

**CHAPTER – III
CIVIL DEPARTMENTS**

SECTION – A – REVIEWS

SOCIAL SECURITY AND WELFARE DEPARTMENT

3.1 Welfare of Handicapped

Highlights

The scheme “Welfare of Handicapped” was launched to help disabled persons. The scheme was not successful as there was little educational infrastructure, nor job reservation for the handicapped.

State Co-ordination Committee (SCC), the policy framing apex body, held only three meetings till May 2002 as against the required 10 meetings. State Executive Committee (SEC), the apex scheme implementing agency, did not hold any meeting.

(Paragraph 3.1.6)

The State Government had neither developed any educational infrastructure nor arranged any non-formal education for Persons With Disabilities (PWD) nor had it adopted a policy of three *per cent* reservation of posts for PWD so far.

(Paragraphs 3.1.7 & 3.1.9)

The nodal department incurred an expenditure of Rs.31.07 lakh for procurement of furniture and equipment for two District Referral Centres at Tuensang and Dimapur even though there was no District Referral Centre at Dimapur and failed to produce vouchers and other records for Rs.18.65 lakh in support of procurement of these materials

(Paragraph 3.1.12)

Central assistance of Rs.1.02 crore provided for National Programme for Rehabilitation of Persons with Disabilities was utilised for procurement of items not covered under the scheme. Out of Central assistance of Rs.2.57 crore, an amount of Rs.92.77 lakh was spent in excess of admissible limits as envisaged in the National Programme for Rehabilitation of Persons with Disability in respect of items like, Training, Awareness Campaign, Computerised Data Bank Management and Honorarium.

(Paragraph 3.1.12)

The nodal department spent Rs.52.80 lakh on payment of honorarium for Community Base Rehabilitation Workers/Multiple Rehabilitation Workers, but actual expenditure was Rs.24.78 lakh and the balance amount of Rs.28.02 lakh was unauthorisedly utilised for sensitisation and awareness of the community in the villages.

(Paragraph 3.1.15)

3.1.1 Introduction

Disability is a global phenomenon. Persons with disability (PWD) form a large disadvantaged group. The plight of the disabled in Nagaland is no different, and they need the usual services and facilities that are available to the general people.

The basic policy framework for the welfare of handicapped is enshrined in the following Central Acts:

Rehabilitation Council of India, 1992.

Person With Disabilities (PWD) Act, 1995 and

The National Trust for Welfare of Persons with Autism, Cerebral palsy, Mental Retardation and Multiple Disabilities Act, 1999.

3.1.2 Financial Pattern

Financial resources

Total funds provided for implementation of various schemes/programmes for welfare of PWD in Nagaland by the Government of India (GOI) and the State Government during 1998-99 to 2002-03 were Rs.3.18 crore as under:

State Financed Schemes

Social Security & Welfare Schemes : Rs.0.36 crore

Centrally Financed Schemes

(a) Integrated Education for Disabled Children (IEDC) : Rs.0.25 crore

(b) National Programme for Rehabilitation of Persons
With Disability (NPRPD) : Rs.2.57 crore

Total : Rs.3.18 crore

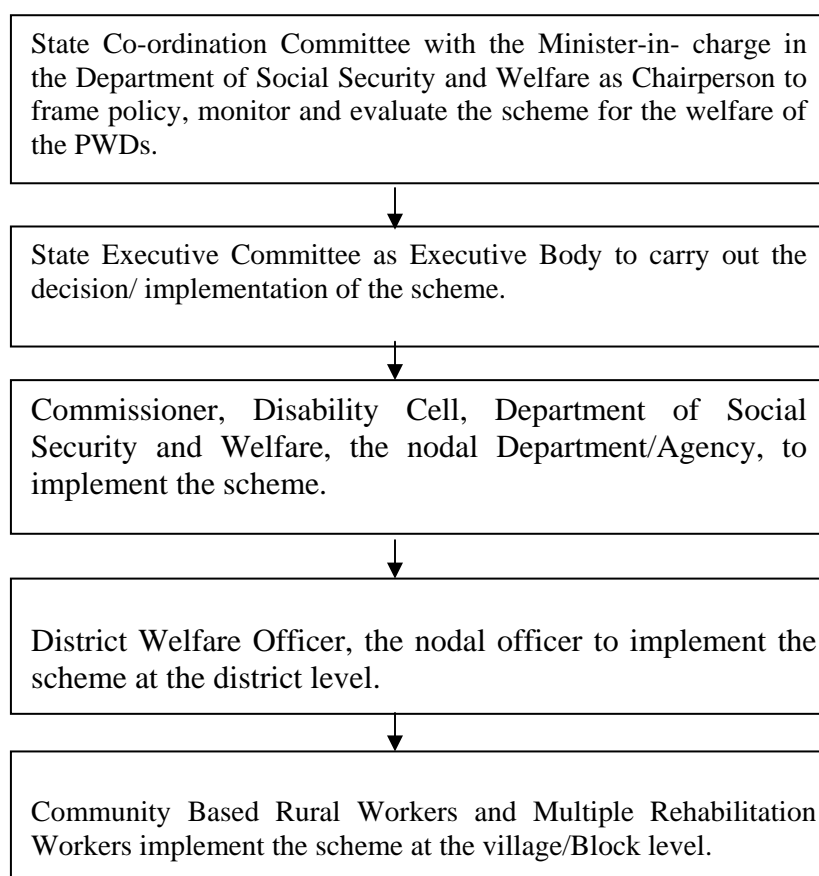
Scheme and year wise details of funds provided and expenditure thereagainst in respect of the above are given in *Appendices XIII, XIV & XV* respectively.

3.1.3 Objectives of the scheme

According to guidelines, the PWD Act 1995 aims:

To spell out the responsibility of the State towards the prevention of disabilities, protection of rights, provision of medical care, education, training, employment and rehabilitation of PWD, to create barrier free environment for PWD, to remove any discrimination against PWD in sharing of the development benefits, vis-a-vis non-disabled persons, to counter act any situation of the abuse and exploitation of PWD, to lay down strategies for comprehensive development of programmes and services and equalisation of opportunities for PWD, and to make special provision for the integration of PWD into the social mainstream.

3.1.4 Organisational set up



In addition, Director of Health Services, Director of Rural Development, Director of Employment and Craftsmen Training and Director of School Education were implementing the schemes relating to prevention of disability, poverty alleviation, reservation of posts for PWD and Integrated Education for disabled children respectively.

3.1.5 Audit coverage

Implementation of the scheme in the State during 1998-99 to 2002-03 was reviewed in audit by test check of records of Commissioner of Disability Cell,

Director of Social Security and Welfare, two District Welfare Officers¹, Director of Health Services, District Referral Centre², Director of School Education, two Deputy Inspector of Schools³, Director of Rural Development, Director of Employment and Craftsmen Training and one Non-Governmental Organisation during May-June 2003 by covering an expenditure of Rs.2.86 crore representing 90 per cent of the total expenditure of Rs.3.18 crore during the period.

3.1.6 Implementation of the Programme

The State Co-ordination Committee (SCC) was formed in November 1996 with the Minister-in-charge of Social Security and Welfare, Chief Secretary and Director, Social Security & Welfare as Chairperson, Vice Chairperson and Member Secretary respectively, besides nine other members from Government Departments and one NGO to deal with matters of disability. The State Executive Committee (SEC) comprised the Secretary and the Director, Social Security & Welfare Department as Chairperson and Ex-officio Secretary respectively besides seven other members from Government Departments.

According to Section 17 to 20 of the Central PWD Act, the SCC and SEC were to hold meetings at least once in every six and three months respectively. The SCC held three meetings in October 1998, May 2000 and May 2002 whereas the SEC failed to hold any meeting. Thus, the SCC could not review and co-ordinate the activities of the Government Departments and Non-Governmental Organisations (NGOs) dealing with the disability to the extent envisaged. The reasons for the SEC not meeting at all, and the SCC not meeting the required number of times, had not been stated (June 2003).

3.1.7 Prevention and early detection of disabilities

The Commissioner, Disability Cell stated that the Medical Department had taken up several preventive measures for preventing disabilities and also taken action for investigation, screening of school children for identifying 'at risk' cases by 67 Primary Health Centres (PHCs) trained staff, Civil Hospital through School Health programme for prevention and early detection of disabilities but it could not furnish any record showing the number of trained workers available and number of PHCs having the facility for pre-natal and post-natal care of mother and children. Further, a house to house survey conducted in 2000 identified 9,739 persons with different types of disabilities as detailed Table 3.1 below district wise:

¹ Mokokchung and Tuensang
² Tuensang
³ Mokokchung and Dimapur

Table 3.1

| Sl No. | Nature of Disabilities | Name of the District | | | | | | | | Total |
|-----------------|------------------------|----------------------|------------|--------------|------------|--------------|------------|--------------|--------------|--------------|
| | | Kohima | Dimapur | Mokokchung | Zunheboto | Tuensang | Wokha | Phek | Mon | |
| 1 | Blindness | 146 | 190 | 202 | 185 | 480 | 79 | 200 | 368 | 1,850 |
| 2 | Low Vision | 1 | 75 | --- | 13 | --- | 31 | --- | --- | 120 |
| 3 | Leprosy | 10 | --- | --- | --- | 5 | 8 | --- | 29 | 52 |
| 4 | Hearing Impairment | 165 | 161 | 240 | 257 | 469 | 51 | 216 | 185 | 1,744 |
| 5 | Locomotor Disabilities | 352 | 324 | 482 | 372 | 1321 | 273 | 364 | 496 | 3,984 |
| 6 | Mental Retardation | 277 | 137 | 314 | 169 | 146 | 174 | 411 | 168 | 1,796 |
| 7 | Mental Illness | 54 | --- | 44 | 1 | 40 | 1 | 43 | 10 | 193 |
| Total :- | | 1,005 | 887 | 1,282 | 997 | 2,461 | 617 | 1,234 | 1,256 | 9,739 |

Source: Departmental figures

Education

The State Government had neither taken any action to develop/provide educational infrastructure, teaching aids and teachers training institute, nor made arrangements for imparting non-formal education to the children with disability nor funds were provided for carrying out all these activities as per the provision of the Act.

Employment - Identification of posts

No policy of reservation for three *per cent* posts for PWD and identification of posts in Government Department was adopted/made by the State Government as required under Section 32 and 33 of Central PWD Act.

3.1.8 Provision of a Special Employment Exchange

Central PWD Act provides for a Special Employment Exchange (SEE) and Special Cell for registration of names of PWD. In Nagaland, instead of a SEE, a Special Cell for PWD was set up in the Regional Employment Exchange (REE), Kohima under the Centrally Sponsored Scheme (CSS - 1984-85). But no Central assistance was received by the department after 1990. A total number of 605 PWD were registered in the Special Cell under REE, Kohima, besides 509 PWD registered in six District Employment Exchanges. Category and District wise registration of 1,114 PWD upto March 2003 are detailed in *Appendix-XVI*.

Out of 1,114 PWD registered in the Employment Exchanges, no PWD had been appointed as the State Government had not yet formulated/announced any incentive to the employers for employing PWD.

3.1.9 Reservation in Poverty Alleviation Schemes

According to Section 40 of the Central PWD Act, the State Government/Local Authority was required to reserve three *per cent* slot for PWD in all Poverty Alleviation Schemes. Scrutiny of records (June 2003) of Rural Development Department revealed that out of eight District Rural Development Agencies (DRDAs) only two (Wokha and Phek) had reserved slots for PWD varying between 0.19 *per cent* to 0.42 *per cent* as detailed in *Appendix-XVII*.

Reasons for not providing three *per cent* slots in Poverty Alleviation Schemes by the remaining six DRDAs were not stated by Rural Development Department.

3.1.10 Social Security and Miscellaneous

The State Government had not yet introduced rehabilitation/insurance schemes/unemployment allowance as envisaged in the CPWD Act. However, scrutiny of records revealed that the State Government had introduced financial assistance in cash to totally blind, invalid persons and scholarship to handicapped students. The number of PWD benefited out of the schemes during the years 1998-99 to 2002-03 are detailed in Table 3.2 below:

Table 3.2

(No. of Persons with Disability)

| Sl No. | Name of the scheme | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
|--------|------------------------------------|---------|---------|---------|---------|---------|
| 1 | Totally Blind | 170 | 170 | 173 | 177 | 176 |
| 2 | Invalid Pension | 551 | 551 | -- * | 564 | 566 |
| 3 | Scholarship to Handicapped student | 202 | 202 | --- * | 202 | 201 |

(* No funds were provided in the budget during 2000-01)

Source: Departmental figures

In respect of issue of identity cards to the PWD by the concerned District Welfare Officers (DWOs), it was seen that out of 9,739 PWD in the State, only 323 PWD were issued identity cards during the period from 1998-99 to 2002-03 as detailed in Table 3.3 below:

Table 3.3

| Name of the District | | Total No. of Identity Card issued |
|----------------------|---------------------|-----------------------------------|
| Mokokchung | } (March 2003) | 23 |
| Tuensang | | 14 |
| Kohima | } (as of July 2002) | 59 |
| Dimapur | | |
| Phek | } (as of July 2002) | 162 |
| Zunheboto | | 60 |
| Mon | | 5 |
| Wokha | | N.A |
| Total :- | | 323 |

Source: Departmental figures

These indicated the extent of awareness spread by the DWOs among the PWD.

3.1.11 National Programme for Rehabilitation of Persons with Disabilities (NPRPD)

The National Programme for Rehabilitation of Persons with Disabilities, a new flexible State Sector scheme fully financed by the Government of India from 1999-00 to 2001-02 was implemented in two districts* to (a) create service delivery system at State Resource Centre/District/Block/Gram Panchayat level (b) provide services to PWD and create awareness for prevention of disabilities with clear linkage of each level with the other. From 2002-03 onwards, Government of India had stopped funding and directed the State Planning Department (May 2002) for keeping adequate provision in its Tenth Plan as well as in the Annual Plan (2002-03) for NPRPD but no provision was made by the State Government in the budget for the year 2002-03 in view of paucity of funds.

At Village level, there was a provision of two Community Base Rehabilitation Workers (CBRWs) and at Block level two Multiple Rehabilitation Workers (MRWs).

3.1.12 Financial management

Funds released by the Government of India and expenditure incurred for implementation of the Scheme are shown in Table 3.4 below:

* Dimapur and Tuensang.

Table 3.4

| (Rupees in lakh) | | | | | |
|------------------|-----------------|-----------------|-------------|------------|--|
| Year | Opening Balance | Fund released | Expenditure | Unutilised | Percentage of utilisation to fund received |
| 2000-01 | NIL | 12.50 136.40 | 148.90 | Nil | 100 |
| 2001-02 | NIL | 108.20 | Nil | 108.20 | Nil |
| 2002-03 | 108.20 | --- | 108.20 | Nil | 100 |

Source : Departmental figures of expenditure

No budget provision was, however, made by the State Government during the years 1999-00 to 2002-03.

Records produced to audit indicated that the entire amount of Central assistance of Rs.2.57 crore under NPRPD was kept in the Current Account maintained by the Commissioner, Disability Cell instead of devolution of fund to the lower levels. Reasons thereof were neither on records nor stated to audit.

Scrutiny of utilisation certificates/statements of expenditure for the years 1999-00 to 2001-02 furnished to Government of India revealed that out of Rs.12.50 lakh released by the Government of India (May 2000), the Commissioner, Disability Cell procured a Mahindra GLX vehicle (Rs.5.67 lakh), Disability Identity Card (Rs.1.30 lakh) and Bill board for outdoor Information, Education and Communication publicity (Rs.0.75 lakh) in contravention of the provision of guidelines. Thus, expenditure of Rs.7.72 lakh (Rs.5.67 + Rs.1.30 + Rs.0.75) was unauthorised utilisation of Central assistance.

The nodal department incurred expenditure of Rs.31.07 lakh during 2000-01 and 2001-02 for procurement of furniture (Rs.7.57 lakh) and equipment (Rs.23.50 lakh) for State Resource Centre at Kohima and two District Referral Centre (DRC) at Tuensang and Dimapur for which vouchers/Actual Payee Receipts (APRs) for Rs.12.42 lakh only (Furniture-Rs.5.77 lakh and Equipment –Rs.6.65 lakh) could be furnished to audit. Besides, there was no DRC at Dimapur for which furniture/equipment had been procured. Thus, the expenditure of Rs.18.65 lakh (Rs.31.07 – Rs.12.42) could not be vouched by audit.

The department incurred an expenditure of Rs.10.50 lakh during the year 2001-02 and 2002-03 for payment of honorarium to the consultants (Rs.5.00 lakh) and training expenses for imparting training to CBRWs and MRWs at Tuensang and Dimapur (Rs.5.50 lakh) for which the department could produce vouchers/APRs for Rs.2.52 lakh only. Thus, expenditure of Rs.7.98 lakh (Rs.10.50 – Rs.2.52) was doubtful.

It was provided in the guidelines that assistance under the scheme should be utilised for admissible items only. It was seen that an amount of Rs.1.02 crore was spent on inadmissible items like, information, education, communication

equipments, inauguration of DRCs, office materials and furniture, operation cost, survey work on disability, sensitisation of public and community leaders and workshops and construction of 28 toilets and 25 ramps. Fund for meeting expenditure on these items was to be provided by the State Government. Thus, funds to the tune of Rs.1.02 crore were diverted for procurement of inadmissible items.

The guidelines of the scheme earmarked component wise budget for State and District level. Scrutiny revealed that the nodal department in violation of provisions of the scheme incurred expenditure of Rs.92.77 lakh during 2000-01 and 2001-02 in excess of admissible limit out of Central assistance. Thus, the expenditure of Rs.92.77 lakh was irregular utilisation of Central assistance as given in *Appendix - XVIII*.

3.1.13 Implementation of NPRPD

The Government of India released Rs.1.36 crore and Rs.1.08 crore during 2000-01 and 2001-02 respectively for implementation of NPRPD Scheme. The nodal department selected two districts Tuensang and Dimapur for establishing District Referral Centre (DRC) to provide services for treatment of PWD and training to MRW and CBRW and also declared/selected as the implementing districts for NPRPD during 2000-01 and 2001-02 respectively. It was stated (as per Status Report) that two District Referral Centres were inaugurated/opened on 17 May 2001 (Tuensang) and 30 June 2001 (Dimapur) but scrutiny revealed that there was no DRC at Dimapur.

3.1.14 Appointment of Community Base Rehabilitation Workers and Multiple Rehabilitation Workers

As per guidelines, the quality of CBRWs and MRWs were of crucial importance in the success of the scheme. The first effort should be to utilise already trained and experienced professionals and also having knowledge of simple repair to assistive devices.

For the purpose, the nodal department had selected only Tuensang district comprising 14 Blocks with 240 villages during 2001-02. It had appointed 14 MRWS and 363 CBRWs (November 2001) but no MRWs and CBRWs had yet been appointed for Dimapur district so far. Out of 363 CBRWs and 14 MRWs, appointment of 288 CBRWs and 10 MRWs were made on the recommendation of the members of the Legislative Assembly/Village Councils concerned. As a result, the capability of CBRWs and MRWs so selected remained un-assessed as there was nothing on record whether CBRWs and MRWs so selected were already trained/having knowledge in the field of disability rehabilitation.

3.1.15 Training of CBRWs and MRWs

According to NPRPD guidelines, the CBRWs and MRWs were required to be imparted training for three months and one month respectively. Scrutiny of records revealed that 14 MRWs and 300 CBRWs were given training at DRC, Tuensang as detailed in Table 3.5 below:

Table 3.5

| Year | No. of CBRWs | Training courses conducted | Range of duration of training | No. of MRWs | Training courses conducted | Range of duration of training |
|---------|--------------|----------------------------|-------------------------------|-------------|----------------------------|-------------------------------|
| 2001-02 | 300 | 15 | 7days | 14 | 2 | 30 days |

The nodal department spent Rs.52.80 lakh as honorarium for CBRWs/MRWs at Tuensang district but scrutiny of records revealed that the amount of honorarium paid to CBRWs and MRWs by the nodal department totalled to Rs.24.78 lakh*. It was stated by the nodal department that the balance amount of Rs.28.02 lakh (Rs.52.80 lakh - Rs.24.78 lakh) was utilised for sensitization and awareness of the community in the village (covering eight districts) not covered under the scheme. Thus, expenditure of Rs.28.02 lakh was unauthorised utilisation of Central assistance.

3.1.16 Performance of CBRWs and MRWs

Test check of the door to door survey report of 363 CBRWs for the period from November 2001 to October 2002 revealed that the CBRWs had conducted only the survey part but not performed the duties of screening of infants and expectant mothers, conducting periodic meetings of CBRWs/MRWs and also referring the 'at risk' cases to the higher authority as no periodical reports covering performance of the duties of CBRWs as required, could be made available to audit. Thus, purpose of appointment of CBRWs and MRWs stood frustrated and honorarium paid to them proved unfruitful.

The nodal department had not yet introduced reporting system of the MRWs as envisaged in the scheme. Moreover, no cases of PWD were referred to the District Referral Centre/higher authority for further investigation and follow up action.

3.1.17 National Handicapped Finance and Development Corporation (NHFDC)

Implementation of Soft Loan Scheme

National Handicapped Finance and Development Corporation (NHFDC) set up under the Government of India, Ministry of Social Justice and Empowerment extended financial assistance in the form of soft loan to promote economic development activities, self employment, rehabilitation, up-

| | |
|--|----------------|
| * November 2001 to April 2002 i.e. 6 months | |
| 351 CBRWs x Rs.500 x 6 months | = Rs.10,53,000 |
| May 2002 to October 2002 i.e. 6 months | |
| 363 CBRWs x Rs.500 x 6 months | = Rs.10,89,000 |
| November 2001 to October 2002 i.e. 12 months | |
| 14 MRWs x Rs.2000 x 12 months | = Rs.3,36,000 |
| Total: Rs.24,78,000 | |

gradation in technical and entrepreneurial skills and various welfare schemes for the disabled persons.

NHFDC had sanctioned/disbursed loans of Rs.1.21 crore to 255 beneficiaries during 1998-99 to 2002-03 through the department of Social Security and Welfare being State Channelizing Agency (SCA) nominated by the State Government (November 1998) with a condition to repay the loan amount (principal and interest) within seven years (including moratorium period) on equal instalment basis.

The year-wise position of applications received and loan sanctioned for disbursement during the period from 1998-99 to 2002-03 is given below:

Table 3.6

| Year | No. of loan application received by SCA | No. of loan application sanctioned by SCA | No. of loan application forwarded to NHFDC | No. of loan application sanctioned by NHFDC |
|--------------|--|--|---|--|
| 1998-99 | Nil | Nil | Nil | Nil |
| 1999-00 | Nil | Nil | Nil | Nil |
| 2000-01 | 20 | 14 | 20 | 14 |
| 2001-02 | 141 | 127 | 141 | 127 |
| 2002-03 | 142 | 114 | 142 | 114 |
| Total | | | 303 | 255 |

Source: Departmental figures

Scrutiny revealed that NHFDC accorded sanction of loan for Rs.7.00 lakh (February 2001), Rs.59.36 lakh (July 2002) and Rs.54.26 lakh (November 2002) for 14 numbers, 127 numbers and 114 numbers of projects respectively submitted by disabled persons from the State of Nagaland. The SCA had realised Rs.2.52 lakh from borrower being recovery of loan till date (June 2003) but records showing the schedule of repayment of instalments alongwith interest due thereon to NHFDC were neither made available nor reasons therefor were stated to audit.

According to terms and conditions of the loan sanction, the SCA was required to monitor the implementation of the project under a time bound schedule and also to send an estimated schedule, giving estimated date of commencement of project and its implementation, before disbursement of loan. But no such record showing monitoring the implementation of the project by the SCA was made available to audit. Moreover, the SCA did not carry out any post assistance inspection to ascertain the benefit derived out of the loan extended to the PWD. It was stated by the SCA that the post assistance inspection would be carried out in near future.

Hence, economic development activities and self-employment ventures for the benefit/economic rehabilitation of PWD with assistance through NHFDC could not be vouched in audit.

3.1.18 Monitoring and evaluation

Scheme provided/prescribed a format for monitoring. No monitoring and evaluation mechanism was set up by the nodal department as required under Section 18 of Central PWD Act.

3.1.19 Recommendations

In view of the shortcomings discussed in the foregoing paragraphs, audit recommended that :

The nodal department should evolve a monitoring mechanism to oversee the activities of all State Government departments towards the benefit of PWD.

The SCA should devise an effective system in promoting awareness among PWD about various schemes and programmes launched by the Government for their welfare as also about the soft loans facilities extended by the NHFDC.

The matter was reported to the Government and the department in September 2003; their replies had not been received (January 2004).

HOME (POLICE) DEPARTMENT

3.2 Avoidable expenditure in the Police Central Workshop

Due to inadequate provision of requisite machinery and trained and skilled technicians in Police Central Workshop the department had to incur avoidable expenditure of Rs.64.05 lakh on major repairs and Rs.40.44 lakh on job charges on tyre retreading done in private garages during 1998-99 to 2002-03

Police Central Workshop (PCW) under the administrative control of the Director General of Police (DGP) Nagaland was established at Chumukedima in November 1971 for repair of all vehicles of police department in the State. Functioning of the PCW is supervised by an Additional Superintendent of Police (Mechanical) as officer in charge who is assisted by one Deputy Superintendent of Police (Technical) and six mechanics, welders and painters.

The working of the PCW for the period from 1998-99 to 2002-03 was reviewed during June and July 2003 by test check of records of the DGP, PCW, two¹ out of eight Superintendents of Police (SP), Commandants of two² out of 10 Battalions and Commandant, Nagaland Armed Police Training Centre, Chumukedima.

No separate provision was made in the State budget for the PCW. The PCW did not receive funds from Police Headquarters (PHQ) except pay and allowances for its staff. The cost of the spare parts etc. for repair and replacement done in the PCW was borne by the respective unit office to which the repaired vehicle was attached. The expenditure on account of pay and allowance of the PCW staff during the years from 1998-99 to 2002-03 was as under:

¹ 1) SP Dimapur. 2) SP Kohima.

² 1) Commandant 1st NAP Battalion. 2) Commandant 7th NAP Battalion.

Expenditure

| <u>Year</u> | <u>pay and allowances</u> |
|---------------------|----------------------------------|
| | (Figures in lakh) |
| 1998-99 | Rs.18.23 |
| 1999-00 | Rs.18.99 |
| 2000-01 | Rs.22.23 |
| 2001-02 | Rs.30.94 |
| <u>2002-03</u> | <u>Rs.35.51</u> |
| <u>Total</u> | <u>Rs.125.90</u> |

Management of equipment and manpower

The department had a fleet of 1,160 vehicles including models like Bolero, Gypsy King etc. for use of 27 unit offices and Police Headquarters, but the PCW was not equipped with machineries and tools for repairs of various types of vehicles available with the department. The machineries like Micro PFIP test bench, Nuzzle tester, Nuzzle grinding and Lapping and vertical main line boring machine procured in April 2003 had not been installed as of October 2003. It did not have the facilities for tyre retreading.

The PCW did not have requisite man power and technical skill although it had submitted (November 1996) to Government a proposal for sanction of more posts of technical staff in addition to existing six posts of mechanic, etc. The department had not taken any action to impart training to the existing technical staff for up-gradation of their skill. Reply from the department/Government was awaited (January 2004).

The above factors, among others, were mainly responsible for carrying out repairing jobs in private garages as discussed in following paragraphs:

Avoidable expenditure

Test check of records of the two SPs, three Commandants and PHQ revealed that despite existence of PCW, major repairs of 228 vehicles were carried out in private garages during 1998-99 to 2002-03 at an expenditure of Rs.1.87 crore out of which Rs.64.05 lakh was paid as labour charge which could have been avoided had these vehicles been repaired in PCW as shown in *Appendix – XIX*.

The PCW was not equipped with tyre retreading plant since its creation. Records of PHQ revealed that 13,196 tyres of different sizes were retreaded between 1998-99 and 2002-03 in private plants at a cost of Rs.2.56 crore which included Rs.40.44 lakh towards payment of job charges. Thus, the payment of Rs.40.44 lakh towards job charges could have been avoided had the plant been provided in PCW.

Excess expenditure over permissible limit

Under the financial powers delegated vide Government of Nagaland finance department's order (April 1998) the heads of the department could incur expenditure on repairs and maintenance of light vehicles including the cost of tyres, tubes and batteries as under:

1. Attached vehicles: i) Upto Rs.3,000 annually for first two years.
ii) Upto Rs.8,000 annually for subsequent years.
2. Pooled vehicles: i) Upto Rs.5,000 annually for first two years.
ii) Upto Rs.10,000 annually for subsequent years.

Scrutiny of records of two SPs, three Commandants, PCW and PHQ revealed that expenditure to the extent of Rs.4.57 crore, incurred on repairs and maintenance of 1,094 vehicles during 1998-99 to 2002-03, was beyond the permissible limits as shown in the *Appendix - XX*.

Non development of unit MTs

The motor transport (MT) wings in unit offices also lacked required infrastructure, equipment, machineries, spare parts and trained technicians to carry out major repairs, which necessitated such repairs in private garages. The unit offices located in the far flung districts of the State did not send their vehicles to PCW because of the long distances and consequential expenditure involved for carrying the off-road vehicles to PCW at Chumukedima. Thus, due to failure of the department to develop the unit MTs useful for remote districts with requisite infrastructure and trained technicians, the repairing of the vehicles in private garages could not be avoided.

Thus, inadequate/non-existence of provision of tools, machines, equipment and technical/skill man power rendered the functioning of PCW and unit MTs ineffective. The department had to incur avoidable excess expenditure of Rs.1.04 crore for repairs and maintenance of police vehicles despite maintaining the PCW at a cost of Rs.1.25 crore during the five years ending 2002-03 which proved to be largely infructuous, and thus, failed to meet the objectives of setting up the PCW fully.

The matter was reported to the Government and the department in July 2003; their replies had not been received (January 2004).

SECTION – B – AUDIT PARAGRAPHS

HOME (POLICE) DEPARTMENT

3.3 Non-realisation of cost of Police Guards

Unit Commanders are yet to recover Rs.5.83 crore towards cost of providing police guards against banks/agencies

Due to the adverse security conditions prevailing in the state, all commercial banks in Nagaland have been provided with police guards. Instructions (March 1971) of the Government of Nagaland were also reiterated by the Orders (May 1995) of the Director General of Police (DGP) which stipulated that the cost of providing Police Guards was to be recovered at the rate of 10 *per cent* (From the Currency Chest bank, branch at Dimapur), and 50 *per cent* (From other bank branches and offices) towards the pay and allowances of the guards deployed. The DGP also directed (May 1995) all Unit Commanders (UC) to ensure that all payments due upto 31 March 1995 be realised within three months from the date of issue of the orders and credited to Government Account.

Test check (September-October 2002) of records of the DGP, Nagaland, Kohima (September 2000 to September 2002) revealed that claims of Rs.5.83 crore raised against different banks/agencies for the period from June 1986 to March 2002 by 14 UCs, had not been settled as of October 2002. No reasons were assigned by the banks/agencies against non-settlement of claims.

The matter was reported to the Government and the department in July 2003; in reply (October 2003), the Government while admitting the fact stated that steps were being taken to realise the outstanding amount from the banks and agencies.

3.4 Fraudulent drawal of arrears of sterilisation increment

There was fraudulent drawal of Rs.47.37 lakh on account of arrears of sterilisation increment

In terms of the provisions contained in the Government of India, Ministry of Finance Office Memorandum (OM) dated December 1979 and September 1980 and subsequent OM dated December 1985 (as adopted by the Government of Nagaland) a special increment in the form of special pay, not to be absorbed in the future increase of pay, is allowed to Government employees who undergo sterilization after having two or three surviving children (effective upto 16.12.85)/after having one surviving child (effective from 17.12.85) subject to other conditions laid down thereunder.

During audit (September 2002) of records of the Superintendent of Police (SP) Kiphire (March 1997 to August 2002) it was seen that as per the Kiphire Treasury's schedule of payments, the SP Kiphire drew (March 1999) Rs.47.37 lakh through eight bills being the arrears of sterilization increment in favour of the police personnel. The department neither furnished the authority allowing the drawal of special increment, nor could the fulfillment of conditions for grant of the incentive be shown to audit. The amounts were not routed through cash book and the copies of bills/records indicating the period to which arrear amounts related, number of Police personnel involved, payees' receipts in support of disbursement, sanction of the competent higher authority, medical certificates of sterilisation and declaration of family members as required under the rules were not made available to audit for verification.

On being pointed out in audit, the SP, Kiphire while confirming (September 2002) the fact of the fraudulent drawals, stated that a prima facie case of fraudulent drawal was established (after investigation) and the charge sheet was submitted to the Court (March 2001) against the then SP Kiphire, a Sub-Inspector, Armed branch (both since retired) and others. However, an amount of Rs.7,04,250 was recovered from the possession of the accused persons and deposited into treasury (June 2000). The details of the amounts recovered and from whom recovered were not made available to audit.

The fraud had occurred due to system failure on the part of both the offices of the SP, Kiphire and the Treasury Officer, Kiphire for not exercising necessary statutory checks while submitting bills and allowing the payment of arrear bills like, obtaining the sanction of the competent authority and non-observance of codal provisions regulating grant of special increment. The SP, Kiphire neither reported the fact of fraudulent drawal to the Government nor to the Accountant General, Nagaland, Kohima as required under Rule 16 of General Financial Rules.

The matter was reported to the Government and the department in August 2003; in reply (October 2003) Government admitted that it was an act of fraudulent drawal by SP, Kiphire in connivance with the Treasury Officer.

3.5 Infuctuous expenditure on idle staff

There was irregular expenditure of Rs.8.95 lakh towards payment of salary to staff

Test check (October 2002) of records of the District Commandant, Home Guards, Kohima for the period from September 1997 to September 2002 revealed that one Clerk and one Assistant were employed in excess of the sanctioned strength from October 1994 to September 2002 and July 1998 to September 2002 respectively. Thus, excess engagement of staff resulted in an irregular and extra expenditure to the tune of Rs.8.95 lakh (Rs.5.27 lakh + Rs.3.68 lakh) on payment of their salary.

The matter was reported to the Government and the department in July 2003; their replies had not been received (January 2004).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 Extra expenditure due to deployment of excess staff

Deployment of excess staff resulted in extra expenditure of Rs.1.78 crore towards pay and allowances

Mention was made in para 3.4.16 (e) of the Report of the Comptroller and Auditor General of India for the year 1987-88, para 3.10 of the Report for the year 1995-96 and para 3.7.8 of the Report for the year 1997-98 regarding deployment of excess staff of various categories under Urban Malaria Scheme (UMS), Dimapur upto March 1998 by the Government of Nagaland over the norms prescribed by the Government of India. Sanction for creation of such posts in excess of Government of India norms was accorded by the Government of Nagaland, Health and Family Welfare Department (H&FWD) in March 1984 in violation of norms prescribed by the Government of India.

Test check (October 2002) of records of the Biologist, UMS, Dimapur (April 1998 to September 2002) revealed that despite the matter being highlighted in the Reports, H&FWD had continued to deploy staff of various categories in excess of the scale laid down by Government of India for operation of UMS at Dimapur as detailed in *Appendix-XXI* without obtaining any approval from the Government of India.

It was further noticed that the Government of Nagaland (H&FWD) decided (September 1991) to open a new Zonal Malaria Office at Tizit (Mon District) by transferring all excess staff under Biologist, UMS, Dimapur, but the new office at Tizit had not been established as of October 2003 and as a result, the excess staff continued to remain with the Biologist, UMS, Dimapur. The Public Accounts Committee in its 59th Report also cautioned the department not to entertain excess staff beyond norms.

Thus, despite the Public Accounts Committee's caution (March 1997), the department continued entertaining staff in excess of prescribed scale and incurred extra expenditure of Rs.1.78 crore during the period April 1998 to September 2002. Further, the department did not act upon the decision (September 1991) to open a new Zonal Malaria Office at Tizit to gainfully utilise the surplus staff as of October 2003.

The matter was reported to the Government and the department in July 2003; in reply (October 2003), the Government, while admitting the fact, stated that the excess staff were appointed in anticipation of their posting to the Zonal Malaria Office to be newly opened at Tizit. The reply is not tenable as the new office at Tizit has yet to be opened under the scheme.

**HEALTH AND FAMILY WELFARE/HORTICULTURE
DEPARTMENT**

3.7 Irregular expenditure on contingency paid employees

The departments incurred irregular expenditure of Rs.51.44 lakh towards wages and salaries against contingency paid employees

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

Test check (November 2002) of records of the Civil Surgeon, Phek (July 2000 to October 2002) revealed that in violation of the above Government orders, the department appointed 1337 and 636 contingency paid/casual employees like chowkidars/sweepers during April 1997 to June 2000 and July 2000 to October 2002 respectively in excess of the regular sanctioned strength and incurred irregular expenditure of Rs.17.49 lakh (Rs.10.66 lakh + Rs.6.83 lakh) towards their wages and salaries.

Similarly, test check (August 2002) of records of the Director of Horticulture, Kohima (October 2000 to July 2002) revealed that in violation of the Government orders, the department appointed 485 contingency paid/casual employees like labourers/malies during December 1999 to December 2001 in excess of the regular sanctioned strength and incurred irregular expenditure of Rs.33.95 lakh towards their wages and salaries.

The matter was reported to the Government and the department in August 2003 and July 2003 respectively. In reply, Government, Horticulture Department stated (October 2003) that due to shortage of staff and considering the need for maintenance of huge areas of farms, the appointment of contingency paid employees was made. Similarly, Government, Health and Family Welfare Department stated (October 2003) that the said employees were appointed against creation and up-gradation of some health units. Both the replies are not tenable as the appointment of the same was banned vide orders *ibid*.

INDUSTRIES AND COMMERCE DEPARTMENT

3.8 Drawal of money in excess of requirement

There was excess drawal of Rs.66 lakh for payment under Voluntary Retirement Scheme to the employees of the Nagaland Sugar Mill Company Limited and non-remittance of Rs.1.76 crore to Government account

The Government of Nagaland, Industries and Commerce department vide their letter dated August 2001 decided to close down the Nagaland Sugar Mill Company Limited (NSMCL) with effect from 30 September 2001 with a direction to the Director to settle all dues within one month.

Test check (June 2002) of records of the Director, Industries and Commerce department, Nagaland, Kohima (September 1998 to March 2002) revealed that the Director had drawn Rs.19.93 crore in three separate bills for payment under Voluntary Retirement Scheme (VRS) to the employees of the NSMCL and paid Rs.19.27 crore in three instalments during December 2001, March 2002 and June 2002. Thus, the Director had drawn Rs.66 lakh in excess of requirement and retained the money till the date of audit (June 2002).

Further scrutiny revealed that out of the total amount paid to the employees as VRS, the Director recovered Rs.46 lakh from the employees as rent of Company quarters, which were to be credited to the Head-Land and Building and Rs.64 lakh were recovered as deduction of interim payment paid to the employees during October 2001 to March 2002, which were to be credited to the salary head. But the Director did not remit Rs.1.10 crore (Rs.0.46 crore + Rs.0.64 crore) to Government till the date of audit (June 2002).

Thus, Rs.1.76 crore had been retained in hand, which included unnecessary drawal of Rs.66 lakh in excess of requirement.

The matter was reported to the Government and the department in August 2003; their replies had not been received (January 2004).

3.9 Avoidable/excess expenditure

Due to delay in providing fund and inclusion of a faulty and injudicious clause in the agreement, an avoidable/excess expenditure of Rs.37.20 lakh was incurred by the department

Test check (January – February 2002) of records (October 1999 to January 2002) of the Director of Sericulture, Nagaland, Kohima revealed that the work of construction of Directorate of Sericulture office building at Kohima was awarded (28.11.1991) to the lowest tenderer at 150 *per cent* above Schedule of Rates (SOR) 1985 at a cost of Rs.21.50 lakh with stipulated date of completion within 12 months from the 10th day of the issue of work order. It

was seen that a faulty and injudicious clause, not in accordance with the provisions of financial rules, was inserted in the conditions of contract that in case the department failed to make payment to the contractor as and when bill for part completion of work was submitted, the tendered rate above the SOR would be enhanced as desired by the contractor. The enhancement of rate was left to the discretion of the contractor without specifying its upper limit. Accordingly, the contractor was paid Rs.90.95 lakh (upto January 2001) by allowing the tendered rate enhanced to 280 percent from 150 percent above SOR in respect of fifth to eighth running account bill. The work had been completed in December 2000. Due to non-availability of funds sanction and delayed payment to contractor the completion of work was prolonged for many years. Delay on the part of the Government to provide funds resulted in excess/avoidable expenditure of Rs.37.20 lakh (Rs.90.95 lakh – Rs.53.75 lakh).

Thus, inclusion of arbitrary, injudicious and faulty clause not in accordance with the general financial principles in the conditions of contract for making payment at an enhanced rate preferred by the contractor resulted in excess expenditure of Rs.37.20 lakh. Due to failure on the part of the controlling officers, like Superintending Engineer, Chief Engineer, etc. in noticing this arbitrary clause in the agreement, payment at injudiciously higher rate continued.

The matter was reported to the Government and the department in August 2003; their replies had not been received (January 2004).

VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT

3.10 Blocking of funds

Procurement of liquid nitrogen plant without calling for tenders and its non-commissioning resulted in blocking of Government funds of Rs.1.11 crore

Government of India (GOI), Ministry of Agriculture, Department of Animal Husbandry and Dairying accorded (December 1998) sanctions for Rs.1.03 crore¹ and Rs.8.00² lakh for setting up a Frozen Semen Bank with Liquid Nitrogen Plant (LNP) at Mokokchung under Centrally Sponsored Scheme of Extension of Frozen Semen Technology for Cattle and Buffalo Development and implementation of the National Bull Production Programme (NBPP) respectively in the State during 1998-99.

| | |
|---|------------------------|
| ¹ (a) One Frozen Semen Bank at Mokokchung with liquid nitrogen plant | - Rs. 70.00 lakh |
| (b) Artificial Insemination Centres with frozen semen facilities – 150 nos. | - Rs. 30.00 lakh |
| (c) Frozen Semen Doses – 15000 nos. | - <u>Rs. 3.00 lakh</u> |
| Total | - Rs. 103.00 lakh |
| ² (i) Training cost | Rs.2.00 lakh |
| (ii) procurement of castrators - 50 nos | <u>Rs.6.00 lakh</u> |
| Total | Rs.8.00 lakh |

Test check (November 2001) of records (May 2000 to September 2001) of the Director of Veterinary and Animal Husbandry Department (DVAH) revealed that on the basis of a single offer (December 1998) of a Guwahati based supplier M/s X³ at a cost of Rs.1.01 crore for supply of a LNP⁴ with accessories, DVAH issued (May 1999) supply orders to the M/s X with instructions to supply the materials within three months from the date of issue of supply orders. The offer had a condition` of 100 *per cent* advance payment and was inclusive of the cost of installation/commissioning of the plant FOR Mokokchung. Based on State Government sanction (March 1999), the DVAH drew Rs.1.11 crore in the same month and paid (June 1999) Rs.91.40 lakh for supply of Liquid Nitrogen Plant to the M/s X against the demanded cost of Rs.1.01 crore and Rs.1.85 lakh (October1999) to M/s Y⁵ for supply of 7255 doses of frozen semen totalling Rs.93.25 lakh, keeping the balance amount of Rs.17.75 lakh (Rs.9.75 lakh being the cost of 75 KVA generator set plus Rs.8.00 lakh being the cost of NBPP) undisbursed as of October 2003. Reason for single offer based procurement without ensuring competitive rate was neither on record nor stated to audit. It was also seen that no penal clause for non-supply/non-commissioning of the plant by the supplier within the time schedule (August 1999) was incorporated in the deed of agreement executed (11 June 1999).

It also transpired from the records that Rs.9.75 lakh (being the cost of the generator set) and Rs.8.00 lakh (meant for implementation of the NBP programme) remained unutilised as of October 2003. Further, no stock certificate as required vide Clause 4 of the deed of agreement to ensure the receipt of article in good condition and in full quantity could be shown to audit for verification. The DVAH made no arrangement as of October 2003 for procurement of 75 KVA generator set being indispensable for commissioning of the plant through the supplier at its originally quoted price of Rs.9.75 lakh. It was further seen that 7,255 doses of frozen semen procured in October 1999 much in advance of requirement were yet to be utilised (October 2003) although the artificial insemination centres were stated to have been created by the department.

On being pointed out, the DVAH replied that the plant with accessories worth Rs.91.40 lakh was supplied in November 2001 except for the generator set which was yet to be installed by the supplier as of October 2003 despite several references.

The department neither followed the established procedure for selection/approval of the supplier by inviting necessary quotation, nor adhered to the instruction for procurement of articles as specified in the annexure to the Government of India sanction letter *ibid*.

³ M/s S.S Services Private Limited

| | |
|--|---------------------|
| ⁴ (a) One Linit 10 liquid Nitrogen Plant – 10 Ltrs capacity | Rs.79.20 lakh |
| (b) One Voltage Stabilizer 75 KVA | Rs.3.25 lakh |
| (c) One Liquid Nitrogen Container (Statebourn HV-500/2 twin neck) | Rs.8.95 lakh |
| (d) One Generator 75 KVA | <u>Rs.9.75 lakh</u> |
| Total | Rs.101.15 lakh |

⁵ M/s NEMCONS, Dimapur

Thus, non-commissioning of the plant till October 2003 despite its belated supply in November 2001 had hampered the implementation of the artificial insemination programme depriving the farming community of the benefit of the scheme, besides locking up of Government money to the tune of Rs.1.11 crore.

The matter was reported to the Government and the department in July and August 2003; Government replies had not been received (January 2004).

SCHOOL EDUCATION DEPARTMENT

3.11 Irregular drawal of arrears of Dearness Allowance

The department irregularly drew excess arrears of Dearness Allowance amounting to Rs.23.21 lakh

As per Government of Nagaland Office Memorandum dated April 2001 and ADDENDUM dated May 2001 arrears of Dearness Allowance (ADA) were to be paid at the rate of one and four *per cent* for the periods from 1.1.2000 to 30.6.2000 and 1.7.2000 onwards respectively.

Test check (May 2002) of records of the Deputy Inspector of Schools (DIS), Wokha (May 1999 to April 2002) revealed that the ADA was drawn and paid at the rate of 37 *per cent* in nine bills and 38 *per cent* in two bills amounting to Rs.23.85 lakh for the period January 2000 to March 2000 instead of Rs.0.64 lakh at the rate of one *per cent* admissible for the said period. This resulted in excess drawal of ADA of Rs.23.21 lakh.

The matter was reported to the Government and the department in July 2003. At the instance of audit the department recovered Rs.20.11 lakh leaving balance amount of Rs.3.10 lakh unrecovered (January 2004).

3.12 Failure to respond to Audit objections and non-compliance

690 paragraphs relating to 108 Inspection Reports involving Rs.151.60 crore had not been settled as of June 2003.

The Accountant General (Audit) conducts periodical inspections of Government departments, to test check the veracity of transactions, and verify the maintenance of important accounting and other records, as per prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IRs). When important irregularities etc., detected during inspection are not settled on the spot, these are incorporated in the IRs and issued to the Heads of Offices inspected with a copy to the next higher authorities. Though the State Government had accepted the recommendations of Shakhdar Committee regarding establishment of appropriate mechanism in Government to monitor Government's response to Audit, no separate monitoring cell has been established by the State Government as of October 2003. The Heads of

Offices and the next higher authorities are required to comply with the observations contained in the IRs, and rectify the defects and omissions promptly and report compliance to the Accountant General. Serious irregularities are also brought to the notice of the Heads of the department by the office of the Accountant General. A half yearly report of pending inspection reports is sent to the Secretary of the department in respect of pending IRs to facilitate monitoring of settlement of the audit observations.

Review of Inspection Reports (issued upto June 2003) pertaining to School Education Department disclosed that 690 paragraphs relating to 108 IRs involving money value of Rs.151.60 crore remained outstanding at the end of June 2003. Of these, 29 IRs containing 142 paragraphs had not been replied to for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix -XXII*. Some irregularities of serious nature in these IRs had not been settled, as of October 2003, as shown below:

Table 3.7

| <i>Sl No.</i> | <i>Nature of irregularities</i> | <i>No. of paragraphs</i> | <i>Amount (Rupees in lakh)</i> |
|---------------|---|--------------------------|--------------------------------|
| 1. | Avoidable expenditure/excess payment | 106 | 4,505.65 |
| 2. | Misappropriation/shortage/loss of Government money/store | 34 | 123.56 |
| 3. | Irregular/unauthorised purchase/blocking of Government money/stock and unaccounted stores | 156 | 8,026.21 |
| 4. | Loss due to non-realisation of Government money | 29 | 96.12 |
| 5. | Fictitious/doubtful drawal | 41 | 974.72 |
| 6. | Miscellaneous/Others | 324 | 1,434.05 |
| | Total:- | 690 | 15,160.31 |

A review of the IRs awaiting settlement revealed that Heads of Offices and the concerned Head of the department (Director, School Education) had not discharged their responsibilities as they did not send any reply to a large number of IRs/paragraphs indicating thereby their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. Secretary of the concerned department, who was apprised of the position through half-yearly reports, also failed to ensure that the concerned officers of the department take prompt and timely action, to settle the paras.

Thus, it indicated inaction against the defaulting officers and thereby facilitated the continuation of serious financial irregularities and loss to the Government.

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

The matter was reported to the Government in September 2003; their replies had not been received (January 2004).