

CHAPTER - II

ECONOMIC SECTOR

2.1 Introduction

This chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government departments under Economic Sector.

The departments and the total budget allocation *vis-a-vis* expenditure of the departments under Economic Sector during 2016-17 are given below:

Table No. 2.1.1

(₹ in crore)

Sl. No.	Name of the departments	Total Budget Provision	Expenditure
1	Agriculture	165.11	164.69
2	Horticulture	78.78	37.14
3	Soil and Water Conservation	58.51	55.18
4	Veterinary and Animal Husbandry	114.08	94.24
5	Fisheries	37.44	33.67
6	Land Resources	121.12	76.78
7	Cooperation	19.32	19.00
8	Civil Supplies	36.76	33.71
9	Rural Development	838.64	776.96
10	SIRD	9.55	5.21
11	Sericulture	25.88	16.72
12	Land Records and Survey	18.76	18.83
13	Irrigation and Flood Control	262.17	71.40
14	Power	461.35	460.54
15	New and Renewable Energy	7.74	7.53
16	Industries and Commerce	82.06	64.82
17	Geology and Mining	39.29	39.23
18	Roads and Bridges	589.64	540.95
19	Science & Technology	4.25	3.25
20	Tourism	30.21	24.62
21	Planning and Coordination Department	768.42	192.22
22	Evaluation	9.10	8.13
23	Department of Under Developed Areas	62.78	87.70
24	Information Technology & Communication	13.73	7.18
25	Forest, Ecology, Environment and Wildlife	80.66	77.19
26	Road Transport	84.32	83.29
Total		4019.67	3000.18

(Source: Appropriation Accounts)

2.2 Planning and conduct of Audit

Audit process starts with the assessment of risks in the departments 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 department on a test check basis, Inspection Reports (IRs) containing audit findings are issued to the heads of the departments. The departments are required to furnish replies within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled based on reply/action taken or further action for compliance is advised. Some of the important audit observations from the IRs are processed for inclusion in the Audit Reports of C&AG of India which is submitted to the Governor under Article 151 of the Constitution of India for laying on the table of the Legislature.

During the year, an expenditure involving ₹ 2060.78 crore (including funds pertaining to previous years audited during the year) of the departments under Economic Sector were test checked. This chapter contains findings on three Performance Audit viz., 'Utilisation of grants released by Government of India (GoI) to Nagaland under Article 275(1) of the Constitution of India', 'Activities of Fisheries Department in Nagaland' and 'Border Area Development Programme' and two compliance audit paragraphs.

Performance Audits

PLANNING AND COORDINATION DEPARTMENT

2.3 Performance audit on 'Utilisation of Grants released by GoI to Nagaland under Article 275(1) of the Constitution of India'

Article 275(1) of the Constitution of India provides that such sums as Parliament may by law provide, in each year as grants-in-aid to such states as Parliament may determine to be in need of assistance. The Grants under Article 275(1) is provided as an additionality to normal central assistance to the State plan to enable them to meet the costs of projects/schemes for welfare and development of the Scheduled Tribes (ST) in that State.

Highlights:

The Department did not prepare AAP indicating sector-wise allocation for utilisation of the grants during 2012-16.

(Paragraph 2.3.8.1)

There were delays in release of fund by GoN ranging between five and 335 days in 27 instances. ₹ 31.78 crore released by GoI during 2016-17 was not released by GoN to the Department (March 2017).

(Paragraph 2.3.9.1)

The unspent balance in UC submitted to MoTA during 2015-16 was understated by ₹ 16.47 crore.

(Paragraph 2.3.9.4)

The works related to all the 180 projects/schemes were awarded directly to the applicants whose project/schemes were taken up for implementation without calling for tenders.

(Paragraph 2.3.10.1)

The Department paid ₹ 20.23 crore for 13 unverifiable works, six doubtful execution of projects and nine short executed projects.

(Paragraph 2.3.10.2)

The Department made payment of ₹ 1.50 crore to an individual for obtaining sanction of a project from Ministry of Tribal Affairs, Government of India.

(Paragraph 2.3.10.3 (ii))

2.3.1 Introduction

Grants under Article 275(1) are provided for creation and upgradation of critical infrastructure of tribal areas in the State and also to bridge the gap between development indices and infrastructure in tribal areas with the other areas in the country. The Ministry of Tribal Affairs (MoTA) administers Grants under Article 275 (1) of the Constitution of India. Funds are provided to the State Governments as an additionality to other components of tribal sub- plan for undertaking various tribal development initiatives.

The Planning and Coordination Department (PCD) of the Government of Nagaland (GoN) is the nodal Department for utilization and implementation of projects/schemes funded from grants received by the State under Article 275(1) of the Constitution of India.

2.3.2 Organisational set up

Development Commissioner is the Administrative Head of the Department. At the Directorate level, the Department is headed by Additional Development Commissioner and is assisted by two Joint Development Commissioners. For technical guidance, supervision and implementation of the projects/schemes, an engineering wing headed by Executive Engineer (EE) is attached to the Directorate.

2.3.3 Scope of audit

The records of the office of the Additional Development Commissioner and the Engineering wing of the PCD for the period 2012-17 were examined. Out of 300 projects/schemes (₹ 192.45 crore) sanctioned by the MoTA under Article 275(1), 214 projects/schemes²⁵ (₹ 130.80 crore) were executed during 2012-13 to 2016-17. All 214 projects/schemes were examined and 54 projects/schemes (₹ 61.55 crore) were selected by simple random sampling without replacement for joint inspection.

²⁵ Includes recurring cost sanctioned against EMRS

2.3.4 Audit Methodology

Audit methodology comprised of an entry conference (May 2017), requisition and examination of documents/records, issue of audit observations, examination of responses to audit observations, joint inspection of projects/schemes²⁶, issue of draft report to the Government to solicit its replies and an exit conference (November 2017). The replies received and the views expressed by the Government during the exit conference were incorporated in the report where considered relevant.

2.3.5 Audit objectives

The audit objectives was to assess whether:

- Planning process for implementation of projects/schemes was comprehensive and need based;
- Allocation and release of funds were in accordance with the provisions of the Guidelines;
- Implementation of the projects/schemes was effective, efficient and economical to achieve the project/scheme objectives.

2.3.6 Audit Criteria

The findings were benchmarked against the following criteria:

- Guidelines issued by the Government of India (July, 2002) for release and utilisation of grants received from Government of India under Article 275(1) of the Constitution of India;
- Modified guidelines issued by the Government of India (June 2010) for release funds under Article 275(1) of the Constitution of India for setting up of EMRSs;
- Guidelines for Inter-State allocation of funds and implementation of Programmes/Activities under Proviso to Article 275(1) of the Constitution of India during 2016-17 and onwards;
- General Financial Rules 2005, Central Treasury Rules, Receipts & Payment Rules;
- Notifications, circulars with regard to implementation of projects/ schemes, issued by the Government of India and Government of Nagaland, and
- Notifications, circulars with regard to implementation of projects/ schemes, issued by various administrative departments of Government of Nagaland.

²⁶ Joint inspection was carried out by Audit Team and EE, SDO and JEs of Department. In Peren District, District Planning Officer, Peren, represented the Department. The quantities executed were re-measured wherever feasible, by the Departmental representatives in the presence of audit team and actual value of work done was calculated on the basis of such measurement. Photographic evidences of works executed were also obtained during the joint inspection.

2.3.7 Acknowledgement

We acknowledge the co-operation and assistance extended by the Department at all levels during the conduct of this Performance Audit.

Audit Findings

2.3.8 Planning process for implementation of projects/ schemes

2.3.8.1 Annual Action Plan (AAP)

As per para (iii) of the guidelines for release and utilization of grants under proviso 1 of Article 275(1) of the Constitution of India issued by GoI in July 2002, the specific projects/schemes showing sector-wise and year-wise phasing of activities should form an integral part of the AAP of the State. Para (vi) and (vii) of the guidelines *ibid.* also provide that critical gaps and thrust areas should be identified and form central theme of the planning process and preparation of projects/schemes.

Examination of records revealed that the Department did not prepare AAP indicating sector-wise allocation for utilisation of the grants during 2012-16. It was also observed that critical gaps and thrust areas where developmental projects/schemes were required to be taken up were not identified and the projects were proposed without indicating target population.

The Department stated (November 2017) that AAPs were not prepared during 2012-16. However, AAP for the year 2016-17 was prepared and submitted to the MoTA in accordance with the new guidelines of 2016.

2.3.8.2 Lack of community participation in selection of projects/schemes

As per para (iv) of the guidelines (2002), people's participation should be ensured in selection and implementation of the projects/schemes to harness the strength of tribal community participation.

It was observed that people's participation in the selection of the projects/schemes was not ensured by the Department as envisaged in the guidelines. It was also observed that the Department had not identified/defined any criteria for selection of projects/schemes

The Department stated (November 2017) that the projects/schemes were not selected by the Department. All applications received by the Department were forwarded to the Government for selection. The fact remained that selection process was based on applications from individuals or groups and no criteria was defined for selection of the projects/schemes.

2.3.9 Allocation and release of funds

2.3.9.1 Delay in release of funds

Grants under Article 275(1) of the constitution are fully financed by GoI. During 2012-17, GoI released an amount of ₹ 192.45 crore. As per the terms and conditions

in the sanction orders, the funds were required to be transferred to the implementing agency within 30 days from the date of release of fund.

Examination of records revealed there were delays in release of fund by GoN ranging between five and 335 days in 27 instances (**Appendix-2.3.1**). It was also observed that ₹ 31.78 crore released by GoI during 2016-17, was released by GoN to the Department in 2017-18 after delays ranging from 30 days to 335 days.

The Department stated (November 2017) that it was difficult to release the fund within 30 days as financial procedures were to be followed. The fact remains that there were delays in release of funds which was in contravention with the terms and conditions mentioned in the sanction orders.

2.3.9.2 Irregularities in maintenance of cash book

Rule 13 of the Central Government Account Receipt and Payment Rules provides that every officer discharging the functions of Drawing and Disbursing Officer (DDO) should maintain a cash book. All monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of the Office. Examination of the records of the Planning & Coordination Department, GoN revealed the following:

- (i) The entries for transactions occurring after June 2016 were not recorded in the cash book.
- (ii) During the period 2012-17, funds drawn for implementation of projects/schemes under Article 275(1) were deposited in the bank account of the Department. However, the dates of the actual payments were not recorded in the cash book for the entire period 2012-17.
- (iii) Entries in the Cash Book were not attested by the Head of the Office every month during 2012-17.

The serious irregularities in the maintenance of the cash book, as pointed out above, is a serious transgression of the Rules and is fraught with possibility of misappropriation of the funds.

While accepting the facts, the Department stated (November 2017) that the cash book was not maintained due to time constraints and assured that cash book shall be updated at the earliest.

2.3.9.3 Discrepancy between cash book and bank statement

Examination of the cash book revealed that an amount of ₹ 5.50 crore was recorded as paid in July 2014 (₹ 4.13 crore) and December 2014 (₹ 1.37 crore) for four fishery projects.

Cross verification of the cash book and transactions with bank statement revealed that, out of ₹ 5.50 crore, only ₹ 4.45 crore (**Appendix-2.3.2**) was actually paid to the contractors resulting in short payment of ₹ 1.05 crore. It was also noticed from the

bank statement that ₹ 1.05 crore was paid to four²⁷ individuals which was not recorded in the cash book.

The Department stated (November 2017) that ₹ 5.50 crore was paid to the contractors. The fact remained that as per the bank statement only ₹ 4.45 crore was actually paid to the contractors.

Audit recommends that the Department refer this matter to the State Vigilance Commission for investigation.

2.3.9.4 Submission of incorrect Utilistion Certificates (UC)

As per the conditions of the sanction orders of MoTA, the Department was required to furnish UCs to MoTA within 12 months from the date of closure of the financial year.

Examination of records revealed that ₹ 54.69 crore was released by GoI during 2015-16 which was shown as utilized except ₹ 8 crore which was shown as closing balance. Further examination of records revealed that, out of ₹ 15 crore provided for establishment of Modern Mechanical Workshop cum Training Centre (MMWTC) at Dimapur and ₹ 16 crore for establishment of two Eklavya Model Residential Schools (EMRSs) in Kohima and Phek districts, only ₹ 6.53 crore (₹ 3.13 crore for MMWTC and ₹ 3.40 crore against EMRS) was utilised leaving an unspent balance of ₹ 24.47 crore. The closing balance was incorrectly shown as ₹ 8 crore and reported in the UCs submitted to the MoTA instead of ₹ 24.47 crore.

The Department however maintained (November 2017) that the closing balance was ₹ 8 crore for the year 2015-16 in the UC submitted to MoTA. The fact nonetheless was that the actual closing balance was understated by ₹ 16.47 crore and therefore the actual availability of funds was misreported to MoTA.

2.3.10 Implementation of the projects/ schemes

2.3.10.1 Lack of transparency in awarding of works

Para 291 of NPWD code provides that open tenders should be invited before awarding the works. Central Vigilance Commission Order No. 23-07-2007 also provides that tendering process is a basic requirement for award of contract by any Government agency. The order reiterated that equal right should be provided to all interested parties and no contract work should be awarded on nomination basis as it tantamount to breach of Article 14 of the Constitution guaranteeing right to equality.

²⁷

Date of payment	Name of the recipient	Cheque No.	Amount (in ₹)
22-12-2014	Shri. Wozamo	805784	5,49,821
22-12-2014	Shri. K Kronu	805783	13,74,554
24-07-2014	Shri. Azhou	718696	61,21,000
24-07-2014	Shri. Wozamo	718695	20,40,000
19-08-2014	Shri. Meren	718704	4,00,000
Total			1,04,85,375

During the period 2012-17, a total of 214 projects/ schemes (estimated cost ₹ 130.80 crore) were taken up by the Department for execution. Out of the 214 projects/ schemes, 34 schemes/projects were for works (training, farming, horticulture plantations, etc.) which did not require any tendering action. In the balance 180 project/schemes (estimated cost ₹ 107.64 crore), tendering action was required. It was however, observed that the Department did not follow tendering process in award of the works relating to these 180 projects/schemes. From records available, it was seen that the works related to all the 180 projects/schemes were awarded directly to the applicants whose project/schemes were taken up for implementation without calling for tenders.

The Department stated (November 2017) that the projects/schemes were taken up on the basis of applications received from the individuals and groups. The Department further stated that if tendering takes place, the applicants whose proposals were selected may not get the work.

The justification is totally unacceptable. The fact that none of the 180 projects/schemes/works taken up by the Department during 2012-17, which compulsorily required calling of open tenders, were put to tender, was a serious violation of codal and vigilance provisions on an exceptional scale.

Audit recommends that all works pertaining to projects/schemes/works taken up by the Department should be awarded only after following the due process without fail.

2.3.10.2 Execution of works

Rule 135 of Receipt and Payment Rules, stipulates that payment for all work done other than by daily labour and for all supplies shall be made on the basis of measurements recorded in Measurement Books (MBs). No payment other than an advance payment may be given, unless the correctness of the claim in respect of quantities and rates as well as the quality of the works done and all calculations carefully checked by a responsible officer.

Examination of records revealed that the Department released payments to the contractors on the basis of progress certificates furnished by the EE. To ascertain the veracity of the progress certificates, 54 out of 300 projects/ schemes involving an expenditure of ₹ 61.55 crore were jointly inspected. The Department did not maintain records of measurements of the work done with respect to these 54 projects/schemes which was a serious contravention of the codal provisions. Further, the joint inspection revealed instances of unverifiable projects/schemes, doubtful execution, short execution and diversion of projects with respect to 28 out of the 54 projects/schemes jointly verified. The position is summarised in the succeeding page:

Table 2.3.1

(₹ in crore)			
Sl No.	Type of observation	No. of works	Amount involved
(i)	Unverifiable projects/schemes	13	7.11
(ii)	Doubtful execution of projects	6	6.68
(iii)	Short execution of projects	9	6.44
Total		28	20.23

(i) Unverifiable projects/schemes

Out of 54 projects/schemes selected for joint inspection, in 13 projects/schemes the exact location of the works to be taken up was neither mentioned in the estimates nor in the work orders. It was also observed that payments were made on the basis of progress reports furnished by EE which did not contain the location/address of the project/work.

During joint inspection, the Department officials could not locate the 13 projects/schemes on which ₹ 7.11 crore had been spent (details in *Appendix-2.3.3*).

The Department at the exit conference stated (November 2017) that the contractors could not be contacted and the location of the project could not be shown during joint inspection and requested the Accountant General for a second visit of the sites. In response the Accountant General asked the Department to furnish details of beneficiaries and exact locations of the projects/schemes. The Department, however, had not furnished this information till the time of finalization of this report (May 2018).

(ii) Doubtful execution of projects/schemes

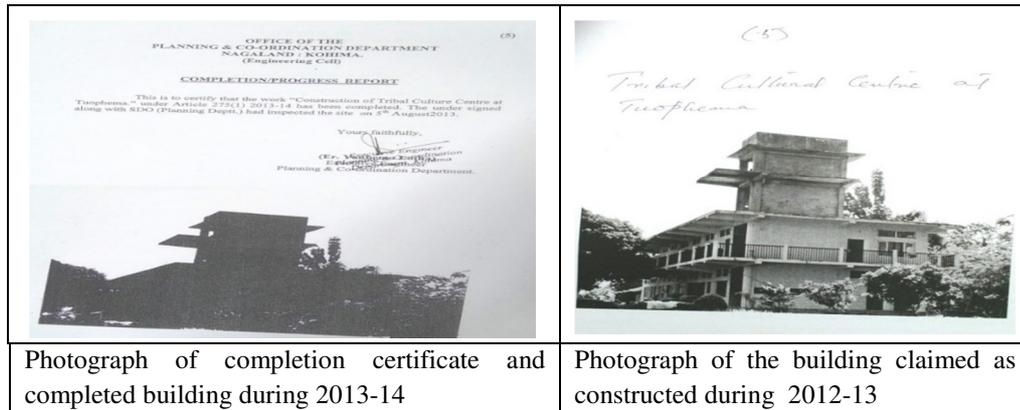
Joint inspection (May-July 2017), revealed doubtful execution of six out of 54 projects/schemes involving ₹ 6.68 crore as discussed below:

(a) Cultural Centre at ToupHEMA

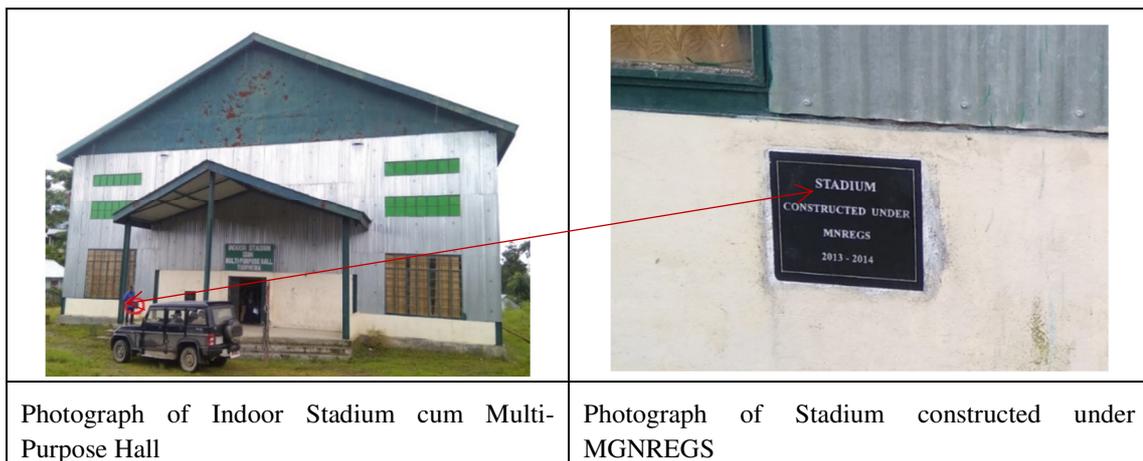
The work of construction of 'Cultural Centre building at ToupHEMA village' in Kohima district was taken up (2012-13) at a cost of ₹ 1 crore. Audit observed that no work order was issued for this work. The Department instead directed (September 2012) the contractor (Shri Pfdoulhuo, C/o CMO, ToupHEMA, Kohima) to submit progress reports. The contractor in October 2012 submitted a progress report showing that 70 per cent of the work as complete on the basis of which the Department made full payment of ₹ 1 crore to the contractor against an undated actual payee receipt (APR) obtained from the contractor.

From departmental records, Audit observed that the same work (₹ 1 crore) was again taken up by the Department through the same contractor (Shri Pfdoulhuo, ToupHEMA village, Kohima) which was certified as completed (August 2013) and payment of ₹ 1 crore made to him against an undated APR. On both occasions, separate estimates for

the buildings were prepared and photograph of the building was attached to the progress/completion certificate during 2012-13 and 2013-14 as shown below:



During joint inspection (July 2017), the building shown in the progress/completion reports of the two contractors could not be located. Instead the departmental officials showed an indoor stadium (photograph below) purported to be the ‘Cultural centre’ building at Touphema.



As seen from the photographs above, one of the plaques fixed on the wall of the building read “Stadium constructed under MGNREGS 2013-14”. To ascertain the authenticity of the plaque, audit cross examined the records of the District Rural Development Agency (DRDA), Kohima which revealed that two sanctions for ₹ 50 lakh (₹ 20 lakh in June 2013 and ₹ 30 lakh in November 2013) were issued for construction of indoor stadium under Mahatma Gandhi National Employment Guarantee Scheme (MGNREGS) in Touphema village.

In the light of the above facts, the construction of the “Cultural centre building at Touphema village” against which the Department had released ₹ 2 crore (₹ 1 crore each time during 2012-13 and 2013-14), was doubtful.

The Department stated (November 2017) that the amount was released to the contractor to complete the work in public interest. The fact, however, remained that the Department made the payment twice against the work, execution of which was doubtful.

(b) Skill Development Centre at Dimapur

The Department awarded (September 2015) the work ‘Establishment of Skill Development Centre at Dimapur’ to a contractor (Shri P. Chuba, Dimapur) at a cost ₹ 1.79 crore. Within one month (October 2015), the contractor was paid the full amount. Completion/progress report of this work was not available.

As per the estimate, a three storey building was to be constructed. During joint inspection (July 2017), an under-construction building owned by Changki Mission Society was shown to audit as in the photograph below:



Photograph of CHANGKI MISSION AKI Building, Dimapur

As seen in the photograph, the ongoing building was owned by Changki Mission on a plot of land donated by Shri J. Changkiri and construction was funded from contributions by Changki citizens. The dedication programme (21 February 2017) also appeared in the local newspaper ‘Morung Express’ dated 22 February 2017 as shown below:



(Newspaper clipping of inauguration of Changki Mission Aki Building, Dimapur appeared in Local daily on 22 February 2017)

The above clearly indicated that the fund of ₹ 1.79 crore provided for setting up a ‘Skill Development Centre’ was not utilised for the purpose for which it was sanctioned. In the absence of completion certificate/progress report of the project and other relevant records, possibility of misappropriation of funds of ₹ 1.79 crore could not be ruled out.

The Department stated (November 2017) that the building was constructed with the fund from MoTA and contribution of fund from Changki Mission Society. The reply is not acceptable as the building was constructed and owned by Changki Mission and therefore the establishment of the ‘Skill Development Centre’ was doubtful.

(c) Tribal Old Age Day Care

A contractor (Shri I. Yanger Jamir) was paid ₹ 1 crore against an undated actual payee receipt for the construction of a “Tribal Old Age Day Care Home” at Padampukhuri, Dimapur” which was certified as completed by the EE in October 2012.

During joint inspection (July 2017) an under-construction building, on a private land, was shown to the inspection team as shown in the photograph below:



Photograph of Tribal Old Age Day Care Home at Padampukhuri, Dimapur

The fact that departmental officials showed an under-construction building as the purported Old Age Home - even though departmental records indicated that the building was completed almost five years back in October 2012 at a cost of ₹ 1 crore and for which the contractor was paid in full - raises a doubt as to whether the facility was constructed at all.

(d) Tribal Co-education Centre at Khermahal, Dimapur

A contractor (Shri Imli Yanger, Dimapur) was paid ₹ 1 crore against an undated actual payee receipt for the construction of a “Tribal Co-education Centre at Khermahal, Dimapur” on the basis of certification by the EE in July 2013 that 60 *per cent* of the work was complete.

During joint inspection (July 2017), a computer training centre functioning in the first floor of the three storey RCC building shown to audit (*photograph in the succeeding page*).



Photograph of Tribal Co-education Centre at Khermahal Dimapur shown during site inspection

As seen from the photograph, the Tribal Co-education Centre building shown to audit as constructed was actually a commercial building located in the heart of Dimapur town. The computer training center in the building was owned by private parties. It was also noticed that as per Tax registration certificate of M/s L.A. Enterprise, the firm was functioning in the building since

September 2011. This indicated that the building was in existence prior to sanction of the project (2013). Given these facts, the construction of the Co-education centre at a cost of ₹ 1 crore was doubtful.

(e) Community Training Institute, Burma Camp, Dimapur

A contractor (Shri K. Francis, Burma Camp, Dimapur) was paid ₹ 0.40 crore (in two installments in December 2013 and March 2014) for the construction of 'Community Training Institute, at Burma Camp, Dimapur'. The building was certified as completed in July 2013.

During joint inspection (July 2017), a four storey building (photograph below) located in a private land was shown to audit.



Photograph of the Community Training Institute shown

The building was being used as residential apartment and not as a Training Centre.

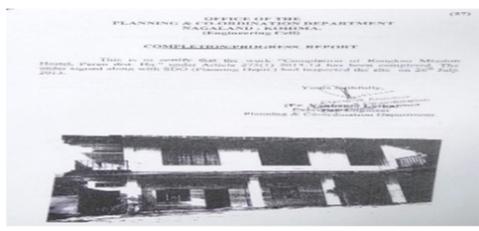
The Department stated (November 2017) that the building was constructed with the resources of the contractor in convergence with the financial assistance from MoTA. The Department also stated that the contractor had verbally stated that the basement of the building was

used for meetings, social awareness programmes and training courses.

The reply is not acceptable as during joint inspection it was seen that the building was only utilised for residential purposes. Thus, the expenditure of ₹ 0.40 crore was doubtful.

(f) Rangkau Mission Hostel, Peren District HQ

The Department undertook construction of Rangkau Mission Hostel, in Peren District at a cost of ₹ 0.50 crore during 2013-14. Progress report of the work was submitted (June 2013) by the contractor (Shri Disuing, Peren) with two photographs and the building was certified by the EE as completed in July 2013. The contractor was paid the full amount of ₹ 0.50 crore in two instalments in December 2013. The photographs attached to the completion/progress report submitted by the contractor (one photograph reproduced on the left below), indicated a double storey RCC building. During joint inspection (June 2017), it was noticed that the building at the site belonging to an individual was a single storey building and not the double storey building. Further, the building at the site was not being used as a hostel.

	
<p>Photograph as per completion/progress report</p>	<p>Photograph of single storey structure shown to Audit</p>

In the light of the above revelations, the expenditure of ₹ 0.50 crore on construction of Rangkau Mission Hostel was doubtful.

(iii) Short execution of works

Out of the sample of 56 projects/schemes selected for joint inspection, nine works were executed during 2012-16 at a cost of ₹ 9.78 crore.

During joint inspection, execution of items of work costing ₹ 8.67 crore (out of ₹ 9.78 crore) were examined and it was observed that items of works executed to the extent of only ₹ 2.23 crore - there was short execution of items of work to the value of ₹ 6.44 crore (details given in **Appendix 2.3.4**). The details are as under:

Table No. 2.3.2

(₹ in lakh)

Sl. No.	Name of the Project	Year of sanction	Amount paid to contractor	Value of items of works examined	Value of work actually executed	Value of work short executed
1	2	3	4	5	6	7 (Col 5- Col 6)
1	Development of Aguonuo fishery project at Razaphe, Dimapur	2013-14	175.94	156.26	1.81	154.45
2	N Putsere fishery project	2013-14	163.11	109.03	24.98	84.05
3	Construction of village marketing shed at Kiphire	2012-13	100.00	99.00	11.20	87.80
4	Construction of community multipurpose	2013-14	50.00	50.00	27.80	22.20

Sl. No.	Name of the Project	Year of sanction	Amount paid to contractor	Value of items of works examined	Value of work actually executed	Value of work short executed
1	2	3	4	5	6	7 (Col 5- Col 6)
	training institute at Tizit					
5	Construction of Baudi community building at Peren new HQ	2013-14	40.00	40.00	26.96	13.04
6	Approach road to rubber plantation area at Kejanglo village	2013-14	199.00	199.00	65.41	133.59
7	Construction of tribal girls hostel at Peren	2015-16	50.00	50.00	19.83	30.17
8	Construction of integrated community based fishery, poultry and piggery project at Rengmapani village, Kohima	2015-16	100.00	64.94	26.42	38.51
9	Skill development and training for women group at Mokokchung	2015-16	100.00	99.00	18.53	80.46
TOTAL			978.05	867.23	222.95	644.28

Thus, the Department had made an excess payment of ₹ 6.44 crore.

The Government accepted (November 2017) the facts noted at serial No. 4, 7, 8 and 9 of the above table. With regards to serial No. 1 and 2, it was stated that it was difficult to assess the actual quantum of work executed due to lapse of time. In respect of serial No. 3, it was stated that the length of the road was more than two KMs where some portion of the road leading to Saijang comprised of hard rock. In respect of serial No. 5 and 6, the Department stated (November 2017) that the projects were completed after the joint inspection.

The reply to serial No. 1 and 2 was not acceptable as the total area of ponds to be constructed as per the estimate was 56,800 sq. metres, whereas only 7488 sq. metres (13.18 per cent) was constructed. The reply to serial No. 3 is also not acceptable as, no evidence of excavation of rock in the entire stretch was seen during joint inspection. For serial No. 5 and 6, the Department did not submit any documents in support of its claim till date (December 2017).

Audit recommends that the findings relating to ‘Execution of works’ (paragraph 2.3.10.2) be referred to the State Vigilance Commission and FIRs be lodged against the concerned officials and beneficiaries/contractors.

2.3.10.3 Modern Mechanical Workshop cum Training Centre at Dimapur

Chief Engineer, Mechanical, Nagaland Public Works Department, proposed (May 2015) establishment of a Modern Mechanical Workshop–cum–Training Centre (MMWTC) at Dimapur at a cost of ₹ 15 crore. The MMWTC was to cater to the maintenance of high-tech machinery, impart refresher courses and training on proper usage of different machinery to potential users such as farmers, entrepreneurs, developers, etc. The project at a cost of ₹ 15 crore was sanctioned (March 2016) by

MoTA. The work order for execution of civil works for ₹ 8.86 crore was issued on April 2016 to M/S C&Y Trading Co. Kohima without calling of any open tenders. Examination of records revealed the following:

(i) Sub-letting of contract

As per clause (1) of the terms and conditions of the work order, the contractor shall under no circumstances, sublet the work. It was observed that M/s C&Y Trading Co. appointed (September 2016) M/s P.I.P Enterprises, through an irrevocable power of attorney to execute the work on its behalf. M/s P.I.P further authorised Chairman of M/S Sunrise Welfare Society to draw the bill through an undated authorisation.

The above clearly indicated that the contract for civil works originally awarded to M/s C&Y Trading & Co. was sublet to M/s P.I.P Enterprises in violation of the clause (1) of the special terms and conditions of the work order. Further, the Department, overlooked the violation of terms and conditions of the work order and released the payment of ₹ 3.13 crore²⁸ to Sunrise Welfare Society towards progressive cost of civil works done.

The Department while accepting the facts (November 2017) stated that proprietor of M/s P.I.P. Enterprises was a member of the Board of Directors of the Sunrise Welfare Society. The reply is not acceptable as M/s C&Y Trading & Co, M/s P.I.P Enterprises and M/s Sunrise Welfare Society are separate legal entities.

(ii) Unauthorised payment

Examination of the records of the Department revealed that Shri I Yanger Jamir, (proprietor of M/S C&Y Trading and Co) claimed (11 August 2016) 15 *per cent* of the total cost of the project for successfully obtaining the sanction from MoTA to fund the establishment of the MMWTC at Dimapur. Accordingly the Department paid ₹ 1.50 crore²⁹ to Shri I. Yanger Jamir. Audit observed that the payment for an amount of this nature was neither provided in the DPR submitted to MoTA nor was it provided in the work order.

The Department stated (November 2017) that the payment was made to Shri I Yanger who is the proprietor of M/S C&Y Trading and Co. against the works executed by him. The fact, however, remained that no record to indicate that this payment was made against any work executed by Shri. I. Yanger was maintained by the Department.

Audit recommends that the above issues relating to the MMWTC Dimapur be referred to the State Vigilance Commission.

2.3.11 Conclusion

The Department did not prepare Annual Action Plans indicating sector-wise allocation of funds during 2012-16. The cash book was not updated after June 2016

²⁸ Vide cheque No.000111 dated 28 March 2017

²⁹ Vide cheque No. 808910 dated 25 October 2016.

and the day-to-day transactions relating to payments were not recorded in the cash book which was a serious violation of rules and fraught with the possibility of misappropriation of funds. The Department also furnished incorrect UCs to the Ministry. Not a single project/scheme undertaken by the Department during 2012-17 was awarded through open tenders. Serious irregularities (unverifiable projects/schemes, doubtful execution/short execution of items of work, unauthorised payment) were observed in 28 out of the 54 projects/schemes jointly verified.

2.3.12 Recommendations

- The cash book should be maintained as prescribed under codal provisions without fail.
- The tendering process should be invariably followed in the award of contracts to ensure transparency.
- The cases of payments made without execution of works/doubtful or short execution of works, etc. should be handed over to the State Vigilance Commission and disciplinary proceedings/FIRs be initiated/lodged against the concerned officials.

DEPARTMENT OF UNDER DEVELOPED AREAS

2.4 Border Area Development Programme

Introduction

The Department of Border Management, Ministry of Home Affairs (MHA), Government of India (GoI) implements the Border Area Development Programme (BADP) through the State Government as part of a comprehensive approach to border management. The programme aims to meet the development needs of the people living in remote and inaccessible areas near the International Border (IB). In Nagaland there are four districts, viz, Mon, Tuensang, Kiphire and Phek, sharing a 215 kilometer international boundary with Myanmar.

Highlights:

The baseline survey conducted by the Department did not bring out quantifiable gaps in social and physical infrastructure and therefore did not provide decisive inputs in preparation of Annual Action Plan.

(Paragraph 2.4.7.1)

Allocation of funds indicated disproportionate emphasis on infrastructure and other sectors like Education, Health, Agriculture and Social were given minimal share.

(Paragraph 2.4.8.1)

DCC Bills for an amount of ₹4.56 crore out of ₹7.62 crore were not submitted even after delays ranging between two to three years.

(Paragraph 2.4.8.4)

Payments amounting to ₹ 15.95 crore without execution of works, short execution, incomplete and abandonment of works were noticed.

(Paragraphs 2.4.9.2 (i), (ii), (iii), (iv) and (v))

Third Party Inspection Agency for monitoring of works under BADP was not constituted.

(Paragraph 2.4.10.1)

2.4.1 Organisational set up

In Nagaland, the Department of Under Developed Areas (DUDA) is nodal department for BADP. The Department is headed by a Commissioner & Secretary level officer. Under the Department, the Directorate of Under Developed Areas is the implementing agency for BADP in the State. The Director is the head of the Directorate and he is assisted by one Additional Director, one Joint Director and two Deputy Directors. An Engineering wing is attached to the Directorate which executes the projects under BADP.

2.4.2 Scope of Audit

This Performance Audit covered the period from 2012-17. The records of the Directorate, two districts (Mon and Tuensang), three blocks and 16 villages (11 villages of Mon district and five villages in Tuensang district) were examined. The details are given in **Appendix 2.4.1**. In addition, the offices of Chief Engineer (PWD, R&B), Chief Engineer (PHED), Executive Engineer (PWD, R&B) Mon and Aboi Divisions and Executive Engineer (PHED) Mon Division were also covered. Further, 97 works (₹ 50.02 crore) taken up under BADP during 2012-17 in the 16 villages covered by this performance audit were jointly inspected by departmental officials and audit.

2.4.3 Audit Objectives

The audit of BADP was conducted to ascertain whether:

- Planning process for the programme was adequate, effective and according to the BADP guidelines;
- The programme was implemented with due regard to economy, efficiency and effectiveness; and,
- Monitoring of the programme was properly done.

2.4.4 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Guidelines for BADP issued by GoI during 2009, 2014 and 2015;
- Orders/guidelines/circulars issued by Ministry of Home Affairs, Department of Border Management and the State Government from time to time;
- Directives of the 13th Finance Commission on release of State Specific grants;
- Approved Annual Action Plan;

- Nagaland PWD Code and Manual, Schedule of Rates;
- General Financial Rules and Treasury Rules; and,
- Reports of National Quality Control Monitors and other Third party inspections.

2.4.5 Audit Methodology

The audit methodology comprised of an entry conference (9 June 2017), requisitioning of records, questionnaires, examination and issue of observations, joint inspection³⁰, beneficiary survey, issue of draft report to the Department and an exit conference (1 November 2017). The replies received and the views expressed by the Department during the exit conference have been incorporated in this report wherever relevant.

2.4.6 Acknowledgement

We acknowledge the assistance and cooperation extended to us at all levels during the conduct of this performance audit.

Audit Findings

The findings of audit are discussed in the following paragraphs.

2.4.7 Selection of villages

As per Para 2.1 of BADP guidelines (2009), priority should be given to villages located within 0-10 KM from the IB. Only after saturation of 0-10 KM villages, State Government may take up the next set of villages within the 0-20 KM distance and so on upto 0-50 KM. Further, as per Para 2.2 of the guidelines *ibid*, the District Level Committees (DLC) shall make their own definition for saturation of a village infrastructure.

The details of the villages located between 0-10 KM, 10 to 20 KM, and from 20 to 30 KM from the IB and the coverage of villages under BADP during 2012-17 is shown below:

Table No.2.4.1

District	Block	Village distance statistics				Villages covered under BADP			
		Total villages	0-10 KM	10-20 KM	20-30 KM	Total coverage	0-10 KM	10- 20 KM	20 -30 KM
Kiphire	Khongsa	25	25	0	0	7	7	0	0
	Pungro	25	15	10	0	11	3	8	0
Mon	Aboi	14	3	11	0	7	1	6	0
	Angjangyang	16	14	2	0	6	4	2	0
	Chen	18	17	1	0	8	7	1	0
	Mon Sadar	2	1	1	0	2	1	1	0
	Phomching	16	14	2	0	15	13	2	0
	Tobu	22	18	4	0	13	11	2	0

³⁰ Joint inspection team comprised of Project officer, BADP, SDO/JE representing the Department and Audit team comprising of three members. Photographic evidences were taken in presence of the representatives of the Department

Phek	Meluri	12	3	3	6	11	2	3	6
	Waziho	21	11	10	0	9	4	5	0
Tuensang	Noklak	24	21	3	0	16	13	3	0
	Panso	10	3	7	0	1	0	1	0
	Thonoknyu	19	17	2	0	10	8	2	0
TOTAL		224	162	56	6	116	74	36	6

(Source: Analysis made from Departmental data and confirmed with google map on aerial distance of villages.)

Note: As per BADP guidelines, zero KM is either zero KM from IB (if the first village falls in the borderline) or first village from IB (irrespective of its distance from border).

As seen from above,

- there were a total of 224 villages in Nagaland within 0-30 KM of the IB of which 116 villages (52 per cent) were covered under BADP during 2012-17;
- although the BADP guidelines prescribed that priority was to be given to villages within 0-10 KM. of the IB and there were a total of 162 villages in the State falling in this category, only 74 of these villages (46 per cent) were covered under BADP during 2012-17;
- 42 villages within 10-30 KM. of the IB were also covered under BADP during 2012-17; coverage of these 42 villages was at the expense of another 42 villages that could have been additionally covered during 2012-17 from the remaining 88 villages (162 – 74) within 0-10 KM. of the IB which in terms of the BADP guidelines, were to have been given priority; and,
- it was further observed that none of the 116 villages covered under BADP during 2012-17 were declared ‘saturated’ in terms of infrastructure by any DLC in the State.

2.4.7.1 Inadequate planning

Para 3.1 of BADP guidelines (2014) provides that the fund shall be used for meeting critical gaps and the immediate needs of the border population. Planning and implementation should be participatory and decentralized through the Panchayati Raj Institutions (PRI)/Autonomous councils/other local bodies/councils. The guidelines *ibid* provide for a diagnostic and professional study on the backwardness of the prioritised villages through baseline survey and inputs from grass-root level. Para 4.3 and 4.4 of BADP Guidelines *ibid*, envisaged creation of DLC headed by Deputy Commissioner (DC) as Chairman and District Forest Officer, District Planning Officer, Superintendent of Police of concerned district and Commandant or Deputy Commandant of the Border Guards as members which would be responsible for planning and implementation of BADP. The DLC shall prepare village wise plans through a baseline survey to identify physical and social infrastructural gaps and work out the overarching sectoral priorities.

Examination of records revealed the following:

- (i) The baseline survey was conducted on two occasions (2009 and 2014) through a committee constituted by the Department. It was observed that the report of the

baseline surveys conducted did not bring out quantifiable gaps in social and physical infrastructure and contained only objective narrations (e.g. “poor road”, “poor water supply, need improvement” etc.). The surveys therefore could not provide decisive inputs in preparation of Annual Action Plan (AAP).

The Government while accepting the facts (October 2017) stated that though baseline survey was conducted, failures still existed in certain areas.

- (ii) The DLCs were not involved in preparation of Village Plans or Long Term Plans. The AAPs which was required to be prepared by the DLC from a shelf of programme derived from the Long Term Plans and submit to the State Level Screening Committee (SLSC) for approval was prepared by DUDA and was not derived from inputs from perspective plans.

2.4.8 Financial Management

2.4.8.1 Sector-wise allocation of funds

Para 5.2 of the BADP guidelines (2015) states that the schemes should be planned to take care of the special problems faced by people living in the border areas. State Government shall draw the annual plan keeping in view the balanced development of the region based on the gaps in physical and social infrastructure. It should ensure that no single sector gets disproportionate share of the allocation. The limits prescribed in the guidelines and sectoral allocation made during 2015-17 is shown in the table below:

Table No. 2.4.2

Sectors	Maximum/Minimum (%)	Limit	2015-16		2016-17	
			Allocation	Percentage of allocation	Allocation	Percentage of allocation
Infrastructure	35	Maximum	1768.62	60.77	1851.81	57.51
Drinking water supply	0	No limit	120.00	4.12	295.48	9.18
Special or Specific area scheme	10	Minimum	100.00	3.44	214.92	6.67
Social	20	Maximum	147.50	5.07	167.00	5.19
Capacity building/Skill Development	10	Maximum	142.00	4.88	165.00	5.12
Health	10	Minimum	164.75	5.66	155.06	4.82
Agriculture & Allied	10	Maximum	152.50	5.24	137.21	4.26
Sports	5	Minimum	100.00	3.44	119.78	3.72
Education	10	Minimum	185.00	6.36	83.66	2.60
Administrative expenses & Monitoring	1.5	Maximum	30.00	1.03	30.00	0.93
Maintenance	15	Maximum	0.00	0.00	0.00	0.00
TOTAL			2910.37	100.00	3219.92	100.00

(Source: Departmental data)

As seen from above, the allocation made for infrastructure development ranged between 57.51 and 60.76 *per cent* which was much higher than the prescribed 35 *per cent*. Allocation under education ranged between 2.60 *per cent* and 6.36 *per cent* was much below the minimum prescribed limit of 10 *per cent*.

The allocation of funds indicated disproportionate emphasis on infrastructure and other sectors like Education, Health, Agriculture and Social were given minimal share.

2.4.8.2 Delay in release of fund by State Government

The Empowered Committee³¹ of GoI decided (March 2011) that all States should release the funds within 15 days of release of fund by GoI.

Examination of records revealed that there were delays in release of funds by the State Government after receipt of the same from GoI. The details of funds received from GoI, released by the State Government and delays are given in **Appendix-2.4.2**. The delay in release of funds by GoN ranged between 17 days and eight months³² during 2012-17. It was also noticed that ₹ 3.58 crore (10 *per cent* State share of 2016-17) was not released (August 2017) by the GoN to the Department.

2.4.8.3 Administrative overheads

Para 4.2 of BADP guidelines (2009) states that State governments can reserve 1.50 *per cent* of the annual allocation subject to a maximum of ₹ 40 lakh per year (which was subsequently revised to ₹ 50 lakh in 2015) for monitoring, training, evaluation, administrative expenditure for preparing the perspective plans, survey, logistic support (excluding purchase of vehicles), media publicity, etc.

Examination of records revealed that in 97 works taken up under BADP during 2012-17 in the 17 villages of Mon and Tuensang, covered under this PA, in addition to the prescribed administrative overhead of 1.50 *per cent*, an additional five *per cent* was added towards administrative overheads during preparation of estimates and DPRs. The inclusion of five *per cent* administrative overheads in the estimate increased the allocation of administrative expenditure to 6.50 *per cent* in violation of the guidelines.

The Government stated (November 2017) that 1.50 *per cent* reserved amount did not include technical parameter and expertise charges such as preparation of pre-feasibility report, detail project report, contingency, consultancy, etc. The reply is not acceptable as BADP guidelines prescribes only 1.50 *per cent* for administrative overheads.

2.4.8.4 Delay in submission of Detailed Countersigned Contingent Bills

Rule 308 of Central Treasury Rules provides that funds for contingent charges may be drawn from the Treasury by presenting Abstract Contingent Bill (AC). Detailed Countersigned Contingent Bill (DCC Bill) should be submitted to the controlling officer within one month from the date of drawal of such AC bills.

³¹ Comprising of 12 members who are secretaries in various Departments of GoI

³² Calculated after 15 days of release of funds by GoI

It was observed that the Director, DUDA drew funds during 2012-17 on AC bills (Capacity Building, medical camps, monitoring and agriculture and allied activities etc) and delayed submission of DCC bills to the Accountant General as detailed below:

Table No.2.4.3

(₹ in crore)

Year	Drawal of AC Bills		Submission of DC Bills		Delay
	Date	Amount	Date	Amount	
2012-13	18-03-2013	0.78	02-08-2016	0.78	3 years 4 months 17 days
2012-13	25-07-2013	0.78	02-08-2016	0.78	3 years 8 days
2013-14	21-03-2014	1.50	02-08-2016	1.50	2 years 4 months 14 days
2014-15	20-03-2015	1.30	Not submitted	-	-
2016-17	16-12-2016	3.26	Not submitted	-	-
Total		7.62		3.06	

(Source: Compiled from Departmental records)

As seen from above, during the last five years, the Department had drawn ₹ 7.62 crore in AC bills, out of which, DCC bills for ₹ 3.06 crore only was submitted after delays ranging between two to three years. DCC bills for the remaining amount of ₹ 4.56 crore were yet to be submitted (August 2017).

2.4.8.5 Submission of incorrect Utilisation Certificates

GoI releases BADP funds in two instalments. The first instalment of 90 per cent of the allocation is released to the State Government only after receipt of UCs for the amount released in the previous years except the preceding year. If there is any shortfall in furnishing the UCs, the same would be deducted at the time of release of the 1st instalment. The second instalment is released to the state only after furnishing of UCs of not less than 50 per cent of the amount released during the month of preceding year, along with Quarterly Progress Reports up to the quarter ending September.

Examination of records revealed that UCs were not furnished on the basis of actual fund utilized as shown below:

Table No. 2.4.4

(₹ in crore)

Year	Instalment	Amount	Date of release by GoI	Date of release by GoN	UC issued date	Amount for which of UC issued	Actual utilisation on the date of UC	Percentage of utilisation (per cent)
2012-13	1	18	16-07-2012	16-03-2013	08-10-2013	15.23	12.31	
	2	2	20-02-2013	25-03-2013	08-10-2013	4.77		
Total		20				20	12.31	61.55
2013-14	1	12.05	18-07-2013	17-03-2014	09-10-2014	20	13.82	
	2	7.95	28-11-2013	17-03-2014				
Total		20				20	13.82	69.1
2014-15	1	9.93	25-08-2014	29-03-2015	17-07-2015	10	4.85	
	2	10.07	25-11-2014	29-03-2015	01-03-2016	10	7.9	
Total		20				20	12.75	63.72

(Source: Compiled from Departmental data; at the time of undertaking this PA, UCs for 2015-16 and 2016-17 were not due.)

As seen from the table above, actual utilisation of funds during 2012-15 ranged between 61.55 *per cent* and 69.10 *per cent*. However, UCs were issued for the entire amounts released by GoI during 2012-15 resulting in submission of incorrect UCs to the Ministry of Home Affairs, GoI.

2.4.9 Programme implementation

2.4.9.1 Discrepancies in the execution of works

During 2012-17, 457 works were taken up under BADP in the State in 116 villages at a cost of ₹ 123.69 crore. Out of these 457 works, 97 works (estimated cost ₹ 50.07 crore) were taken up in the 16 villages covered under this performance audit during 2012-17. All the selected 97 works were selected for joint inspection by Departmental officials and Audit.

Examination of records and joint inspection of the 97 works (construction of roads/bridges/community centers/drainage/school buildings, etc.) revealed instances of unexecuted works, short execution of works, incomplete or abandoned works, etc., the position of which is summarized below:

Table No. 2.4.5

(₹ in crore)

Sl No.	Type of observation	No. of works	Amount	Paragraph reference
i)	Unexecuted works	3	0.50	Paragraph 2.4.9.1 (i)
ii)	Short execution	16	1.60	Paragraph 2.4.9.1 (ii)
iii)	Incomplete works	4	12.16	Paragraph 2.4.9.1 (iii)
iv)	Undue delay in commencement of work	13	1.68	Paragraph 2.4.9.1 (iv)
Total		36	15.94	

(i) Unexecuted works

Four works (*Appendix 2.4.3*) taken up at a cost of ₹ 0.50 crore were reported as complete and ₹ 0.50 crore was paid to the contractors. During joint inspection (July 2017), it was revealed that no work was executed.

The Government stated (October 2017) that the works were completed. The reply of the Government was not correct as during joint inspection (June/July 2017) it was seen that the works were not executed. The finding of the joint inspection was also endorsed by the village representatives during interviews.

(ii) Short execution of work

Sixteen works at a cost of ₹ 18.64 crore were reported as complete against which ₹ 15.97 crore was paid to the concerned contractors. Joint inspection (June/July 2017) of these works revealed that the actual value of these 16 works executed was less than the amount paid by ₹ 1.60 crore (*Appendix 2.4.4*).

The short execution of work resulted in excess payment of ₹ 1.60 crore to the contractors.

The Department accepted the facts (November 2017).

(iii) Incomplete works

Four works (estimated cost ₹ 13.90 crore) which had been certified as completed and against which for ₹ 12.16 crore had been paid to contractors were found incomplete during joint inspection. One of these works had been executed twice as detailed at paragraph 2.4.9.2. The details are given in *Appendix-2.4.5*.

(iv) Undue delay in commencement of works

13 works (estimated costs ₹ 1.68 crore) for which work orders were issued in December 2015, December 2016 and January 2017 (*Appendix-2.4.6*) had not commenced (as of June 2017) even after the expiry of their stipulated dates of completion.

2.4.9.2 Construction of bailey bridge in Tobu - work executed twice

The Department proposed an amount of ₹ 10 crore in the AAP of 2013-14 for construction of bailey bridge over river Yetyong in Tobu which was approved (March 2014) by GoI.

Work order was issued by EE, DUDA (May 2014) to M/s Squareddeal Enterprises for ₹ 9.46 crore with a stipulation to complete the work within 24 months. The scope of work as per the work order included construction of bailey bridge, widening of existing 10 KM road from three metres to six metres from Tobu main road to Auching and construction of 10 hume pipe culverts and five RCC culverts. Examination of records revealed that the EE, DUDA certified the work as complete and consequently the contractor was paid ₹ 9.46 crore in August 2014 in one installment³³.

Records further revealed that another ₹ 42 lakh was sanctioned by GoI as per the approved³⁴ AAP of 2015-16 for construction of “Bridge at Yetyong river at Tobu”. Work order was issued to M/s Trident Enterprises (December 2015) for ₹ 39.90 lakh for construction of bridge to be completed within 12 months. The EE, DUDA certified the work as complete (April 2016) and payment of ₹ 39.90 lakh³⁵ was made to the contractor in May 2016.

Joint inspection (June/July 2017) revealed that the work order issued to M/s Trident Enterprises on December 2015 for the construction of “Bridge at Yetyong river at Tobu” was the same bailey bridge for which work order was issued to M/s Squareddeal Enterprises in May 2014. The construction of bailey bridge had not been completed despite making full payments to the two contractors for the same work. Work in respect of widening of road from three to six metres was also not done and

³³ Bill No.30 dated 30-08-2014

³⁴ By SLSC

³⁵ Vide Bill No.37 dated 30-05-2016

construction of culverts remained incomplete (July 2017). Photographs taken on the work during the joint inspection are shown below:

Photographs on Construction of bailey bridge at Yetyong river including road between Tobu and Auching	
	
Abutment walls of ongoing work of construction bailey bridge	Road from Tobu to Auching (Widening) – not done

As can be seen from the photographs, the works remained incomplete but were certified as completed.

The Department did not offer any reply (November 2017).

Audit recommends that an FIR be filed against the concerned officials and contractors concerned and the matter handed over to the State Vigilance Commission for further investigation.

2.4.9.3 Basic physical and social infrastructure

Para 3.1 of BADP guidelines (2014) envisions that funds under the programme shall be used for meeting critical gaps in physical and social infrastructure to meet the immediate needs of the border population.

Interviews with the Village Chairmen and VDB members of the 16 villages covered under this performance audit revealed that gaps in basic infrastructure in these villages still existed even though BADP was implemented in the State since 2009:

Table No. 2.4.6

District	Mon	Tuensang
Villages selected for verification	11	5
No of households	4766	2893
Village without Public Health Centres	2	4
Villages without public toilet	9	2
Villages without women public toilet	11	5
Villages yet to be electrified	0	0
Household yet to be electrified	2650	921
Blacktopped roads	0	0
Villages without drinking water supply	2	0
Households without drinking water supply	2201	73

As seen from the table above, some of the villages still lacked basic infrastructure such as Public Health Centres, 30 *per cent* households (2,274 out 7,659 households) still lacked piped water supply and as much as 47 *per cent* (3,571 households out of 7,659 households) were yet to electrified.

2.4.10 Monitoring and evaluation

Para 10.1 of the BADP guidelines requires the state governments to develop an institutional system for inspection of BADP and submit reports to the Department of Border Management, MHA. In addition, each border block should be assigned to a high-ranking State Government Nodal Officer who should regularly visit the block and take responsibility for BADP. Third party inspections are also to be commissioned by the states for an independent feedback on the quality of work and other relevant issues.

2.4.10.1 Inadequate institutional mechanism for inspection

Examination of records revealed that the GoN had not developed an institutional mechanism for inspection of works taken up under BADP. The Department stated that, though an institutional mechanism was not developed, inspection teams (consisting of officials of the Department) were constituted twice in a year to monitor the implementation of the programmes and reports were submitted. The Department furnished only two notifications (February 2011 and October 2015) for constitution of inspection teams.

During the period of audit, no Third Party Inspection Agency (TPIA) was also commissioned by the Government as prescribed under BADP guidelines.

2.4.10.2 Social Audit

As per para 9.1 of BADP guidelines (2014), an appropriate 'Social Audit System' should be put in place by the State Government. No Social Audit was conducted on the works executed under BADP.

2.4.10.3 Inventory of Assets

As per para 9.3 of BADP guidelines (2009), the State Governments shall develop an inventory of assets created under the BADP in border villages/hamlets for analytical purposes etc.

It was observed that the Department did not maintain an inventory of assets created under the programme with asset marking, measurements of the asset, etc.

2.4.11 Conclusion

The preparation of Annual Action Plans was not based on integrated approach or identified gaps incorporated in the baseline survey or from long-term plans. The DPDBs/DLCs which are important entities were side-lined in the selection of projects. There were delays in releases of funds by the State Government. Instances of excess payments, payment without execution of work, abandonment of the projects, incomplete projects, short execution of projects and deviation from the approved works were noticed. Allocation of funds was emphasised more on infrastructure as compared with other sectors like Education, Health, Agriculture and Social sectors. Some of the villages already covered under the programme lacked basic infrastructure

such as Public Health Centres, piped water supply and electricity. The institutional monitoring mechanism was inadequate.

2.4.12 Recommendations

- The State/DLCs should define 'saturation level' of a border village;
- The primary focus should be given to villages falling within 0-10 KM from the IB and only after these villages are 'saturated' with the necessary infrastructure to meet the developmental needs of the people of these villages should the next set of villages should be taken up;
- Management of the project execution should be improved to avoid instances of abandonment of the works, payment against incomplete/unexecuted works, delay in completion of works, etc.; and,
- An adequate institutional monitoring mechanism should be put in place to ensure that the programme objectives are achieved.

DEPARTMENT OF FISHERIES

2.5 Performance Audit on activities of Fisheries Department in Nagaland

Highlights:

The Department did not have a perspective long-term plan for development of fisheries in the State. Although the Department prepared Annual Action Plans (AAPs) during the period from 2012-17, these were more in the nature of stand-alone exercises with no linkages to the medium or long-term goals/plans of the Department.

(Paragraph 2.5.8)

Utilisation Certificates for an amount of ₹ 12.79 crore was furnished even before the funds were released by the State Government.

(Paragraph 2.5.9.2)

The Department paid ₹ 3.98 crore for seven un-executed projects and ₹ 16.37 crore for six short executed projects.

(Paragraphs 2.5.10.1 and 2.5.10.2)

An expenditure ₹ 2.78 crore was made on a single project twice which was ultimately abandoned, rendering the expenditure as infructuous.

(Paragraph 2.5.10.4)

There was a shortfall in production of fingerlings by 471.93 lakh (94.40 per cent) during the last five years which may have impacted introduction of economically improved fish species in the State.

(Paragraph 2.5.11)

2.5.1 Introduction

Nagaland is predominantly an agrarian state, dependent on agriculture and allied activities for livelihood. Fishery³⁶ is one of the potential sectors of food production in the State. Surface water bodies³⁷ in the State provide opportunities to develop the fisheries sector. Fisheries resources such as ponds, wet terrace fields, lakes and reservoirs, streams and rivers etc., can contribute considerably in the improvement of livelihood of the people in the State.

2.5.2 Organisational Set-up

The Secretary, GoN is the Administrative Head of the Fisheries Department. At the Directorate level, the Director is the Head of the Department assisted by an Additional Director, Joint Director, three Deputy Directors and an Assistant Engineer. Seven districts³⁸ were headed by District Fishery Officers, while the remaining four districts³⁹ were headed by Sub-Divisional Fishery Officers.

2.5.3 Scope of Audit

This Performance Audit (PA) covered the period from 2012-13 to 2016-17. The records of the Directorate and three⁴⁰ out of 11 districts were test checked. During 2012-17, the Department implemented 18 schemes (of GoI/ State/NEC/NABARD) out of which the records of 15 schemes (details given in *Appendix 2.5.1*) were examined in the course of this PA. Further, joint inspection⁴¹ of all 28 projects executed during 2012-17 under the selected 15 schemes was undertaken to assess the implementation and impact of these projects at the ground level in the three districts covered under this PA.

2.5.4 Audit Objectives

The audit objectives were to assess whether:

- (i) the planning process was comprehensive and in accordance with the guidelines for implementation of the project/schemes;
- (ii) the allocation and release of funds was adequate, timely and their utilization was economical and efficient;
- (iii) the projects were implemented efficiently to meet the schemes objectives; and,
- (iv) the monitoring and evaluation of the project/schemes was adequate and effective.

³⁶ Fishery means any activity or occupation or profession connected with rearing, culture, development, conservation, protection, exploitation, utilisation, extension, augmentation or disposal of fish, fish products and fish by-products.

³⁷ Ponds/Tanks 3298 Hectares, Paddy-cum-fish culture 3230 Hectares, Reservoir 2258 Hectares and Lakes/Weirs/Swamps 1000 hectares (31st March 2017).

³⁸ Kohima, Dimapur, Mokokchung, Wokha, Zunheboto, Tuensang and Mon.

³⁹ Peren, Phek, Longleng and Kiphire.

⁴⁰ Wokha, Dimapur and Peren.

⁴¹ Joint inspection team comprised of District Fishery Officer of the concerned district assisted by SDO/AE of the engineering wing of the Department and Audit team comprising of three members.

2.5.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Twelfth Five Year Plan (12th FYP) and Annual Plans.
- Perspective Plan, Annual Action Plan, Detailed Project Reports.
- Scheme guidelines.
- Guidelines, circulars and instructions by GoI, State Government etc.
- General Financial Rules.

2.5.6 Audit Methodology

The audit methodology comprised of an entry conference (20 April 2017), requisition and examination of records, issue of audit observations, questionnaire, beneficiary survey, joint inspection, issue of draft report to the Government to solicit its replies and an exit conference (16 October 2017). The replies received and the views expressed by the departmental officers during exit meeting were considered and incorporated in this report wherever relevant.

2.5.7 Acknowledgement

We acknowledge the co-operation and assistance given to us by the Department of Fisheries during the conduct of this Performance Audit.

Audit Findings

2.5.8 Planning process

Examination of records revealed that the Department did not have a perspective long-term plan for development of fisheries in the State. Although the Department prepared Annual Action Plans (AAPs) during the period from 2012-17, these were more in the nature of stand-alone exercises with no linkages to the medium or long-term goals/plans of the Department. The AAPs were prepared without any baseline surveys of fishery resources, identification of the overall scope and primary areas for development of fishery in the State and no inputs were taken from the district or grassroots level. It was also yet to develop a reliable database of its own as evidenced from the fact that the data on 'potential area of reservoir' in the State adopted by the Department was the one arrived at in 1990 by the North Eastern Power Corporation and the 'paddy-cum-fish culture' data was that of the Agriculture Department, GoN.

The Department accepted (October 2017) that the data used for planning process were obtained from external sources. It also stated that baseline surveys could not be carried out due to paucity of fund and manpower.

2.5.9 Allocation and release of funds

The budget allocation and expenditure of the Department during 2012-17 are shown below:

Table No.2.5.1

(₹ in crore)				
Year	Budget allocation	Total expenditure	Excess(+)/ Savings (-)	Remarks
2012-13	38.49	34.70	(-) 3.79	
2013-14	42.47	37.06	(-) 5.41	₹ 0.03 crore not surrendered
2014-15	39.28	29.45	(-) 9.83	Including supplementary grant of ₹ 10.93 crore and ₹ 0.25 crore not surrendered
2015-16	42.19	33.43	(-) 8.76	-
2016-17*	37.44	33.62	(-) 3.82	-
Grand total	199.87	168.26	(-) 31.61	0.28

(Source: Appropriation Accounts & *Departmental records)

The Department also received ₹ 13.22 crore during the five-year period from the National Fisheries Development Board (NFDB).

It can be seen from the above that there were persistent savings ranging between ₹ 3.79 crore and ₹ 9.83 crore. The supplementary provision of ₹ 10.93 crore obtained during 2014-15, was not required as ₹ 9.83 crore was not utilised during the year. It was also seen that against the total savings of ₹ 31.61 crore during 2012-17, ₹ 0.28 crore was not surrendered.

The Department stated (October 2017) that persistent savings occurred due to delay in release of funds and sanctions received towards the end of the financial year.

2.5.9.1 Delay and short release of matching State share

Examination of records revealed that during 2012-17, the Department received ₹ 90.86 crore from GoI/NEC to implement 24 projects (*excluding one project – RKVY which is 100 per cent Central sponsored project*) under seven schemes on a cost sharing basis between the Centre and the State⁴². The Central share of the cost of implementation of these 24 projects was ₹ 90.86 crore which was received by the Department during 2012-17 and the State's corresponding share was ₹ 23.78 crore. It was observed that GoN released only ₹ 12.98 crore, resulting in short release of its share amounting to ₹ 10.80 crore (details in **Appendix 2.5.2**). There were also inordinate delays ranging between 22 and 386 days in release of funds by GoN to the implementing Department (details in **Appendix-2.5.3**).

⁴² Cost sharing basis ranged from 55:45 (in respect of National Fisheries Development Board) to 90:10 between the Centre and the State.

The Government accepted the facts (October 2017) and added that the delay in release of funds hampered timely completion of the projects.

2.5.9.2 Utilisation Certificates (UCs) submitted even before the funds were received

Examination of UCs submitted by the Department to GoI, NEC and NABARD revealed that UCs for an amount of ₹12.79 crore under seven projects were furnished to GoI, NEC and NABARD even before the funds were released by the State Government to the Department – details are given in **Appendix-2.5.4**.

The Department, while accepting the facts, stated (October 2017) that these were necessitated to avail timely sanction of installments from the GoI.

2.5.10 Implementation of the projects

As stated in paragraph 2.5.3, the Department implemented 18 schemes during 2012-17 out of which the records of 15 schemes and the 28 projects taken up under these 15 schemes were examined in the course of this PA. Further, joint inspection of all 28 projects executed under the 15 schemes during 2012-17 was also undertaken. The details and the number of audit observations arising out of this exercise is summarized in the table below:

Table. 2.5.2

Type of Scheme	Total No. of schemes implemented during 2012 -17	Total No. of projects under the Schemes	Schemes selected for this PA	Total No. of projects under the selected schemes	No. of audit observations	Money value of audit observations (₹ in crore)	Reference to para number in this PA
Central	7	18	7	15	9	10.68	2.5.10.1 (iii); 2.5.10.2;2.5.12 (iii);
State	9	9	6	6	4	2.68	2.5.10.1 (i – ii); 2.5.12 (i, ii)
NEC	1	7	1	5	6	14.10	2.5.10.1 (iii); 2.5.10.2; 2.5.10.3; 2.5.10.4
NABARD assisted schemes	1	2	1	2	-	-	-
TOTAL	18	36	15	28	19	27.46	

The audit observations are detailed in the succeeding paragraphs.

2.5.10.1 Un-executed Projects

During joint inspection/site visits, it was found that projects/components under these projects amounting to ₹ 3.98 crore had not been executed. Details are given in succeeding page:

(i) Development of Fishery at Tir Village, Dimapur taken up in 2013-14 under a State scheme at a cost of ₹ 50 lakh to develop 2.6 hectares of water spread area was reported as complete in July 2014. The project could not be located during joint inspection (July 2017).

(ii) Construction of a fishery pond at Samziuram village in Peren district was taken up under a State scheme in 2012-13 at a cost of ₹ 40 lakh and was reported as complete in February 2013. During joint inspection (July 2017) it revealed that the project had not been executed. This fact was also confirmed by Samziuram Village Council.

(iii) ₹13 lakh was paid to seven beneficiaries in 2013-14 under two projects for development of fishery ponds in two villages as under:

Table No. 2.5.3

District	Scheme	Project	Village	No. and Name of beneficiaries	Amount paid (₹ in lakh)
Dimapur	NEC	Reclamation & renovation of old ponds and Tanks	Toulazouma	1) Shri Dupra Khesoh, 2) Shri Luhuto Lohe 3) Shri Dizu Shupao	6.00
	Central (RKVY)	Development of fresh water aquaculture, water logged areas and cold fisheries and aquaculture	Toulazouma	1) Shri Sani 2) Shri Asau	0.28
Peren	Central (RKVY)	Development of fresh water aquaculture, water logged areas and cold fisheries and aquaculture	Samziuram	1) Shri R. Kuki	4.72
	NEC	Reclamation and Renovation of old Ponds & Tanks	Samziuram	1) Shri Beichu	2.00

During joint inspection, the location of the above projects in the two villages could not be located.

(iv) During joint verification it was ascertained that in three projects, items of work and equipment to be procured were not executed/procured to the value of ₹ 2.95 crore although departmental records indicated that expenditure on the same had been incurred – details are given in **Appendix 2.5.5**.

The Department stated (October 2017) that (a) investigation was underway with respect to the project at Sl. No. (i) above; (b) the construction of fishery pond at Samziuram village, Peren was not implemented as it was relocated to Dihoma village, Kohima; and, (c) the issue of bogus beneficiaries was under investigation. The Department was silent on the non-execution of works valued at ₹ 2.95 crore [Sl. No. (iv) above].

2.5.10.2 Short execution of works

The Department targeted to develop 246.79 hectares of water spread area under six projects at a cost of ₹ 29.34 crore during the period 2012-15. As against this, as ascertained from departmental records, water spread area of 231.15 hectares was developed at accost of ₹ 21.77 crore. During joint inspection (June/July/August 2017), it was observed that only 14.63 hectares of water spread area was developed. The

short execution 216.52 hectares of water spread area resulted in excess expenditure of ₹ 16.37 crore. Details are given in **Appendix-2.5.6**.

2.5.10.3 Inadmissible payment

North Eastern Council in March 2012 sanctioned ₹5 crore for a project “Reclamation and renovation of old ponds and tanks” on the basis of a proposal submitted by the Department. Under the project, 250 hectares of water spread area held by 465 beneficiaries was to be developed by providing financial to beneficiaries at the rate of ₹ 2 lakh per hectare of water spread area.

Examination of records revealed that the Department released ₹ 4.90 crore⁴³ to 245 beneficiaries⁴⁴ during December 2012 to August 2016 at a flat rate of ₹ 2 lakh per beneficiary. However, as per the project financial assistance was to be released to an individual beneficiary on the basis of his/her holding of water spread area. Audit observed that the 245 beneficiaries between them had a total holding of 132.80 hectares of water spread area and were thus entitled to a financial assistance of ₹ 2.66 crore⁴⁵ as against ₹ 4.90 crore paid to them. The Department thereby violated the project guidelines and made an inadmissible payment of ₹ 2.24 crore to the 245 beneficiaries.

The Department stated (October 2017) that the project was taken up at a cost of ₹ 4.90 crore for 245 beneficiaries at the rate of ₹ 2 lakh. The reply is not acceptable as the Department had deviated from the approved rates in disbursement of the assistance by not considering the water area held by each beneficiary.

2.5.10.4 Funds drawn twice for the same project

NEC approved (March 2012) a project “Development of Kezha Fish Production Farm Project at Metha Colony, Signal Village, Dimapur,” for ₹ 3.27 crore on a 90:10 sharing basis between NEC and GoN. The project included construction of 25 ponds with total water area of 13.52 hectares (₹ 3 crore), watchmen’s quarter (₹ 8 lakh), labour shed (₹ 3 lakh), machinery & equipment (₹ 5 lakh) and operational cost (₹ 11 lakh). Examination of records revealed that ₹ 1.31 crore was paid to the beneficiary (Shri Kezha) in two installments in October/November 2012. Details of work order, actual quantity of work done etc. were not on record. It was observed that the project was closed (July 2015) after spending ₹ 1.31 crore⁴⁶ due to lack of sufficient land. Joint inspection (July 2017) revealed that out of 25 ponds, only one pond measuring 324 x 152 feet (0.45 hectares water spread area⁴⁷), watchman quarter and water pump and dragnet for an amount of ₹ 20 lakh was constructed. A signboard erected at the project site displayed “Kezha Fishery, Innovative Grant during 2013-14 under Ministry of Tribal Affairs” as shown in the photograph below:

⁴³ ₹ 60 lakh (December 2012), ₹ 40 lakh (January 2013), ₹ 30 lakh (March 2013), ₹ 20 lakh (April 2013), ₹ 100 lakh (November 2013), ₹ 100 lakh (December 2013), ₹ 30 lakh (January 2014), ₹ 40 lakh (March 2016), ₹ 50 lakh (May 2016) and ₹ 20 lakh (August 2016)

⁴⁴ Including 13 beneficiaries selected outside the approved list.

⁴⁵ 132.80 hectares @ ₹ 2 lakh per hectare

⁴⁶ GoI (NEC) share of ₹ 117.84 lakh and GoN matching share of ₹ 13.09 lakh.

⁴⁷ 107639 sq.ft = 1 HA.



Cross check of records of Planning and Coordination Department (PCD) revealed that PCD had proposed a project at the same site “Fishery Project at Metha Colony, Dimapur” for ₹ 1.47 crore during 2013-14. The work order was issued (February 2014) to the beneficiary contractor (M/S Kuolie Metha) and full payment of ₹ 1.47 crore was released to the contractor in two installments (July 2014 and December 2014) on the basis of progress report furnished by the EE. There was no record to verify the basis on which the progress report was certified by the EE. PCD records revealed that the project site was located in a residential area with no scope of expansion which indicated that the project was ill conceived from inception. The PCD in November 2017 informed Audit that the project was abandoned.

Thus, an expenditure of ₹2.78 crore⁴⁸ was rendered infructuous. The misappropriation of the funds cannot be ruled out which needs to be investigated.

The Fisheries Department stated (October 2017) that after release of 1st instalment, NEC recommended for change of scope of the project as the original site was not feasible for further development. The project was therefore closed after the first instalment. The Department also stated that it was not aware of implementation of any other project funded out of grants received by the State at the same location.

The reply is not acceptable as the concept note and the DPR for the project funded by PCD was also prepared (December 2013) by the Fisheries Department.

Audit recommends that the matter be referred to the State Vigilance Commission for further investigation.

2.5.11 Performance of seed production farms

As of March 2017, there were two carp seed production farms namely, Jorpukhuri Government Fish Farm, Dimapur and Nathanglu Fish Farm, Mokokchung. The production capacity, actual fish seed production and shortfall is detailed in succeeding page:

⁴⁸ ₹ 1.31 crore + ₹ 1.47 crore

Table-2.5.4

(Production in lakh)

Year	Fish seed/ fingerlings production capacity		Actual fish seed/ fingerlings production		Shortfall in production	
	Nathanglu Govt. Fish Farm	Jorpukhuri Govt. Fish Farm	Nathanglu Govt. Fish Farm	Jorpukhuri Govt. Fish Farm	Nathanglu Govt. Fish Farm	Jorpukhuri Govt. Fish Farm
2012-13	20.00	80.00	0.00	4.70	20.00	75.30
2013-14	20.00	80.00	0.00	0.00	20.00	80.00
2014-15	20.00	80.00	0.81	0.00	19.19	80.00
2015-16	20.00	80.00	4.00	5.14	16.00	74.86
2016-17	20.00	80.00	4.00	9.42	16.00	70.58
Total	100.00	400.00	8.81	19.26	91.19	380.74

(Source: Departmental records)

As seen from above, there was a shortfall in production of fingerlings by 471.93 lakh (94.40 per cent) during the last five years. The low performance of these farms would have negatively impacted the introduction of economically improved fish species in the State.

The Department stated (October 2017) that the shortfall in production of fingerlings was attributed to short duration of breeding cycles coupled with unpredictable weather, shortage of nursery ponds and manpower. The fact however remains that the production capacity had been fixed after taking into consideration the breed cycles, unpredictable weather, nursery ponds and manpower.

2.5.12 Unfruitful expenditure

- (i) To improve inland fish production, the Department procured 60 floating cages⁴⁹ in 2012-14 with fingerling nets (15 mm), grow out nets (30 mm) and other accessories for ₹ 1.33 crore. These cages were meant for installation at different locations in the State.

Examination of records revealed that the Department installed 24 cages at Doyang Reservoir, 12 at Jorpukhuri Government Fish Farm, six each at Nouné Resorts, Vihokhu Resorts, Zuheshe Resort and Shilloi Lake, Phek district. Joint inspection (June & July 2017) revealed that 42 cages⁵⁰ installed in Wokha and Dimapur districts were lying idle and 12 cages installed at Jorpukhuri Government Fish Farm, Dimapur were dismantled. It was also noticed that cages installed at Vihokhu, Zuheshe and Jorpukhuri Government Fish Farm were not utilised since installation.

The Department while accepting (October 2017) the facts stated that after installation, the cages were handed over to private parties and did not carry out follow up actions since it was a one-time grant. The fact remains that the expenditure of ₹ 1.33 crore to procure the floating cages was unfruitful.

⁴⁹ Inner size 6M (length) x 4M (width) x 4M (height)

⁵⁰ Wokha district (Doyang Reservoir 24 cages) and Dimapur district (Nouné Resort six cages, Vihokhu Resort six cages, Zuheshe Resort six cages)

- (ii) The Department completed the construction of a Fish Feed Mill at Tir village, Dimapur (March 2013) at a cost of ₹ 45 lakh for production of quality fish feed to be used in the fisheries sector. As of September 2017, the Fish Feed Mill was yet to be commissioned as the facility required a three-phase power line to be operational. The expenditure of ₹ 45 lakh on construction of the Mill was thus, so far, unfruitful.
- (iii) The Department completed the construction of two 10 MT cold storage facilities at Chumukedima and Diphupar (both in Dimapur district) in March 2014 at a cost of ₹ 1.78 crore. During joint inspection (July 2017), it was observed that the plants remained un-operational due to non-availability of three-phase power supply. This resulted in unfruitful expenditure of ₹ 1.78 crore.

2.5.13 Conclusion

The Department did not have reliable database of water bodies in the State to serve as a sound basis for systematically planning the development of the fishery sector in the State. Annual plans were prepared without conducting baseline surveys of fishery resources in the State. There was short execution in development of water spread bodies by 216.52 HA in six projects valued ₹ 16.37 crore. Cold Storage/ Feed Mill/ Cages installed/constructed at a cost of ₹ 3.56 crore was non-operational. Instances of lapses in implementation of the Scheme were noticed. The Department paid ₹ 3.98 crore for un- executed items of works.

2.5.14 Recommendations

- The Department should undertake survey of fisheries resources to ascertain the area of water bodies already developed and to be developed.
- The Department should prepare a long-term strategy for development of fisheries as an important economic activity in the State based which would be the basis for preparation of a rolling five-year plan and annual plans.
- Project management should be strengthened to avoid excess payments, non-execution and incomplete projects.

RURAL DEVELOPMENT DEPARTMENT

2.6 Payment against fictitious transportation challans

Project Director, DRDA, Kiphire paid ₹ 2.03 crore for supply of 3,741 bundles of CGI sheets against fictitious transportation challans and non-existent vehicles.

Examination of records of Project Director (PD), District Rural Development Agency (DRDA) Kiphire revealed that the Department issued (April 2016) a supply order to a supplier⁵¹ to supply 11,313 bundles of CGI sheets to DRDA, Kiphire at a cost of ₹ 6.15 crore. The supply order stipulated that CGI sheets should be 50 KG per bundle in weight and 10 feet in length per sheet and materials should be delivered at the district headquarter. PD, DRDA, Kiphire in May 2016 paid ₹ 6.15 crore to the

⁵¹ M/s Niholu Ayemi, Dimapur

supplier after the receipt of the 11,313 bundles of CGI sheets was authenticated by the Project Director, DRDA, Kiphire and the respective Block Development Officers (BDO).

The transportation challans furnished by the supplier to PD, DRDA, Kiphire indicated that 33 vehicles were engaged by the supplier for transporting the contracted quantity of CGI sheets to Kiphire. Further, the registration numbers of the vehicles noted in the transportation challans indicated that these 33 vehicles were registered in six districts, viz., Kohima, Dimapur, Mokokchung, Tuensang, Mon and Phek. In July 2017, Audit wrote to the District Transport Officers (DTO) of these six districts requesting for the details of the permissible carriage capacity of the 33 vehicles registered in their respective districts.

Audit received a response only from DTO, Dimapur with respect to 18 vehicles bearing Dimapur district registration numbers which revealed that:

- In three cases⁵², the registration number of vehicles furnished by the supplier did not exist in the records of DTO Dimapur. The transportation challans showed that these fictitious vehicles were used for transporting 1,075 bundles of CGI sheets valued at ₹ 0.58 crore⁵³.
- With respect to the remaining 15 vehicles registered under DTO, Dimapur it was seen that with reference to the trips made, these vehicles transported 2,666 bundles of CGI sheets worth ₹ 1.45 crore in excess of the permissible carriage capacity of the vehicles (details in *Appendix-2.6.1*). The excess carriage beyond the permissible capacity of the vehicles ranged between 55 per cent and 2991 per cent. In one instance a TATA Ace vehicle bearing registration number NL-07-A/ 2445 had carried 345 bundles on one trip against its capacity of only 15 bundles.

In the light of the above facts, the actual receipt of 3,741 bundles of CGI sheet worth ₹ 2.03 crore was doubtful.

Audit further noted that the Department had directed that photographs of the beneficiaries and the houses constructed should be maintained by the Block Development Officers (BDO) and also submitted to the PD, DRDA. The records pertaining to the receipt and distribution of the 11.313 bundles of CGI sheets by the concerned BDOs through the Village Development Boards (VDB) to individual beneficiaries and the photographs of beneficiaries and houses were not furnished to Audit though called for. In the absence of documents in support of distribution of materials to the beneficiaries and against the backdrop of the fictitious transport challans, audit could not vouchsafe whether the full quantity of the material was received or not.

The Department stated (September 2017) that the payment was released as per the challan bills produced by the supplier. The Department also stated that it had received all the CGI sheets in full and good condition.

⁵² NL 07A -4186, NL 07A-1378 and NL 07A-3282

⁵³ 1075 bundles @ ₹ 5440/- per bundle

The reply was not acceptable in view of the fictitious transportation challans revealed in audit and the fact that the claim of receipt of materials was neither supported by documents against the receipts and delivery of CGI sheets upto VDB level nor photographs of beneficiaries and the houses constructed were on record.

Audit recommends that the case be referred to the State Vigilance Commission for further inquiry into the matter.

2.7 Short distribution of housing materials and cash component under Indira Awaas Yojana (IAY)

Short distribution of housing materials and cash component under IAY totaling ₹ 73 lakh in Chiephobozou Block

IAY⁵⁴ is a scheme to enable Below Poverty Line households identified by the community through Gram Sabhas⁵⁵ to get financial and technical assistance to build their houses or get house sites. In Nagaland, Department of Rural Development is implementing the scheme through Village Development Boards (VDBs).

Examination of records (June 2016) of the Block Development Officer (BDO), Rural Development Block, Chiephobozou revealed that under IAY, 4520 bundles of CGI sheets (cost- ₹ 2.37 crore), 121 Syntex water tanks (cost- ₹ 0.13 crore), 452 bundles of Ridging (cost- ₹ 0.04 crore, 1980 litres of metal primer (cost- ₹ 0.03 crore), 2475 litres of green paint (cost- ₹ 0.06 crore) and cash component (₹ 0.19 crore) were distributed in 18 villages.

Audit cross-verified the above information with stock registers maintained by VDBs of seven⁵⁶ of the 18 villages which revealed that there was a short receipt of materials and cash component in these seven villages as under:

Table No. 2.7.1

Sl. No.	Materials/ Item	Unit	Total issued as per BDO records	Total received in seven VDBs	Total short receipt
1	CGI Sheets	Bundle (10 sheets)	1940	790	1150
2	Syntex Water Tank	Number	57	17	40
3	Ridging	Bundle	194	80	114
4	Green paint	Litre	1000	400	600
5	Metal Primer	Litre	805	160	645
6	Cash Component	₹ in Lakh	8.21	3.57	4.64

The value of short receipt of housing materials and cash component worked out to ₹ 73 lakh (details in *Appendix 2.7.1*).

The matter was reported to the Department in June 2017; reply was awaited (April 2018).

Audit recommends that this case be referred to the State Vigilance Commission for further investigation.

⁵⁴ Now renamed *Pradhan Mantri Gramin AwaasYojana*.

⁵⁵ In States where there are no Panchayats, democratic institutions at the appropriate levels were to be assigned the roles specified for Panchayats.

⁵⁶ Kijutouma Basa, Zhadima, Chiechama, Nerhema, Viphoma, Phezha and Ziezou villages.