00		21.08	45.00	62.16
Shoot & Pickle Processing					6.00	6.00	10.00	10.00	16.00	16.00
Charcoal Briquette							26.00	25.98	26.00	25.98
Total	60.00	60.00	71.00	65.58	32.00	32.00	36.00	57.06	199.00	214.64

Appendix–2.6.1
Statement showing buildings and plantations not identified during Joint Physical Verification
(Reference: Paragraph 2.6.8)

Amount in ₹

Name of the road	Sl. No. as per DPR for compensation	Name of owner	Chainage	Location	Details of damage	Amount	Remarks
Pfutsero - Phek road	164	Musutso	17.250	Sakraba	C Type Bldg	25,76,155	Building not identified. However, it is stated that it was 20 m away from the road.
	165	Kuthosheyi	17.280	Sakraba	D Type Bldg	12,14,528	
	171	Zhashesa Lohe	17.420	Sakraba	B Type Bldg	22,79,191	
	166	Vengoyi Sekhamo	17.310	Sakraba	C Type Bldg	9,60,058	
	174	Ciekhurayi & Party	17.80	Sakraba	Terrace Field	19,99,208	
	177	Shekho	26.050	Pholami village	D Type Bldg	4,00,080	Could not be identified, however, it is stated that the buildings are towards the hill side.
	178	Sakhayi Nakhro	26.050	Pholami village	DType Bldg	2,57,194	
	179	Rukuve	26.100	Pholami village	D Type Bldg	3,07,754	
	180	Nukhosa Nakhro	26.120	Pholami village	D Type Bldg	2,76,978	
	181	Nezota	26.200	Pholami village	DType Bldg	2,24,221	
	182	Shevoyi Nakhro	26.280	Pholami village	D Type Bldg	5,93,525	
Changtongya - Longleng road	76	Hauven	13.030		D Type Bldg & Tree Plantn. & Orange farm	43,81,389	Could not be identified, E/W yet to start. However, officers present stated that buildings were demolished and details of demolished list not furnished.
	157	Imtinungta	16.800		D Type Bldg, Tree & Pineapple farm	1,12,893	
	158	Ngangshe	16.830		D Type Bldg, Tree & Pineapple farm	1,09,046	Could not be identified, E/W yet to start.
	159	Pangchat	16.840		D Type Bldg, Tree & Orange farm	35,814	
	160	Koshen	16.920		D Type Bldg, Tree & Orange farm	3,01,082	
	162	Nungnyei	17.020		D type bldg	9,00,195	
	163	Manshei	17.030		C & D type bldg, Plantation & farm	3,89,212	
	164	Phochan	17.080		D type bldg, Tree & Orange farm	1,50,037	
	165	Nungnyei	17.120		C type bldg & Plantation	9,45,398	
	166	Longnai	17.150		C type bldg & Plantation	5,59,995	
	167	A.Pukok	17.150		D type bldg, Tree & Orange farm	1,84,443	
	168	Pentang	17.150		D type bldg, Tree & Orange farm	4,46,704	

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Name of the road	Sl. No. as per DPR for compensation	Name of owner	Chainage	Location	Details of damage	Amount	Remarks
	172	Pangdang	17.230		C type bldg & Plantation	9,18,786	Buildings not identified (earthwork yet to be commenced in this area)
	173	Mangkoyo	17.250		C type bldg & Plantation	2,15,421	
	174	Lamlewa	17.270		C type bldg & Plantation & farm	4,72,333	
	175	A.Chubatemjen	17.290		C type bldg & Plantation	8,10,202	
	176	Lapumongla	17.320		C type bldg & Plantation	2,88,188	
	177	Myanpong	17.340		C type bldg & Plantation	1,73,165	
	178	Temchet	17.340		C type bldg & Plantation	8,62,531	
	179	Bendangsangba	17.350		C type bldg & Plantation	2,80,700	
	180	Yenchung	17.360		C type bldg & Plantation	3,45,271	
	181	Khanglai	17.360		C type bldg	3,00,939	
	416	C Shapang	28.862		B type bldg	17,13,547	
	417	Nyukhi	28.862		B type bldg	7,64,772	
	418	K. Longbham	28.862		C type bldg	11,04,049	
	419	Koba	28.862		B & D type bldg	47,21,117	
	420	Pongai	28.862		B & D type bldg	12,62,482	
	421	A. Chuba	28.862		D type bldg	6,26,152	
	422	Shamnyim	28.862		C type bldg	4,94,516	
	423	Y. Amit	28.862		C & D type bldg	5,37,511	
Mon-Tamlu - Merangkong road	114	Ongyap Phom	19 to 20 km		E Type Bldg	34,488	Not identified. However, it is stated that the division has proposed for diversion from chainage 18.300 km to 19.200 km and the buildings falls under the proposed stretch.
	115	Chengshem Phom			E Type Bldg	73,575	
	116	Patan Phom			E Type Bldg	91,969	
	117	Munyu Phom			E Type Bldg	1,14,962	
	118	Mungaok Phom			C & E type bldg	10,50,338	
	119	Thakmei Phom			D type bldg	4,25,924	
	120	Hongbei Phom			C & D type bldg	13,14,932	
	121	Paunyim Phom			E Type Bldg	1,44,851	
	122	Pastor, Nepali Church			D & E type bldg	2,91,806	
	123	Khahsho Phom			D type bldg	3,37,190	
	124	Ongphei Phom			D type bldg	5,32,405	
	125	Onumae Phom			E Type Bldg	91,969	
	126	Pape			E Type Bldg	73,575	
Total						4,00,74, 766	

Appendix–2.6.2
Statement showing the details of buildings yet to be shifted and dismantled.
(Reference: Paragraph 2.6.8)

Amount in ₹

Name of the road	Sl. No. as per DPR for compensation	Name of owner	Chainage	Location	Details of damage	Amount	Remarks
Pfutsero - Phek road	84	Puneru (Head GB)	0.000	Pfutsero Town area	CType Bldg	6,25,815	Dismantling yet to be carried out
	85	Neitshulo	0.011	Pfutsero Town area	A Type Bldg	22,82,922	
	86	Shivohu	0.020	Pfutsero Town area	C Type Bldg	8,10,716	
	87	Punezo Kezo	0.030	Pfutsero Town area	C Type Bldg	6,96,931	
	88	Hunetsu Vero	0.041	Pfutsero Town area	A Type Bldg	5,07,316	
	89	Muswuru Dunyi	0.055	Pfutsero Town area	A Type Bldg	11,95,816	
	90	Avotso	0.063	Pfutsero Town area	CType Bldg	5,86,702	
	91	Adezo Puro	0.085	Pfutsero Town area	CType Bldg	18,38,333	
	92	Kelhongulo Sera	0.108	Pfutsero Town area	CType Bldg	1,99,123	
	93	Nchamo Lotha	0.114	Pfutsero Town area	A Type Bldg	10,19,162	
	94	Vehezo Epao	0.124	Pfutsero Town area	CType Bldg	16,55,211	
	95	Kuhunu Vero	0.140	Pfutsero Town area	CType Bldg	16,32,098	
	96	Keveshu	0.191	Pfutsero Town area	A Type Bldg	30,57,485	
	97	Kachuno Losou	0.210	Pfutsero Town area	C Type Bldg	11,26,468	
	98	Veseta Thingo	0.232	Pfutsero Town area	C Type Bldg	17,08,547	
	99	Chosanyi Rose	0.249	Pfutsero Town area	C Type Bldg	2,88,017	
	100	Khuzuhu Vadeo	0.340	Pfutsero Town area	CType Bldg	11,09,400	
	101	Akhru Khomi	0.346	Pfutsero Town area	B Type Bldg	7,30,510	
	102	Lhiwenyi Lasuh	0.362	Pfutsero Town area	E Type Bldg	77,750	
	103	Puthitso	0.380	Pfutsero Town area	B Type Bldg	20,96,250	
	104	CBCC	0.411	Pfutsero Town area	B Type Bldg	6,10,498	
	105	Vetsu	0.424	Pfutsero Town area	C Type Bldg	28,44,616	
	106	Vesazu	0.704	Pfutsero Town area	CType Bldg	7,68,046	
	107	Lt. Vepoto	0.815	Pfutsero Town area	CType Bldg	3,98,246	

Name of the road	Sl. No. as per DPR for compensation	Name of owner	Chainage	Location	Details of damage	Amount	Remarks
Mon-Tamlu - Merangkong road	60	Iminukshi	2.200		B Type Bldg & Tree plantation	9,48,881	Yet to be shifted.
	61	Liboktemsusu	2.200		C Type Bldg & tree plantation	7,06,849	
	63	Ronsinnangba	2.400		B Type Bldg & W/tank, plantation	5,93,338	
	64	Imkongsangba	2.400		C & D Bldg & W/tank, plantation	8,79,839	
	66	Chubasimba	2.530		C & D Bldg & W/tank, plantation	7,11,869	
	68	Nungsangchiba	2.530		C & D Bldg & W/tank, plantation	10,34,432	
	69	Imdangmar	2.530		C Bldg & W/tank, plantation	12,24,508	
	70	Sintiola	2.620		C Type Bldg & tree plantation	6,76,199	
	71	Ribalibzuk	2.620		D Type Bldg & Banana plants	1,52,436	
	72	Takochuba	2.660		D Type Bldg & Banana plants	91,397	
	73	Wainungsang	2.660		C & D Bldg & W/tank, plantation	8,11,053	
	74	Orenemla	2.700		C Type Bldg & tree plantation	6,77,439	
	75	Nungsangtemjen	2.710		C Type Bldg & tree plantation	8,75,846	
	76	Sentizungba	2.750		C Type Bldg & tree plantation	6,43,852	
	77	Longarkaba	2.750		E type Bldg & plantation	30,025	
	78	Loklanyangei	2.750		E type Bldg	41,064	
Total						3,79,65,005	

Appendix-2.6.3
Statement showing excess payment made on compensation to Buildings
(Reference: Paragraph 2.6.8)

Sl. No	DPR Compensation Sl. No.	Name of the owner	Chainage	Type of building	Plinth Area (in sq. ft.)	No of Floors	Total Area of all floors (in sq. ft.)	Converted to Sq M	Year of Construction	Rate fixed according to type of building	Amount (in ₹)	Age of building as on 2010	Compensation admissible as per depreciation value	Amount approved for payment (in ₹)	Excess compensation (in ₹)
<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>	<i>o</i>	<i>p = (o - n)</i>
1	108	Zukihuveyi	1.100	A	984	3	2952.00	274.54	1998	16529.80	4538025.17	12	3148674	3344209	1,95,535
2	109	AnganawadiBldg	1.115	D	360	1	360.00	33.48	2008	8022.00	268576.56	2	252704	197842	
3	110	Rehetzi Community	1.115	D	288	1	288.00	26.78	2008	8022.00	214861.25	2	202163	158273	
4	111	VethaiVeyi	1.140	C	864	2	1728.00	160.70	2002	12976.00	2085295.10	8	1634336	2304139	6,69,803
5	112	Phesachodu Women VDB	1.155	A	880	3	2640.00	245.52	2002	16529.80	4058396.50	8	3180741	2989541	
6	113	VekhonyiKezo	1.226	C	64	1	64.00	5.95	2005	12976.00	77233.15	5	66323	56892	
7	114	Zuvepra M	1.300	C	1140.8	1	1140.80	106.09	2000	12976.00	1376680.93	10	1015198	1014106	
8	115	Metsicho	1.326	C	180	1	180.00	16.74	2004	12976.00	217218.24	6	180937	160010	
9	116	AsuThephuzu	1.450	D	627	1	627.00	58.31	2001	8022.00	467770.84	9	355614	344574	
10	117	Khruhucho	1.600	B	2239.2	1	2239.20	208.25	2000	15233.34	3172276.03	10	2339313	2336797	
11	118	Theyerigovl	1.618	D	378	1	378.00	35.15	2001		0.00	9	0	207734	2,07,734
12	119	RihutoTheluo	1.650	A	714	2	1428.00	132.80	2004	16529.80	2195223.56	6	1828560	1617070	
13	120	Lhikroyi&Vemutha	1.800	A	1300	1	1300.00	120.90	2005	16529.80	1998452.82	5	1716139	1472122	
14	121	VekhonyiKezo	1.810	A	748	2	1496.00	139.13	2005	16529.80	2299758.01	5	1974880	1694073	
15	122	Chuvohu	1.900	B	943	1	943.00	87.70	2000	15233.34	1335948.68	10	985161	984101	
16	123	Zachuhu	1.910	D	934	1	934.00	86.86	2007	8022.00	696806.96	3	635957	513289	
17	124	Shevotso	1.920	B	1281.84	1	1281.84	119.21	2006	15233.34	1815983.52	4	1607677	1337710	
18	125	Vehedu	1.938	D	264	1	264.00	24.55	1999	8022.00	196956.14	11	140883	145084	4,201
19	126	Vekosa	2.200	D	281.2	1	281.20	26.15	2006	8022.00	209788.14	4	185724	154536	
20	128	Dunyo	2.900	B	773.3	1	773.30	71.92	2011	15233.34	1095534.59	-1	1129417	807005	
21	137	Agri Dept. Rental House	8.770	B	750	1	750.00	69.75	2007	15233.34	1062525.47	3	969738	782689	
22	138	Porba community	9.700	D	560	1	560.00	52.08	2000	8022.00	417785.76	10	308085	307754	
23	149	ChuhunyiDVadeo	17.010	B	420	1	420.00	39.06	1999	15233.34	595014.26	11	425615	230815	
24	150	Lhutave	17.020	C	432	1	432.00	40.18	2001	12976.00	521323.78	9	396327	384023	
25	151	Zaprahu	17.030	D	705	1	705.00	65.57	2002	8022.00	525962.43	8	412220	387440	

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Sl. No	DPR Compensat ion Sl. No.	Name of the owner	Chainage	Type of build- ing	Plinth Area (in sq ft.)	No of Floors	Total Area of all floors (in sq. ft)	Converted to Sq M	Year of Construc tion	Rate fixed according to type of building	Amount (in ₹)	Age of building as on 2010	Compen- sation admissible as per depreciation value	Amount approved for payment (in ₹)	Excess compensati on (in ₹)
<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>	<i>o</i>	<i>p = (o -n)</i>
26	152	Chekhurai	17.040	B	364	1	364.00	33.85	1998	15233.34	515679.03	12	357800	379865	22,065
27	154	Veneso (A)	17.080	D	276	1	276.00	25.67	2010	8022.00	205908.70	0	205909	151679	
28	155	Thenusheyi	17.100	D	240	1	240.00	22.32	2000	8022.00	179051.04	10	132037	131894	
29	156	Nierayi.D.Vadeo	17.110	B	468	1	468.00	43.52	2002	15233.34	663015.89	8	519634	488398	
30	157	Venosa (B)	17.120	D	816	1	816.00	75.89	2007	8022.00	608773.54	3	555611	448441	
31	159	Kuvesa	17.160	D	408	1	408.00	37.94	2000	8022.00	304386.77	10	224462	224221	
32	160	Vehupo	17.180	D	408	1	408.00	37.94	2000	8022.00	304386.77	10	224462	224221	
33	161	Anganawadi shed	17.200	D	360	1	360.00	33.48	2,006	8022.00	268576.56	4	237769	197842	
34	163	NieshevoluLohe	17.230	D	900	2	1800.00	167.40	1997	8022.00	1342882.80	13	903797	989208	85,411
35	167	BedukhoD.Vadeo	17.320	C	312	2	624.00	58.03	2000	12976.00	753023.23	10	555297	554700	
36	168	KechorhiitoLohe	17.330	D	299	1	299.00	27.81	1998	8022.00	223067.75	12	154774	164318	9,544
37	169	Vepoto	17.370	B	575.72	2	1151.44	107.08	2007	15233.34	1631245.76	3	1488794	1201626	
38	172	Veposu	17.470	B	1232	1	1232.00	114.58	2010	15233.34	1745375.16	0	1745375	1285698	
39	189	VekusaNakhro	29.100	D	288	1	288.00	26.78	2000	8022.00	214861.25	10	158444	158273	
40	233	Letsutso	40.850	D	448	1	448.00	41.66	2000	8022.00	334228.61	10	246468	246203	
41	234	Vetahu Vero	41.260	C	518	1	518.00	48.17	1999	12976.00	625105.82	11	447139	460472	13,333
42	235	VeposaChurhah	41.450	D	196	1	196.00	18.23	1998	8022.00	146225.02	12	101457	107714	6,257
43	235	VeposaChurhah	41.455	D	372	1	372.00	34.60	1998	8022.00	277529.11	12	192561	204436	11,875
44	236	HusuveDzudo	41.720	D	660	1	660.00	61.38	1999	8022.00	492390.36	11	352208	362710	10,502
45	238	HuvienieyiKezo	65.800	C	1116	1	1116.00	103.79	1999	12976.00	1346753.09	11	963334	992060	28,726
46	239	VehupaVenuh	65.824	D	224	1	224.00	20.83	1999	8022.00	167114.30	11	119537	123101	3,564
47	240	Wetsozule Hoshi	65.867	C	1890	1	1890.00	175.77	2002	12976.00	2280791.52	8	1787555	1680101	
48	241	NievosaRhakho	65.950	C	552	1	552.00	51.34	2000	12976.00	666135.94	10	491225	490696	
49	241	VechozoChizo	65.960	C	676	1	676.00	62.87	2001	12976.00	815775.17	9	620178	600925	
50	241	VechozoChizo	65.980	C	336	1	336.00	31.25	2001	12976.00	405474.05	9	308254	298685	
														Total	12,68,550

Appendix-2.7.1
Statement showing Short/Non-receipt of Rural Housing material by the VDBs
(Reference: Paragraph 2.7.10.1(e))

Sl No	Name of the District	Name of the Block	Name of VDB	Quantity issued as per the records of BDO (in bundles)	Year of allocation/ verification	Quantity received as per the records of VDB	Difference	Rate	Cost of short receipt
1	Tuensang	Sangsangnyu	Konya	133	2010-15	85	48	4470	2,14,560
2	Mon	Tobu	Monyakshu	1060.6 (BRGF. 735bundles and IAY 325.60)	2010-15	464.4	596.2	4470	26,65,014
3	Mon	Tobu	Changlangshu	945	2010-15	745	200	4470	8,94,000
4	Mon	Tobu	Bumei	357	2010-15	84	273	4470	12,20,310
5	Wokha	Wozhuro	Shaki	294	2010-15	203	91	4470	4,06,770
6	Wokha	W/Ralan	Phiro	350	2010-15	238	112	4470	5,00,640
7	Mon	Chen/Aboi	Nangching	28	2010-11 (2nd installment of 2009-10 recived issued during 2010-11)	0	28	4470	1,25,160
Total							1348.2		60,26,454

Appendix 2.7.2
Statement showing the details of fund-unutilised against procurement of CGI Sheets
(Reference : Paragraph 2.7.10.1(g))

Sl No	Name of the District	Name of Block	Name of VDB	Quantity not utilised (bundles)	Name of the beneficiary	Year of receipt from Block Development Officer/ VDB	Status	Remarks
1	Tuensang	Noklak	Aniashu	30	-	2010-15	-	VDB did not supply the roofing materials as the beneficiaries did not start the work of construction of house.
2	Tuensang	Noklak	Nokyan B	20	-	2010-15		VDB did not supply the roofing materials as the beneficiaries did not start the work of construction of house.
3	Tuensang	Noklak	Lingnyu	7	Shri. Pungshang	2012-13	Poverty	Could not manage the cost of other building materials by the beneficiary
4	Tuensang	Noklak	Waoshu	136	Different beneficiaries	2011-13	Poverty	19 beneficiaries could not utilise the CGI sheet issued for house construction as they could not manage the amount required for collecting other building materials due to their poverty.
5	Tuensang	Sangsangnyu	Chendang	7	Shri. Loyem	2012-13	Poverty	CGI sheets were not issued to beneficiary as the beneficiary could not raise the building materials other than CGI sheets required for the construction of the house.
6	Wokha	Wozhuro	Shaki	7	Shri, Philip	2011-12	Already has a house	The beneficiary did not utilise the CGI sheets issued as the house was already CGI sheet roofed.
7	Wokha	Wozhuro	Shaki	3	Smti Estowlo	2012-13	Already has a house	Utilised for construction of kitchen as she already had a house CGI Sheet roofed.
8	Wokha	Wozhuro	Shaki	2	Shri. Yanchamo	2012-13	Already has a house	Utilised for construction of kitchen as he already had a house CGI Sheet roofed.
9	Wokha	W/Ralan	Ralan old	5	Wosumo	2011-12	Already has a house	The beneficiary did not utilise the CGI sheet issued as the house was already CGI sheet roofed under IAY and 35 numbers stacked seen.
10	Wokha	W/Ralan	Liphiyan	7	Shri. Asao Tung	2012-13	Already has a house	Not utilised as he has a CGI sheet roofed house
11	Wokha	W/Ralan	Pongidong	3	Shri. Nsamo	2010-11	Poverty	Not utilised the material received as he cannot manage other cost for construction

Sl No	Name of the District	Name of Block	Name of VDB	Quantity not utilised (bundles)	Name of the beneficiary	Year of receipt from Block Development Officer/ VDB	Status	Remarks
12	Wokha	W/Ralan	Phiro	7	Shri. Alathung	2012-13	Already has a house	Not utilised as he has a house out of IAY and live in his existing house.
13	Wokha	W/Ralan	Phiro	56	8 beneficiaries	2010-13	Already has a house	Utilised for construction of kitchen and like works.
14	Wokha	Sanis	Pangti	39	Smti. Erali	2011-12	Already has a house	Utilised only 10 numbers of CGI sheets and the remaining number utilisation not known.
Total				329				

Appendix-2.7.3
Statement showing details of ongoing works
(Reference: Paragraph 2.7.10.2(i))

Sl No	Name of the District	Name of the Block	Name of IE	Name of the work	Year of allocation	Amount released	Expenditure (₹ in lakh)
1	Tuensang	Noklak	Nokyan B	Multipurpose Building Phase- 1	2014-15	1.95	1.95
2	Wokha	-	ULB	Const. of Side drains at Tsumang Nullah Upper Section	2014-15	1.8	1.8
3	Wokha	-	ULB	Const. of protection Wall at IOC Nullah Upper Section	2014-15	1.8	1.8
4	Wokha	-	ULB	Const. of Footsteps from NH 61 to PWD to GA colony vis AG colony	2014-15	1.05	1.05
5	Wokha	-	ULB	Constr. of Marketing shed at Left Bank Doyang.	2014-15	1.8	1.8
6	Wokha	-	ULB	Soiling and Metalling of A/Rd from Helipad to Quarry area.	2014-15	3.87	3.87
7	Wokha	-	ULB	Constr. of Side drain from WTC towards SP Office.	2014-15	1.29	1.29
8	Wokha	-	ULB	Constr. of Side drain from DBS entrance to Sisters' Convent.	2014-15	1.29	1.29
9	Wokha	-	ULB	Blacktopping from DC Office Junction to Fish Market.	2014-15	7.74	7.74
10	Wokha	-	ULB	Constr. of F/Steps from Veterinary Office to Saron Colony.	2014-15	1.29	1.29
11	Wokha	-	ULB	Constr. of F/Steps from Catholic Cemetry to Hakao residence, Airfield.	2014-15	1.29	1.29
12	Wokha	-	ULB	Constr. of Public Well at Chanka Colony, Wokha.	2014-15	1.29	1.29
13	Wokha	-	ULB	Constr. of F/Steps from Rachan Colony to Police Reserve.	2014-15	1.29	1.29
14	Wokha	-	ULB	Maintenance of A/Rd. from NEC Road to GHS Bhandari.	2014-15	3.87	3.87
15	Wokha	-	ULB	Maintenance of A/Rd. from NEC Road to CHC Bhandari.	2014-15	3.87	3.87
16	Wokha	-	ULB	Maintenance of A/Rd. from Wokha-Bokajan Rd. below BB College to Stone Quarry.	2014-15	2.58	2.58
17	Wokha	-	ULB	Constr. of Resting shed near Chubi bridge R/Bank Doyang.	2014-15	5.16	5.16
18	Wokha	-	ULB	Constr. of Circular Rd. at Sanis Town.	2014-15	5.16	5.16
19	Wokha	-	ULB	Collection & Constr. of Watersupply Pipeline from Etsuchuka to Mahandeo area.	2014-15	0.52	0.52
20	Wokha	-	ULB	Repairs & Renovation of Slaughter house at Mahando area.	2014-15	0.52	0.52
21	Wokha	-	ULB	Side drainage from Dimapur Rd. to LikhabaSangtam'sresidence.	2014-15	1.7	1.7
22	Wokha	-	ULB	Constr. of C/hall at LCMHS Colony Wokha.	2014-15	1.6	1.6

Sl No	Name of the District	Name of the Block	Name of IE	Name of the work	Year of allocation	Amount released	Expenditure (₹ in lakh)
23	Wokha	-	ULB	Constr. of F/Steps from Bokajan Rd. to Nhyali.	2014-15	1.7	1.7
24	Wokha	-	ULB	Const. of nullah /drainage near Home Guard Office.	2014-15	0.9	0.9
25	Wokha	-	ULB	Const. of Drainage around DPMC Staff Quarter	2014-15	0.8	0.8
26	Wokha	-	ULB	Cont. of Footsteps at Wokha Town Airfield	2014-15	0.6	0.6
27	Wokha	-	ULB	Const. of F/Step at Project Colony	2014-15	0.6	0.6
28	Wokha	-	ULB	Const. of Side Drain at NST-Mt. Tiya College	2014-15	0.8	0.8
29	Wokha	-	ULB	Const. of side drainage at Saron (Gilgal School)	2014-15	0.6	0.6
30	Wokha	-	ULB	Const. of Library Room (1 No.)	2014-15	0.6	0.6
31	Wokha	-	ULB	Maintenance of A/Road & Nullah from DC office to Church Road colony	2014-15	0.92	0.92
32	Wokha	-	ULB	Const. of F/Path at NST Colony	2014-15	0.8	0.8
33	Wokha	-	ULB	Const. of Retaining Wall at Vankhosung	2014-15	1	1
34	Wokha	-	ULB	Protection & Const. of Nullah at Midland	2014-15	0.8	0.8
35	Wokha	-	ULB	Const. of Footsteps at Forest Colony	2014-15	0.8	0.8
36	Wokha	-	ULB	Const. of Nullah at PWD colony	2014-15	0.9	0.9
37	Wokha	-	ULB	Const. of R/Wall at Lower Airfield	2014-15	0.8	0.8
38	Wokha	-	ULB	Maintenance of A/Road to Ploce Station	2014-15	0.9	0.9
39	Wokha	-	ULB	Const. of Water Tank Reservoir at Saron Colony	2014-15	0.6	0.6
40	Wokha	-	ULB	Constr. Of Water Harvesting at Ruchan Colony	2014-15	0.8	0.8
41	Wokha	-	ULB	Earth cutting for widening of Police Point area by leveling the Hillock at Police Point & const. of Parking lot and Townsquare.	2014-15	11.1	11.1
42	Mon	-	ULB	Construction of DRDA complex with Godown.		75	75
Total							153.75

Appendix- 2.7.4
Statement showing un-executed projects under BRGF in three Test checked districts by the ULBs
(Reference : Paragraph 2.7.10.2(i))

Sl. No	Name of district	Name of work	Year	Physical Target	Amount sanctioned	Actually executed	Amount required for the executed work	Excess Expenditure	Remarks
1.	Tuensang	Construction of strong room for DC's office	2013-14	1	49	-	-	49	A room in an existing old building inside DC Office complex was shown during joint inspection instead of a newly built room.
2	Tuensang	Construction of godown	2011-12	1	50	-	-	50	It was stated that an old multistoried building was stated as purchased for godown but documentary evidence of procurement could not be furnished by the Department. During joint inspection, it was seen that building was occupied by tenants except one room which was stated as being used for godown.
3	Tuensang	Re-wiring of district Hospital	2010-11	1	0.5	-	-	0.5	Joint inspection revealed that the work was not carried out.
4	Mon	Retention wall at Chingai ward	2012-13		10.26	-	-	10.26	This work could not be traced out during joint inspection.
5	Mon	Retention wall at Chingai ward	2012-13		10	-	-	10	This work could not be traced out during joint inspection.
6	Mon	Retention wall & drainage at Chingai ward	2012-13	-	20	-	-	20	Joint inspection revealed that the work was not carried out.
7	Mon	Retaining wall at DRDA complex	2012-13	-	16	-	-	16.00	As assessed during the joint inspection
8	Wokha	Const. of Slaughter house at NST Phase-I	2010-11	-	3	-	-	3	Joint inspection revealed that the work was not carried out.

Sl. No	Name of district	Name of work	Year	Physical Target	Amount sanctioned	Actually executed	Amount required for the executed work	Excess Expenditure	Remarks
9	Wokha	Const. of Public Library in Wokha Town (Library building, purchase of books, furnishing, etc)	2010-11	-	14.71	-	-	14.71	Joint inspection revealed that the work was not carried out.
10	Wokha	Laying of 32 mm GI Pipes for Upper NST Phase-I	2010-11	-	2	-	-	2	Joint inspection revealed that the work was not carried out.
11	Wokha	Construction of footpath around the town	2012-13	-	20.3	-	-	20.30	Joint inspection revealed that the work was not carried out.
12	Wokha	Const. of Retaining Wall at High School Colony	2010-11	-	1	-	-	1.00	Joint inspection revealed that the work was not carried out.
13	Wokha	Repair and renovation of traditional water source	2010-11		20	-	-	20.00	Joint inspection revealed that the work was not carried out.
14	Wokha	Const. of Drainage at Lower Airfield Colony	2010-11	37 metre	1.57	-	-	1.57	Joint inspection revealed that the work was not carried out.
15	Wokha	Repair and renovation of traditional water source	2012-13	4 X 5 of 2 nos	20	-	-	20	Joint inspection revealed that the work was not carried out.
Total								238.34	

Appendix- 2.7.5
Statement showing Diversion of projects
(Reference: Paragraph 2.7.10.2(iii))

Sl No	Name of the District	Name of the Block	Name of IE	Name of the work sanctioned	Year of allocation	Amount allocated	Physical Target	Works actually taken up	Expenditure (₹ in lakh)
1	Tuensang	Noklak	VDB Washou	Multi purpose building	2014-15	1.5	28 X 16	Marketing Shed and Approach road	-
2	Tuensang	Sangsangyu	VDB Konya	Construction of village panchayat.	2014-15	2.21	25 X 17	Amount utilised for construction of kitchen to the community hall of dimension 30 X 15 feet. The approximate cost was 1.90 lakh	Details of expenditure with supporting documents not furnished by the VDB/BDO
3	Mon	Chen	VDB Chenwetnyu	Construction of Guest House cum conference Hall	2013-14	2.51		Amount was stated as utilised for construction of Panchayat Hall cum Guest House.	Detailed estimate, source fund, assistance out of BRGF, supporting documents for exoenditure etc not furnished for audit scrutiny.
4	Mon	-	ULB Mon	Community Hall at Air Field colony Wokha Town Phase-I	2010-11	2	-	Procurement o site for construction of community hall	
5	Mon	-	ULB Mon	6 nos of ULB works	2013-15	176.22	-	Utilised for construction of guest House	Details of UC not furnished by the IE.
6	Wokha	Ralan	Ralan	Construction of a/road from old to new village	2012-13	2.07	3.5 KM	Purchase of cemetry	-
7	Wokha	Sanis	VDB Pangti	Cultural heritage preservation building	2012-13	5.51	-	Stated as diverted for black topping of village circular road	Details of expenditure, resolution of the village council for procurement etc not furnished.

Sl No	Name of the District	Name of the Block	Name of IE	Name of the work sanctioned	Year of allocation	Amount allocated	Physical Target	Works actually taken up	Expenditure (₹ in lakh)
8	Wokha	Sanis	VDB Sungro	Construction of community hall	2012-13	0.9	-	Diverted for foot steps	Community hall already constructed during 2009-10 no records. Convergence with MGNREGs.
9	Wokha	W/Ralan	Liphiyan	Construction of irrigation Canal	2012-13	1.95		Utilised for construction of primary school	No records.
10	Wokha	Sanis	Meshangpen	Community Latrines	2012-13	0.9	6 nos	Kitchen to the community hall	No records.
11	Wokha	W/Ralan	Chandalashung New	Construction of irrigation Canal	2012-13	0.9	1	Utilised for construction of primary school	No records.
12	Wokha	W/Ralan	Phiro	Construction of approach road from village to Zumion	2012-13	2.82	3.5 KM	Diverted for construction of unlined surface drain of 1.3 KM along agri-link road constructed under MGNREGS,	-
Total						206.49			

Appendix-2.7.6
Statement showing list of inadmissible works executed by SIRD under BRGF during 2010-15
(Reference Paragraph – 2.7.10.3(ii))

Sl No	Date	Name of the work	Net amount	Name of the contractor/ supplier
1	15/05/2010	Construction /furnishing of resource centre Longleng	20,00,000	DRDA Longleng
2	06/04/2010	Cons. resource centre at Kiphirie, Wokha and Mon	50,00,000	<i>No details furnished</i>
3	19/12/2013	Resource centre	10,00,000	Wokha
4	19/12/2013	Resource centre	10,00,000	Tuensang
5	19/12/2013	DRDA mon for resource centre	20,00,000	Mon
6	21/4/2011	SIRD quarter	5,44,150	KLAS Enterprises
7	25/5/2011	Construction of brick wall & footsteps at SIRD Kohima	1,97,160	M/s. Oriental Trade Agencies, C/o Alhou
8	25/05/2011	Drainage to staff quarters	12,54,780	M/s. KLAS enterprises
9	13/06/2011	Blacktopping of SIRD Auditorium	34,52,780	Pfuduolhou Kense, Govt contractor & supplier, Kohima
10	13/06/2011	Decorative lake between SIRD Auditorium and Administrative Building of SIRD	7,50,000	<i>No details furnished.</i>
11	13/06/2011	Tile Flooring of Auditorium	15,00,000	<i>No details furnished</i>
12	29/07/2011	Internal electrification. Drainage etc in staff quarters	3,46,056	<i>No details furnished</i>
13	29/11/2011	construction of two rooms	31,21,000	Not furnished
14	23/2/2012	Repair & replacement of SIRD hostel	3,95,152	Not furnished
15	27/02/2012	security for general cabin	2,05,700	Nagaland Decorative House
16	28/02/2012	Construction of training hall at training hall at ETC Tuensang	4369,320	Departmentally carried out
17	28/03/2012	Construction of retaining wall for 2 numbers of quarter for drivers/ operators at SIRD complex	6,14,870	Departmentally carried out
18	04/10/2012	P/wall at 2nos at staff quarters at SIRD	1,81,280	Departmentally carried out

SI No	Date	Name of the work	Net amount	Name of the contractor/ supplier
19	04-10-2012	Construction. of two numbers of drivers quarters at SIRD Complex	4,78,800	Departmentally carried out
20	22/05/2012	Construction of quarters at ETC Tsg	21,07,189	Departmentally carried out
21	30/05/2012	Construction of G/house and drainage	3,00,000	Neilakie
22	14/06/2012	construction of tube well boring at SIRD Kohima	8,67,442	Pfuduolhou
23	22/11/2012	Construction of administrative Building at first floor SIRD	10,12,650	Pelezotuo
24	04/01/2013	Administrative Building first floor SIRD	6,42,400	Pelezotuo
25	29/04/2013	Administrative Building extra work	5,87,000	Pelezotuo
26	05/09/2013	Renovation of toilet and laying of tiles	11,08,000	Departmentally carried out
27	31/05/2013	Furnishing of VIP guest house SIRD	13,58,000	Different firms supplied the material
	18/07/2013	Repair & Renovation of SIRD VIP Guest House	1,00,820	Departmentally carried out
28	31/05/2013	Furnishing of ETC Tuensang	8,63,800	Departmentally carried out
29	21/06/2013	Construction and gas connection to VIP guest house	1,65,200	Departmentally carried out
30	25/06/2013	Furnishing of SIRD	3,36,500	Nagaland Decorative House
31	07/07/2014	Construction of toilet and septic tank etc at SIRD	4,44,000	<i>No details furnished.</i>
32	19/08/2014	Repair & renovation of SIRD hostel and office 2013-14	3,40,681	<i>No details furnished.</i>
		Total	3,47,73,730	

Appendix- 2.9.1
Statement showing sanction of funds for implementation of MGNREGS in 36 Villages/VDBs.
(Reference: Paragraph 2.9)

					Amount in ₹
Sl No	Sanctioned Order No	Installment	Wage component	Material component	Total
2012-13					
1	DRDA/001/NREGA/Aghunaqa/13 dt. 14.03.13	Fund for the year 2012-13 (2nd phase General)	87,68,040	21,91,960	1,09,60,000
2	DRDA/001/NREGA/Aghunaqa/13 dt. 14.03.13	Fund for the year 2012-13 (2nd phase)	1,20,23,660	80,14,153	2,00,37,813
3	DRDA/001/NREGA/Aghunaqa/13 dt. 14.03.13	Fund for the year 2012-13 (2nd phase)	58,19,816	38,76,184	96,96,000
4	DRDA/001/NREGA/Aghunaqa/13 dt. 14.03.13	Fund for the year 2012-13 (2nd phase)	39,9,900	1,00,100	50,0,000
5	DRDA/001/NREGA/Aghunaqa/13 dt. 14.03.13	Fund for the year 2012-13 (State share)	14,46,460	9,63,700	24,10,160
		Total	2,84,57,876	1,51,46,097	4,36,03,973
2013-14					
1	DRDA/001/NREGA/34/2013-14 dt. 02.07.13	Fund for the year 2013-14 (1st Phase)	83,95,650	9,32,850	93,28,500
2	DRDA/001/NREGA/34/2013-14 dt. 23.11.13	Fund for the year 2013-14 (2nd phase)	42,87,060	28,60,795	71,47,855
3	DRDA/001/NREGA/35/2013-14 dt. 23.11.13	Fund for the year 2013-14 (2nd Phase)	42,00,660	27,99,340	70,00,000
4	DRDA/001/NREGA/34/2013-14 dt. 02.07.13	Fund for the year 2013-14 (General)	16,79,400	186,300	1865,700
5	DRDA/001/NREGA/34/2013-14 dt. 10.07.13	Fund for the year 2013-14 (1st Ph General)	36,00,180	399,820	4000,000
6	DRDA/001/NREGA/34/2013-14 dt. 12.08.13	Fund for the year 2013-14 (1st Phrase)	18,00,225	1199,775	3000,000
7	DRDA/001/NREGA/34/2013-14 dt. 27.08.13	Fund for the year 2013-14 (1st Phase)	20,40,255	1359,745	3400,000
8	DRDA/001/NREGA/34/2013-14 dt. 29.08.13	Fund for the year 2013-14 (1st Ph General)	6,60,150	439,850	1100,000

SI No	Sanctioned Order No	Installment	Wage component	Material component	Total
9	DRDA/001/NREGA/34/2013-14 dt. 12.09.13	Fund for the year 2013-14 (1st Phase)	45,090	4,910	50,000
10	DRDA/001/NREGA/34/2013-14 dt. 17.09.13	Fund for the year 2013-14	3,60,045	239,955	600,000
11	DRDA/001/NREGA/34/2013-14 dt. 17.12.13	Fund for the year 2013-14 (2nd phase)	18,00,630	1199,370	3000,000
12	DRDA/001/NREGA/34/2013-14 dt. 16.12.13	Fund for the year 2013-14 (2nd Phase)	1,98,315	131,685	330,000
13	DRDA/001/NREGA/34/2013-14 dt. 16.12.13	Fund for the year 2013-14 (2nd Phase)	9,72,135	647,865	1620,000
14	DRDA/001/NREGA/34/2013-14 dt. 28.03.14	Fund for the year 2013-14 (3rd Phase)	12,00,150	799,850	2000,000
15	DRDA/001/NREGA/34/2013-14 dt. 17.12.14	Fund for the year 2013-14	7,50,060	499,940	1250,000
		Total	3,19,90,005	137,02,050	4,56,92,055
		Grand Total	6,04,47,881	2,88,48,147	8,92,96,028

Appendix- 2.9.2

**Statement showing cash withdrawals from the MGNREGS bank account of BDO Aghunaqa
(Reference: Paragraph 2.9)**

Amount in ₹

Date of payment	Cheque no.	Amount	To whom paid
09/03/2013	101201	24,10,160	BDO
28/03/2013	101210	62,96,237	BDO
28/03/2013	101209	1,11,45,000	BDO
28/03/2013	101208	1,56,65,000	BDO
30/03/2013	NA	5,00,000	Cash as per request
05/07/2013	216590	9,32,850	BDO
05/07/2013	216591	18,65,700	BDO
19/07/2013	216592	40,00,000	BDO
16/08/2013	216595	6,00,000	Zutoi VDB
16/08/2013	216596	6,00,000	Lihezhe VDB
16/08/2013	216594	6,00,000	Husto VDB
16/08/2013	216598	6,00,000	Tohoi VDB
16/08/2013	216597	6,00,000	Qhuhoi VDB
30/08/2013	216600	5,50,000	Luhevi VDB
30/08/2013	216599	5,50,000	Izhevi VDB
16/09/2013	216605	50,000	Qhuhoi VDB
19/09/2013	216606	6,00,000	Lutehe VDB
04/12/2013	216618	5,00,000	Luzhehe VDB
04/12/2013	216624	5,00,000	Luhevi VDB
04/12/2013	216620	10,00,000	Ahoto VDB
04/12/2013	216623	10,00,000	Vikheto VDB
04/12/2013	216622	10,00,000	Nitozu VDB
04/12/2013	216621	10,00,000	Tohokhu VDB
04/12/2013	216619	10,00,000	Hozheto VDB
04/12/2013	216616	10,00,000	Tokishe VDB
17/12/2013	216626	8,20,000	Ghoshito VDB
17/12/2013	216625	8,00,000	Hovishe VDB
17/12/2013	216628	40,000	NguvisheVDB
17/12/2013	216630	40,000	Mughavi VDB
17/12/2013	216627	50,000	Luhuzhe VDB
17/12/2013	216629	1,00,000	Husto VDB
19/12/2013	216634	5,00,000	Izhevi VDB
19/12/2013	216633	5,00,000	Pihekhu VDB
19/12/2013	216636	6,00,000	Nikihe VDB
19/12/2013	216635	3,00,000	Hovishe VDB
20/12/2013	216637	1,00,000	Mikihe VDB
31/03/2014	130472	10,00,000	Xukhuvi VDB
31/03/2014	130473	10,00,000	Zhekhishe VDB
Total		6,04,14,947	

Appendix-2.9.3
Statement showing fund transferred from BDO to 12 VDBs under Aghunaqa Block,
Dimapur District
(Reference: Paragraph 2.9)

Amount in ₹

Name of VDB	Total Sanctioned Amount during 2012- 13 & 2013-14	Amount transferred to VDB account by BDO	Amount received in cash from BDO as per VDB Cash book	Total receipt (3+4)	Short receipt (2-5)
1	2	3	4	5	6
Ahoto	20,00,827	4,51,603	1,13,419	5,65,022	14,35,805
Nikiqhe	17,45,192	6,96,230	2,04,143	9,00,373	8,44,819
Nitozu	36,23,210	14,21,077	10,31,995	24,53,072	11,70,138
Yetoho	26,34,054	13,81,120	4,36,274	18,17,394	8,16,660
Izhevi	45,38,847	12,61,158	4,66,049	17,27,207	28,11,640
Khehuto	9,31,522	4,19,697	17,415	4,37,112	4,94,410
L Vihoto	16,26,227	8,98,032	0	8,98,032	7,28,195
Ngamjalam	5,35,640	,0	35,640	35,640	5,00,000
Nikihe	25,74,940	13,09,414	0	13,09,414	12,65,526
Shiwoto	14,02,247	5,19,796	0	5,19,796	8,82,451
Tokishe	31,46,343	17,92,132	4,98,150	22,90,282	8,56,061
Vikheto	37,10,440	24,16,167	12,60,388	36,76,555	33,885
Grand Total	2,84,69,489	1,25,66,426	40,63,473	1,66,29,899	1,18,39,590

Appendix- 2.10.1
Statement showing inadmissible Marketing Incentive (MI) paid.
(Reference: Paragraph 2.10 (i))

Sl No	District	Sl. No. as per list	Name of the agency	Registration No.	Type of activities	Sales turn-over during:			Inadmissible Marketing Incentives
						2009-10	2010-11	2011-12	
1	Dimapur	59	M/s Kirep MPCs Ltd, Dimapur	NL/3243 of 1996	Agriculture	1,11,780	0	0	4,15,766
2	Dimapur	95	M/s Nito Kivi MPCs Ltd.. Dimapur	NL/1971 of 1992	Agriculture	NA	NA	NA	4,57,542
3	Dimapur	100	M/s Phutemi MPCs Ltd., Chekiye Village. Dimapur	NL/4383 of 1998	Agriculture	3,12,837	2,95,681	1,17,859	4,45,432
4	Dimapur	109	M/s Nikibo MPCs Ltd., Pherima, Dimapur	NL/4219 of 1997	Agriculture	86,625	1,50,084	0	4,21,366
5	Dimapur	83	M/s Areh MPCs Ltd., Chumukedima,- Dimapur	NL/3084 of 1995	Cocoon & vegetables	2,48,948	0	0	4,58,082
6	Dimapur	94	M/s Maximum MPCs Ltd, Dimapur	NL/4946 of 1998	Dairy & Agri. Farming	NA	NA	NA	4,39,416
7	Dimapur	72	M/s Akha MPCs Ltd, Forest. Colony. Dimapur	NL/4636 of 1998	Fishery	NA	NA	NA	3,27,732
8	Dimapur	93	M/s Kivi MPCs' Ltd; Nitozu Village, Dimapur	NL/5378 of 1998	Fruits & vegetables	NA	NA	NA	5,04,212
9	Dimapur	26	M/s Mechanized MPCs Ltd., Purana Bazar. Dimapur	NL/5022 of 1998	Piggery	NA	NA	NA	3,63,470
10	Dimapur	101	KVs Boto MPCC Ltd , Ghonivi Village. Dimapur	NL/1897 of 1990	Piggery	2,73,460	2,88,450	0	5,08,562
11	Dimapur	114	M/s Atsungsanger MPCs Ltd.. Dimapur	NL/4234 of 1998	Piggery	2,86,500	0	0	5,12,772
12	Dimapur	123	M/s Rangben MPCs Ltd., 7th Mile, Dimapur	NL/4248 of 1997	Piggery & vegetables	2,02,458	2,36,205	2,34,645	5,22,686
13	Dimapur	63	M/s Golden MPCs Ltd., Aoyimkum Village, Dimapur	NL/3308 of 1996	Poultry & fishery	2,74,410	2,81,380	2,93,720	3,67,850

SI No	District	Sl. No. as per list	Name of the agency	Registration No.	Type of activities	Sales turn-over during:			Inadmissible Marketing Incentives
						2009-10	2010-11	2011-12	
14	Wokha	76	M/s Ovung MPCs Ltd., Wokha Town, Wokha	NL/2477 of 1994	Fruits, vegetable & Fish	1,83,660	1,87,540	1,95,150	3,99,400
15	Kohima	47	M/s Greenwood MPCs Ltd., Hospital Colony, Kohima	NL/4942 of 1998	Vegetables	3,20,000	NA	NA	4,15,610
16	Kohima	51	M/s Zayie MPCs Ltd., Jakhama Village, Kohima	NL/4878 of 1998	Fruits & Vegetables	88,000	99,000	1,35,000	4,47,332
17	Kohima	131	M/s Kiphou MPCs Ltd., Village Khonoma, Kohima	NL/5563 of 1998	Paddy, fruits, vegetables	1,80,700	1,88,000	2,00,000	5,09,860
18	Kohima	57	M/s Ladumi MPCs Ltd., Serouzou, Kohima	NL/4593 of 1998	Fruits , vegetables, birds	NA	2,29,000	3,16,300	3,63,466
19	Zunheboto	5	M/s Monfort High School Consumer/Marketing Cooperative Society Ltd., Zunheboto	NL/1895 of 1992	Consumer	1,01,614	1,20,687	1,30,220	4,25,216
20	Zunheboto	10	M/s Aphuyeqa MPCs Ltd., Nikuto Village, Zunheboto	NL/3064 of 1995	Milk and agri products	2,94,576	3,22,503	3,49,878	3,72,532
21	Zunheboto	19	M/s Kupukuno MPCs Ltd., Zunheboto	NL/5523 of 1998	Fruits and vegetables	83,371	1,01,890	1,31,610	4,11,400
22	Zunheboto	23	M/s Aphuqa Kivikhu MPCs Ltd., Kivikhu Village, Zunheboto	NL/3894 of 1997	Piggery	1,55,780	1,48,813	1,67,880	3,91,100
23	Zunheboto	79	M/s Atoizu Town MPCs Ltd., Atoizu, Zunheboto	NL/1390 of 1991	Piggery	77,370	91,105	1,42,530	4,68,666
24	Zunheboto	99	M/s Putovito MPCs Ltd., Phushu, Zunheboto	NL/098 of 2006	Agri products	74,337	86,486	0	5,29,766
25	Zunheboto	126	M/s Super Market MPCs Ltd., Project Colony, Zunheboto	NL/3021 of 1995	Paddy/Storage	83,200	94,915	1,06,616	4,54,136
26	Zunheboto	1	M/s Sutemi MPCs Ltd, Sutemi Village	NL/0572 of 1981	Fruits and vegetables	91,913	96,145	0	4,18,482

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Sl No	District	Sl. No. as per list	Name of the agency	Registration No.	Type of activities	Sales turn-over during:			Inadmissible Marketing Incentives
						2009-10	2010-11	2011-12	
27	Zunheboto	2	M/s Sukhalu MPCs Ltd, Sukhalu Village	NL/1060 of 1990	Diary	4,71,626	4,80,213	52,310	3,95,072
28	Zunheboto	3	M/s Union Traders, Aghiyito Area Diary FCS Ltd.	NL/1453 of 1991	Diary	86,450	1,20,340	1,22,785	4,21,530
29	Zunheboto	4	M/s Sastami MPCs Ltd, Sastami Village	NL/1678 of 1991	Fruit/Vegetables	74,320	84,500	0	3,81,750
30	Zunheboto	6	M/s Lander MPCs, Ltd. Satakha Town	NL/2126 of 1993	Agri/Fisheries	97,324	1,12,788	1,08,330	3,49,632
31	Zunheboto	7	M/s Saramati MPCs, Old Town, Zunheboto	NL/2220 of 1993	Paddy	7,840	84,810	1,05,300	3,47,500
32	Zunheboto	8	M/s Chophimi MPCs Ltd. Gukhuya Village	NL/2451 of 1994	Fishery	88,320	92,675	97,358	4,28,566
33	Zunheboto	9	M/s Khuhobo MPCs Ltd. Khuhoboto Colony	NL/3039 of 1995	Consumer Shop	1,11,300	1,40,750	1,65,770	3,57,800
34	Zunheboto	11	M/s Ilimikhagho MPCs Ltd, Amiphoto	NL/3162 of 1995	Piggery	88,450	92,340	1,17,225	3,88,530
35	Zunheboto	12	M/s Aphukha MPCs Ltd, Kiyekhu Village	NL/3323 of 1996	Fruit/Vegetables	88,650	94,220	1,08,550	4,17,100
36	Zunheboto	13	M/s MT Colony MPCs, South Point	NL/3422 of 1996	Fruit/Vegetables	91,072	98,215	1,05,117	3,45,510
37	Zunheboto	14	M/s Muchukaphuto MPCs Ltd, Zungti Village	NL/3063 of 1995	Fishery	1,03,324	1,17,300	0	3,55,572
38	Zunheboto	15	M/s Lava MPCs Ltd, Zunheboto Town	NL/3577 of 1996	Fishery/Agri	1,18,582	1,27,450	1,47,830	3,36,232
39	Zunheboto	17	M/s Vinis MPCs Ltd, Litsami Village	NL/4311 of 1998	Fruit processing	83,371	97,874	1,08,010	3,73,132
40	Zunheboto	18	M/s Aqhabidi MPCs Ltd, Sukhalu New	NL/3684 of 1997	Fruit/Vegetables	69,395	76,590	0	4,39,966

Sl No	District	Sl. No. as per list	Name of the agency	Registration No.	Type of activities	Sales turn-over during:			Inadmissible Marketing Incentives
						2009-10	2010-11	2011-12	
41	Zunheboto	20	M/s Tapu Valley MPCs Ltd, Shesulumi Village	NL/4919 of 1998	Agri/Storage	99,287	1,16,262	0	4,39,932
42	Zunheboto	22	M/s Niu MPCs Ltd, Laghilato	NL/1476 of 1991	Fishery	1,23,115	1,33,385	1,37,670	3,95,766
43	Zunheboto	77	M/s Atunakugha MPCs Ltd, Atunakugha Village	NL/5524 of 1998	Diary	89,340	0	0	4,71,000
44	Zunheboto	104	M/s Akughuto MPCs, Old Town, Zunheboto	NL/4032 of 1997	Goattery	81,400	1,45,000	0	4,55,200
45	Zunheboto	105	M/s New Colony MPCs Ltd, New Colony, Zunheboto	NL/1349 of 1990	Fishery	1,03,827	1,05,751	0	5,09,366
46	Zunheboto	110	M/s Chilisa MPCs Ltd, Naghuto Old	NL/3804 of 1997	Fishery	1,01,630	1,16,094	0	5,32,000
47	Zunheboto	111	M/s Cherribo MPCs Ltd. North Point	NL/4330 of 1998	Vegetables/ Fishery	81,850	92,170	97,980	4,53,756
48	Zunheboto	127	M/s Hevis MPCs Ltd. Zunheboto	NL/4398 of 1998	Paddy	91,459	0	0	5,24,632
Total						58,83,471	55,46,611	39,95,643	2,04,71,398

Appendix- 2.10.2

Statement showing payment of Marketing Incentive (MI) to non-functional Cooperative Societies in Dimapur
(Reference: Paragraph 2.10 (ii))

District	Sl. No. as per list	Name of the agency	Registration No.	Inadmissible Marketing Incentives
Dimapur	27	M/s Akivipu MPCs Ltd., Pimla Village, Dimapur	NL/4265 of 1998	3,67,076
Dimapur	31	M/s Oriental MPCs Ltd., Walford, Dimapur	NL/4242 of 1997	3,65,342
Dimapur	33	M/s Isedn MPCs Ltd., Purana Bazar, Dimapur	NL/5349 of 1998	3,41,232
Dimapur	62	M/s Dilphupani MPCs Ltd., Diphupani 4th Mile, Dimapur	NL/01775 of 1992	3,37,862
Dimapur	66	M/s Arizen MPCs Ltd., Diphupar –B Village. Dimapur	NL/3010 of 1995	3,60,232
Dimapur	112	M/s Imche MPCs Ltd., United Naga Dimapur	NL/4170 of 1997	4,60,532
Dimapur	130	M/s Asseptho MPCs Ltd., Dimapur	NL/4153 of 1997	5,27,666
Total				27,59,942

Appendix- 2.10.3
Statement showing excess and inadmissible Marketing Incentive (MI) payment made to Cooperative Societies
(Reference: Paragraph 2.10 (iii))

Sl No	District	Sl. No. as per List	Name of the agency	Registration No.	Type of activities (Piggery, Handloom, Vegetables, etc.)	Sales turn-over during			Average sale proceeds	MI Admissible	MI granted	Excess MI
						2009-10	2010-11	2011-12				
1	Dimapur	39	M/s Ex Servicemen MPCs Ltd., Chokiye Village, Dimapur	NL/3729 of 1997	Weaving	125067	113724	0	79597	7960	356566	348,606
2	Dimapur	61	M/s Esung MPCs Ltd., High Mountain Dimapur	NL/01644 of 1991	Weaving	0	0	0	0	0	374486	374,486
3	Dimapur	64	M/s Lademode MPCs Ltd, Duncan Basti, Dimapur	NL/3309 of 1996	Weaving	68370	75100	78200	73890	7389	400500	393,111
4	Dimapur	84	M/s Niqomi Weaving & Handloom Coup. Society Ltd.. Sematila Colony, Dimapur	NL-6080 of 2005	Weaving	0	0	0	0	0	480366	480,366
5	Dimapur	92	M/s Toppeny Weaving & Knitting. Hevishe Village, Dimapur	NL/6701 of 2009	Weaving	0	0	0	0	0	484656	484,656
6	Dimapur	103	M/s Common MPCs Ltd Diphupar, Dimapur	NL/4789 of 1998	Weaving	0	0	0	0	0	473310	473,310
7	Dimapur	97	M/s Mandir Longyia MPCs Ltd . Dimapur	NL/3290 of 1992	Weaving & piggery	513750	0	0	171250	17125	501862	484,737
8	Wokha	74	M/s Tchungo Women Coop. Society Ltd. Wokha	NL/2411 of 1994	Weaving	104620	145180	194850	148217	14822	353832	339,010

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Sl No	District	Sl. No. as per List	Name of the agency	Registration No.	Type of activities (Piggery, Handloom, Vegetables, etc.)	Sales turn-over during			Average sale proceeds	MI Admissible	MI granted	Excess MI
						2009-10	2010-11	2011-12				
9	Kohima	56	M/s Vime MPCs Ltd., D. Block, Kohima	NL/3846 of 1995	Handloom	600000	605000	610000	605000	60500	410632	350,132
10	Kohima	124	M/s Kohima District Weaving & Artisans Coop., Society Ltd., Kohima	NL/6229 of 2006	Handloom & Handicraft	290400	328000	335000	317800	31780	534432	502,652
11	Zunheboto	82	M/s Assumi MPCs Ltd., Maromi Village, Zunheboto	NL/5034 of 1998	Weaving	215397	0	0	71799	7180	480300	473,120
12	Zunheboto	21	M/s Atomi Weaving Coop. Society Ltd. Udutomi Village,	NL/5981 of 1998	Weaving	78550	82670	92110	84443	8444	458632	450,188
13	Zunheboto	26	M/s Nikuto MPCs Ltd. Nikuto Village, Zunheboto	NL/0532 of 1979	Weaving	154397	0	0	51465	5147	363470	358,323
14	Zunheboto	36	M/s Yechu Mugha MPCs Ltd. Maromi Village Zunheboto	NL/3839 of 1997	Weaving	155117	173940	0	109686	10969	362966	351,997
15	Zunheboto	38	M/s Akili MPCs Ltd., Nihoto Village, Zunheboto	NL/5034 of 1998	Weaving	0	0	0	0	0	381696	381,696
16	Zunheboto	16	M/s Heto MPCs Ltd. Natsumi Village	NL/3920 of 1997	Weaving	91347	99370	107320	99346	9935	337962	328,027
Total						23,97,015	16,22,984	14,17,480	18,12,493	1,81,249	67,55,668	65,74,419

Appendix-3.1

Summarised financial results of Government Companies for the latest year for which accounts are finalised.

(Reference: Paragraph 3.1.11)

Figures in column 5(a) to (6) and (8) to (10) are ₹ incrore

Sl No	Sector & Name of the Company	Period of accounts	Year in which finalized	Net Profit (+)/Loss (-)				Turn over	Impact of Accounts Comments	Paid up Capital	Accumulated Profit(+) Loss(-)	Capital Employed @	Return on Capital Employed #	Percentage of return on Capital Employed
				Net Profit/ Loss before interest & depreciation	Interest	Depre-ciation	Net Profit/ Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	10	11	12
A. Working Government Companies														
FINANCE														
1	Nagaland Industrial Development Corporation Ltd	2013-14	2015-16	(-)0.79	1.72	0.67	(-)3.18	1.59	--	18.95	(-)23.89	69.13	(-)1.46	(-) 2.11
Sector wise Total				(-)0.79	1.72	0.67	(-)3.18	1.59	--	18.95	(-)23.89	69.13	(-)1.46	--
MANUFACTURING														
2	Nagaland State Mineral Development Corporation Ltd., Kohima	2012-13	2015-16	0.21	0.05	0.71	(-)0.55	0.46	0	1.60	(-)5.42	36.64	(-)0.5	(-)1.36
Sector wise Total				0.21	0.05	0.71	(-)0.55	0.46	0	1.60	(-)5.42	36.64	(-)0.5	(-)1.36
SERVICES														
3	Nagaland Hotels Limited	2010-11	2015-16	0.15	0	0.25	(-)0.10	3.81	0	0.40	(-)9.45	11.43	(-)0.10	--
Sector wise Total				0.15	0	0.25	(-)0.10	3.81	0	0.40	(-)9.45	11.43	(-)0.10	--
MISCELLANEOUS														
4.	Nagaland Handloom & Handicrafts Development Corporation. Ltd.	2009-10	2013-14	0.16	0.16	0.14	(-)0.14	0.28	--	0.83	(-)4.16	16.6	0.02	0.12

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Sl No	Sector & Name of the Company	Period of accounts	Year in which finalized	Net Profit (+)/Loss (-)				Turn over	Impact of Accounts Comments	Paid up Capital	Accumulated Profit(+) Loss(-)	Capital Employed @	Return on Capital Employed #	Percentage of return on Capital Employed
				Net Profit/ Loss before interest & depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6	7	8	9	1	2	3
5	Nagaland Industrial Raw Materials Supply Corporation Ltd.	2009-10	2014-15	0.64	--	0.02	0.62	0.12	--	0.10	0.85	1.24	0.62	50.00
Sector wise Total				0.80	0.16	0.16	0.48	0.40	--	0.93	(-)3.31	17.84	0.64	50.12
Total (A) All Sector wise working Government Companies				0.37	1.93	1.79	(-)3.35	6.26		21.88	(-)42.07	135.04	(-)1.42	(-)1.05
B. Non-working Government Companies,														
MANUFACTURING														
1	Nagaland Sugar Mills Company Ltd., Dimapur	1977-78	1992-93	--	--	--	--	--	--	4.96	(-)14.70	--	--	--
Sector wise Total				--	--	--	-	--	--	4.96	(-)14.70	--	--	--
Total (B) All Sector wise working Government Companies										4.96	(-)14.70			
Grand Total (A+B)				0.37	1.93	1.79	(-)3.35	6.26		26.84	(-)56.77	135.04	(-)1.42	(-)1.05

Return on Capital Employed has been worked out by adding back the interest charged to Profit and Loss account to net profit/Loss figure.

@ Capital employed represents shareholders' fund Plus long term borrowing.

Appendix: 4.2.1
Statement showing the details of NVAT evaded by M/s National Automobiles.
(Reference: Paragraph 4.2)

(i) For the year 2011-12	Amount in ₹
GTO returned	90,88,026
Purchases disclosed by the dealer	82,22,840
Purchases as per 'C' forms	2,00,41,082
Purchases concealed by the buying Dealer	1,18,18,242
Tax assessable on the concealed purchases @ 13.25%	15,65,917
Interest leviable on tax evaded @ 2% per month (May 2012 to September 2015=41 months)	12,84,052

(ii) For the year 2012-13 and 2013-14	Amount in ₹	
Particulars	2012-13	2013-14
GTO returned	56,78,309	1,13,58,439
Purchases disclosed by the dealer	62,16,410	1,76,43,079
Purchases as per way bill	4,54,24,085	2,69,15,844
Purchases concealed by the Dealer	3,92,07,675	92,72,765
Tax assessable on the concealed purchases @ 13.25%	51,95,017	12,28,641
Interest leviable on tax evaded @ 2% per month (May 2013 to Sept 2015 and May 2014 to Sept 2015, i.e. 29 month and 17 months respectively)	30,13,110	4,17,738

Appendix 4.2.2
Statement showing details of waybill used by M/S National Automobiles
2013-14
(Paragraph reference 4.2)

Serial No.	Consignor TIN	Consignee TIN	Value of Goods (in ₹)	Commodity	Invoice No.	Invoice Date
103619	13010365072	7000000000	26,06,378	Motor vehicle, chassis of motor vehicles, motor cycles, motor combinations, motor scooter, mopeds, motorettes, three wheelers, motor vessels, components and accessories thereof	1231051353 54	23/03/13
103620	13010365072	6181919098	19,233		22510639072 73 74	15/04/13
103621	13010365072	6181919098	19,96,244		2351002322 23	13/04/13
149346	13010365072	6000000000	18,17,392		351005483 84	29/04/13
102411	13010365072	6000000000	19,78,517		235 007508 09	5/10/13
102412	13010365072	6000000000	2,06,464		2351010827 28	28/05/13
149347	13010365072	6000000000	23,90,233		93133554	29/06/13
149348	13010365072	6000000000	21,04,755		235101906869	7/10/13
149350	13010365072	7000000000	15,30,600		1331015224	19/07/13
149349	13010365072	6181919098	21,73,093		23510253949596	8/12/13
149352	13010365072	6181919098	18,33,867		235102765455	27/08/13
149353	13010365072	18000000000	19,68,941		2351029	8/5/13
149354	13010365072	6181919098	19,61,555		255103262516	30/09/13
149351	13010365072	6000000000	20,76,639		103487172	29/09/13
149356	13010365072	6000000000	22,51,933		2351036707	10/9/13
Total			2,69,15,844			

2012-13

Serial No.	Consignor TIN	Consignee TIN	Value of Goods (in ₹)	Commodity	Invoice No.	Invoice Date
103603	13010365072	8522701895	16,64,699	Motor vehicle, chassis of motor vehicles, motor cycles, motor combinations, motor scooter, mopeds, motorettes, three wheelers, motor vessels, components and accessories thereof	103603	31/08/12
103604	13010365072	6000000000	18,04,044		2251029825 26	22/08/12
103605	13010365072	6000000000	17,21,565		2251025930 31	29/08/12
103607	13010365072	6000000000	2,26,93,387		1231025137	20/09/12
103608	13010365072	27000000000	20,26,288		225103192	10/7/12
103609	13010365072	6522701895	21,76,255		1231028115	13/10/12
103610	13010365072	6000000000	17,84,633		35526	26/10/12
103611	13010365072	8000000000	1,88,400		2251039320	11/9/12
103612	13010365072	18000000000	20,83,016		2251041	27/11/12
103613	13010365072	6000000000	18,66,367		225	21/12/12
103615	13010365072	7000000000	15,87,799		1231043036	2/4/13
103616	13010365072	6522701895	21,50,822		1231046640	16/02/13
103617	13010365072	6181919098	20,63,233		2251057753 52	23/02/13
103618	13010365072	6181919098	16,13,577		2251059849 48	3/7/13
Total			4,54,24,085			

Appendix: 5.3.1
Statement showing excess draws by inflating the net total of Pay and Allowances
(Reference: Paragraph 5.3)

Amount in ₹

Sl. No.	Name of Establishment	Admissible Amount	Amount Drawn	Excess Amount Drawn	Remarks
1	Block Development Officer, Akuhaito, Zunheboto	6,20,046	7,04,046	84,000	Pay bills of December 2013, January 2014, February 2014, April 2014 & May 2014
2	Block Development Officer, Tokiye, Zunheboto	18,61,637	21,49,479	2,87,842	Pay bills of August 2012, December 2012, February 2013, April 2013, May 2013, June 2013, July 2013, August 2013, September 2013, October 2013, December 2013, January 2014, February 2014 & March 2014
3	Sub-Divisional Education Officer, Meluri, Phek	10,91,191	11,24,259	33,068	Pay bill of August 2013
4	District Education Officer, Kohima	6,81,295	7,18,648	37,353	Pay bill of August 2013
5	Sub-Divisional Education Officer, Aghunato	21,71,349	27,10,818	5,39,469	Pay bills for July 2013 to November 2013
6	Chief Medical Officer, Peren	26,94,942	30,34,340	3,39,398	Pay bill of September 2012, November 2012, September to December 2013
7	Block Development Officer, Tseminyu	16,73,794	22,90,736	6,16,942	Pay bills from March 2013, August 2013 & November 2013 to February 2014
8	District Agriculture Officer, Zunheboto	3,63,860	4,23,456	59,596	Pay bills of February 2012 & March 2013
9	Superintendent Engineer, PWD (R&B), Zunheboto	94,262	1,14,232	19,970	Pay bill of December 2013 & February 2013
10	Principal, Government High School, Merangkong, Mokokchung	1,70,318	1,84,318	14,000	Pay bill of November 2013
Total		1,14,22,694	1,34,54,332	20,31,638	

Appendix: 5.3.2
Statement showing recovery made from excess drawal by inflating net total of Pay and Allowances
(Reference: Paragraph 5.3)

Amount in ₹

Sl. No.	Name of Establishment	Admissible Amount	Amount Drawn	Excess Amount Drawn	Remarks		Recovered amount	Outstanding amount
1	Headmaster, Government Higher Secondary School, Longleng	1,86,728	1,96,608	9,880	Pay bill of November 2013	Recovered	9,880	0
2	Land Records & Survey Officer, Mon	11,11,167	11,73,611	62,444	Pay bills of November 2013, December 2013 & January 2014	Recovered	62,444	0
3	Superintendent Engineer, PWD (R&B), Zunheboto	1,39,150	1,56,350	17,200	Pay bill of November 2013	Recovered	17,200	0
4	District Vety. & AH Officer, Tuensang	1,94,281	2,04,280	9,999	Pay bill of February 2014	Recovered	9,999	0
5	Block Development Officer, Sakshi	4,24,833	5,04,415	79,582	Pay bills of September 2012, October 2013 & November 2013	Recovered	79,582	0
6	Chief Medical Officer, Peren	7,72,901	8,04,901	32,000	Pay bill of May 2014	Recovered	32,000	0
7	Commandant, 3rd NAP, Tuensang	20,29,914	20,86,648	56,734	Pay bill of September 2013 & October 2013	Recovered	56,734	0
8	Executive Engineer, PWD (Housing), Dimapur	3,70,68,873	3,75,27,373	4,58,500	Pay bills of March 2012, May 2013, August 2013, October 2013, November 2013 & December 2013	Recovery under process, ₹ 3,96,250 recovered till date	3,96,250	62,250
9	Directorate of Information & Public Relations, Nagaland, Kohima	1,22,72,254	1,25,51,334	2,79,080	Pay bills of December 2012, March 2013, April 2013, June 2013, July 2013, September 2013, October 2013, November 2013, January 2014, May 2014 & June 2014	Recovered ₹ 11,112	11,112	2,67,968

10	Executive Engineer, PWD (R&B), Tseminyu	6,21,134	6,51,880	30,746	Pay bill of January 2014	Recovered	30,746	0
11	Senior Medical Officer, Tseminyu	1,43,296	1,47,296	4,000	Pay bill of November 2013	Recovered	4,000	0
12	Commandant, 3rd NAP, Tuensang	15,00,622	15,22,714	22,092	Pay bill of May 2013	Recovered	22,092	0
13	District Veterinary & Animal Husbandary Officer, Tuensang	3,81,387	3,93,388	12,001	Pay bill of February 2014	Recovered	12,001	0
14	Principal, Industrial Training Institute, Tuensang	81,058	1,01,058	20,000	DA arrears for the period from January to October 2013	Recovered	20,000	0
15	Medical Superintendent, District Hospital, Longleng	13,18,290	13,38,925	20,635	Pay bills of April 2011, November 2011, August 2013 & October 2013	Recovered	20,635	0
16	Headmaster, Government Higher Secondary School, Longleng	5,09,052	5,39,052	30,000	Pay bill of April 2013 to June 2013	Recovered	30,000	0
17	Commandant, 6th NAP, Tizit	89,11,816	93,25,113	4,13,297	Pay bills of July 2013, August 2013, September 2013 & October 2013		3,49,579	63,718
	Total	6,76,66,756	6,92,24,946	15,58,190		Total	11,64,254	3,93,936

Appendix: 5.3.3
Statement showing fraudulent/double/excess draws of HRA/DA/Less drawn pay arrears
(Reference: Paragraph 5.3)

Amount in ₹

Sl. No.	Name of Establishment	Fraudulent / Doubtful drawal Amount	Observation
1	District Sericulture Officer, Peren	2,42,497	Fraudulent drawal of HRA and DA arrears vide Bill Nos. 75 & 76 dated March 2014
2	District Education Officer, Mon	6,42,967	Fraudulent drawal of HRA arrears vide Bill Nos. 132 & 134 dated 18-03-2014
		5,91,236	Fraudulent drawal of increment arrears vide Bill Nos. 133 & 131 dated 18-03-2014
3	District Fisheries Officer, Mokokchung	7,73,352	Fraudulent drawal of less pay arrear for non-existing staff vide TV No. 11 & 12 dated 27-03-2014
4	Sub-Divisional Agriculture Officer, Meluri, Phek	79,484	Excess drawal of DA arrears vide Bill No. 106 dated 24-03-2014
	Total	23,29,536	

Appendix: 5.3.4
Statement showing fraudulent/Double drawals of Pay and Allowances
(Reference: Paragraph 5.3)

Amount in ₹

Sl. No.	Name of Establishment	Fraudulent / Doubtful drawal Amount	Observation
1	Principal, Khelhoshe Polytechnic, Atoizu, Zunheboto	10,04,631	Fraudulent drawal of pay & allowances vide Bill Nos. 85 dated 31-01-2014, 89 dated Nil, 95 dated 25-03-2014, 80 dated 31-01-2014, 87 dated Nil, 81 dated 31-01-2014, 88 dated Nil, 83 dated 31-01-2014, & 90 dated Nil
		4,89,060	Double drawal of pay & allowances for the months of March 2013, April 2013 & October 2013 vide Bill Nos. 4 dated nil, 16 dated Nil, 17 dated Nil, 9 dated Nil, 53 dated 28-10-2013 & 72 dated Nil
2	Child Development Project Officer, Niuland, Dimapur	3,77,130	Double drawal of honorarium for anganwadi workers/helpers for the months of Spetember 2013 & October 2013
3	District Education Officer, Zunheboto	6,13,000	Fraudulent drawal of pay & allowances & increment arrears vide Bill Nos. 160 & 161 dated 14-02-2014 & 177 dated 13-03-2014
4	Commandant, 8th NAP, Naltoqa	35,33,304	Fraudulent drawal of pay & allowances vide Bill Nos. 155 dated 20-03-2014, 143 dated 25-02-2014, 4 dated 01-04-2014, 17 dated 25-04-2014 & 27 dated 28-05-2014
Total		60,17,125	

Appendix: 5.3.5 (a)
Statement showing recovery made from cases of fraudulent/doubtful drawals of HRA/Less pay arrears
(Reference: Paragraph 5.3)

Sl. No.	Name of Establishment	Fraudulent / Doubtful drawal Amount	Observation	Remarks	Amount in ₹	
					Recovered amount	Outstanding amount
1	Block Development Officer, Tseminyu	4,20,644	Fraudulent drawal of HRA arrears vide Bill Nos. 44 to 61 dated March 2014	Recovered	4,20,644	0
2	Headmaster, Government High School, Chessore	27,421	Double drawal of DA arrears vide Bill Nos. 41, 42, 44 & 46 dated 26-02-2014	Recovered	27,421	0
3	District Statistical Officer, Tuensang	1,70,311	Double drawal of DA arrears vide Bill Nos. 55 & 56 dated 15-03-2014	Recovered ₹ 40,000 as first installment	40,000	1,30,311
	Total	6,18,376			4,88,065	1,30,311

Appendix: 5.3.5 (b)
Statement showing recovery made from cases of fraudulent/doubtful drawals of Pay and Allowances
(Reference: Paragraph 5.3)

						Amount in ₹
Sl. No.	Name of Establishment	Fraudulent / Doubtful drawal Amount	Observation	Remarks	Recovered amount	Outstanding amount
1	Child Development Project Office, Tokiye, Zunheboto	1,37,443	Double drawal of honorarium for the month of January 2014	Recovered	1,37,443	0
2	Child Development Project Office, Longchem, Mokokchung	20,55,000	Fraudulent drawal of honorarium for anganwadi workers/helpers for the months of March 2014	Recovered ₹ 19,35,000 and the rest (₹ 1,20,000) was found to be genuine drawal	19,35,000	0
3	CMO, Zunheboto	1,11,840	Double drawal of pay and allowances	Recovered	1,11,840	0
4	Child Development Project Office, Ongkongpang, Mokokchung	4,48,000	Fraudulent drawal of honorarium for anganwadi workers/helpers for the months of February 2014	Recovered	4,48,000	0
5	General Manager, District Industries Centre, Zunheboto	46,59,000	Fraudulent drawal of pay and allowances for non-existent employees for the months of November 2013 to February 2014 & May 2014	Recovered Rs.39,29,000 and ₹ 7,30,000 is found to be genuine drawal	39,29,000	0
6	Child Development Project Officer, Niuland, Dimapur	3,87,192	Double drawal of honorarium for anganwadi workers/helpers for the months of December 2013 and January 2014	Recovered	3,87,192	0
7	General Manager, District Industries Centre, Zunheboto	8,64,916	Fraudulent drawal of pay and allowances for non-existent employees for the months of June 2014 & July 2014	Recovery under process. ₹ 5,33,692 recovered till date.	5,33,692	3,31,224
Total		86,63,391*			74,82,167	3,31,224

**Drawal of Rs. 850000/- (ie. Rs. 120000/- of Sl. No. 2 and Rs. 730000/- of Sl. No. 5) was found to be genuine. Hence, objection amount computes to Rs. 7813391/-*

Appendix: 5.3.6
Statement showing fictitious/excess drawals of Travelling Allowances
(Reference: Paragraph 5.3)

Amount in ₹

Sl. No.	Name of Establishment	Fictitious / Excess drawal Amount	Observation
1	Director, Social Welfare	47,30,843	Fictitious drawal of travelling allowances vide TV Nos. 29 dated 29-03-2014, 125 & 126 dated 21-03-2014
		28,94,000	Fictitious drawal of travelling allowances vide TV No. 21 dated 29-11-2013
2	Principal, Police Training School, Chumukedima	56,175	Excess drawal of travelling allowances vide Bill No. Nil dated 16-12-2013
3	District Transport Officer, Dimapur	20,000	Fraudulent drawal of travelling allowances vide TV No 7 dated 21-03-2014
Total		77,01,,018	