

CHAPTER-III

PERFORMANCE REVIEWS

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.1 Accelerated Rural Water Supply Programme

Performance review of Accelerated Rural Water Supply Programme (ARWSP) revealed major deficiencies in the implementation of the programme like short/delayed release of funds, inadequate planning, diversion of funds and faulty execution of schemes leading to cost and time overrun.

Highlights

Poor planning led to abandonment of 15 rural water supply schemes after incurring an expenditure of Rs.4.61 crore

(Paragraph 3.1.8.2)

While the State Government is required to match funds released by GOI on 1:1 basis, it released only Rs.39.23 crore against Rs.111.49 crore received from GOI.

(Paragraph 3.1.9.2)

Out of 232 NC, 137 PC and 27 SB habitations to be covered during 2002-07, the Department provided potable drinking water only to 146 NC (63 per cent), 140 PC (102 per cent) and 28 SB (104 per cent) habitations.

(Paragraph 3.1.10.1)

Due to non-availability of relevant records Audit could not ascertain the genuineness of installation of 206 units of Iron Removal Plant (IRP) stated to have been installed at the cost of Rs.8.11 crore.

(Paragraph 3.1.11.4)

Monitoring by the State Planning Department was ineffective as the time schedule for completion of the scheme was not adhered to in most of the cases.

(Paragraph 3.1.16)

3.1.1 Introduction

Accelerated Rural Water Supply Programme (ARWSP) was introduced by the GOI to assist the States and the Union Territories with 100 per cent grants-in-aid to provide drinking water in problem villages (PVs)⁶. This programme continued till 1973-74 but was withdrawn with the introduction of Minimum Needs Programme (MNP) in 1974-75. The programme was reintroduced in 1977-78 to accelerate the pace of coverage of PVs. In 1986, the programme was given a mission approach with the introduction of National Drinking Water Mission (NDWM), which was renamed as the Rajiv Gandhi National Drinking Water Mission (RGNDWM) in 1991. The RGNDWM covered ARWSP, sector reforms programme, sub-mission project and

⁶ Problem villages: Villages where potable water is scarce.

support services. The sector reforms programme, launched by GOI on a pilot basis during 1999-2000, was modified and launched as Swajaldhara in 2002.

The objectives of the programme were to:

- cover all rural habitations with access to a minimum of 40 litres per capita per day (lpcd) of drinking water, with the source situated within 100 metres in hilly areas and 1.6 km in plains;
- provide one hand-pump or stand-post for every 250 persons;
- ensure sustainability of drinking water systems and sources;
- tackle the problem of water quality in affected habitations and
- institutionalise the reform initiative in rural drinking water supply sector.

To achieve the above objectives, a Comprehensive Action Plan (CAP) was prepared by GOI (1999) by identifying the Not Covered (NC)⁷ and Partially Covered (PC)⁸ habitations. The target was to cover all uncovered rural habitations by the year 2011-12.

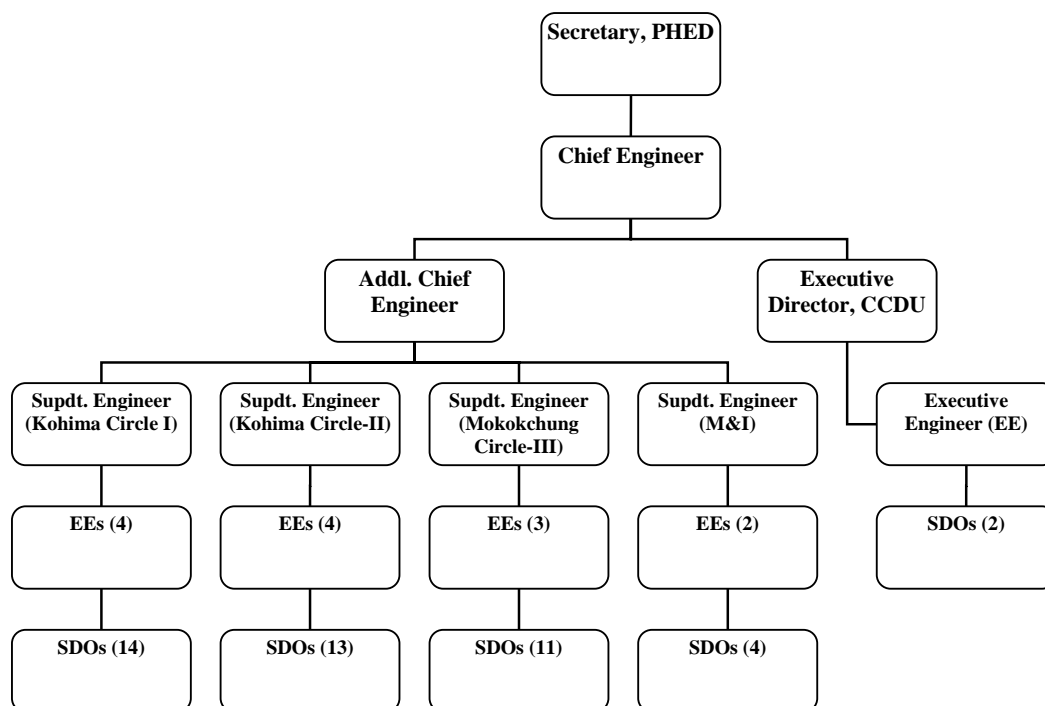
3.1.2 Organisational set-up

The Public Health Engineering Department (PHED) is responsible for implementation of ARWSP through the Directorate headed by the Chief Engineer (CE). The CE is assisted by one Addl. CE and four Superintending Engineers (SEs). The schemes are implemented through 11 working divisions headed by the Executive Engineers (EE). The Executive Director (ED), Communication and Capacity Development Unit (CCDU), Kohima is responsible for implementation of “Swajaldhara” scheme under ARWSP. The ED is assisted by one EE and two Sub Divisional Officers (SDOs).

An organogram of the Department is given below:

⁷ NC: habitations that had potable water facility of less than 10 lpcd.

⁸ PC: habitations where potable water is available between 10 to 40 lpcd.



3.1.3 Scope of audit

Performance review of the ARWSP for the period 2002-07 was carried out during April to July 2007 by a test check of records in the offices of the CE, PHED, and 7 selected PHE divisions⁹ covering 60 *per cent* (Rs.89.13 crore) of the total expenditure of Rs.149.78 crore.

3.1.4 Audit objectives

The main objectives of the performance review were to ascertain the following:

- extent of coverage of problem villages and NC and PC habitations with potable drinking water facilities;
- effectiveness of planning and execution of water supply schemes;
- financial control and funds management;
- measures for ensuring sustainability and quality of water;
- effectiveness of monitoring mechanism.

3.1.5 Audit criteria

The audit findings were benchmarked against the following criteria:

- Guidelines of the programme issued by GOI,

⁹ Kohima, Mokokchung, Tuensang, Mon, Peren, Store division, Dimapur and Sanitation division, Dimapur.

- Detailed Project Reports (DPR),
- Principles laid down for prioritisation and selection of villages,
- Quality control mechanism prescribed.

3.1.6 Audit methodology

The performance review commenced with an entry conference (19 June 2007) with the CE, ED, CCDU, SE and other officers of PHED wherein the audit objectives, criteria and scope of audit were explained to the Department and their suggestions as well as perceptions relating to the strengths and weaknesses in the implementation of the schemes were discussed. Out of 11 districts, 6 districts (55 per cent) were selected by simple random sampling without replacement method for detailed examination. Audit findings were discussed in an exit conference (6 November 2007) with the CE, Additional CEs, SE and other officers responsible for implementation of the scheme. The replies of the Department have been incorporated in the report at appropriate places.

Audit findings

The major findings of audit are detailed in the succeeding paragraphs.

3.1.7 Planning

The guidelines of ARWSP envisaged preparation of an Annual Action Plan (AAP) by the State Government six months before the commencement of the financial year, to provide a framework for execution of the schemes and for monthly/quarterly monitoring of physical and financial progress. As per GOI guidelines, a State Advisory Board was to examine the AAP and identify the schemes to be undertaken by the PHED. Schemes were to be taken up for implementation, after approval of the AAP by the GOI.

3.1.7.1 Survey and identification of target habitations

Uptill 2003, planning and execution of the schemes was based on data as per 1991 census. Guidelines were circulated (February 2003) by GOI for a fresh survey based on 2001 census in all the States. The main objective of the survey was to ascertain the status of drinking water supply in the rural habitations, rural schools and identification of habitations with water quality problems. The PHED was nominated as Nodal Agency by the State Government to conduct the survey.

An important objective of the survey was to categorise habitations into three types:

- **Fully covered:** those habitations which receive 40 lpcd and are located within 1.6 km of water source or at an elevation of 100 metres in mountain areas.
- **Partially covered:** those habitations that have a safe source within the distance or elevation norms but whose water availability ranges from 10 lpcd to 40 lpcd.

- **Not covered:** those habitations that do not have any domestic water source within the prescribed distance or elevation.

As per the survey carried out by the Department in 2003, there were 1376 habitations in the State comprising 72 NC, 1043 PC and 261 FC. A fresh survey conducted during 2006 identified the total habitations as 1381 comprising 756 FC, 207 PC, 93 NC and 325 slipped back (SB) habitations.

3.1.8 Annual Plan

3.1.8.1 Defective Annual Action Plan

Scrutiny revealed that AAPs prepared by the Department for the years 2002-07 merely mentioned the expected number of habitations to be covered and requirement of funds for the year and did not comply with the directions of the GOI on the following counts:

- GOI guidelines required that priority should be accorded to identification and coverage of "No Safe Sources" habitations exclusively populated by SC/STs, upgradation of source level to safe source, completion of incomplete works over taking up of new schemes, revival of non-functional/defunct water supply sources over new schemes, habitations which get less than 40 lpcd and coverage of schools and Anganwadis where safe drinking water was not provided earlier. The AAPs did not identify these priority areas.
- The AAPs had been prepared *suo moto* at the State level and the proposals from district, block and Village Council (VC) level had not been obtained. Consequently, the AAPs did not identify the habitations and the number of schemes required to cover them.

The State Government was required to submit AAP by the beginning of October each year to GOI for approval. Audit observed that the Department submitted the AAP to the State Government every May during the years 2002-03 to 2006-07. The dates of submission of AAP to the GOI by State Government were not intimated to audit. Thus, compliance of the State Government with the programme guidelines could not be ascertained.

3.1.8.2 Ineffective planning

Divisions are required to prepare a detailed project report (DPR) for every scheme, identifying the source of water, rate of discharge of water over three years and the capacity of the source to meet the drinking water needs of the expected population over the design period of 15 years. However, it was noticed that inadequate planning resulted in abandonment of 15 schemes after incurring an expenditure of Rs.4.61 crore during 2002-03, 2004-05 and 2005-06 due to land and source disputes (refer paragraph 3.1.10.9). No alternative plans were in place for providing water to the affected habitations thereafter, which continue to be deprived of potable drinking water.

Financial Management

3.1.9 Funding pattern

ARWSP is fully financed by the GOI. The State Government is required to match funds released by the GOI on 1:1 basis under Minimum Needs Programme (MNP). Under the programme, 15 per cent of allocation is earmarked for Operation & Maintenance (O&M) and 35 per cent for coverage of SC/ST habitations. 20 per cent of the funds are to be utilised on projects to tackle water quality problems and source sustainability. 20 per cent of the annual outlay is to be earmarked for implementation of Swajaldhara programme.

3.1.9.1 Non maintenance of separate records and accounts

As per GOI guidelines, the records and accounts of ARWSP were to be maintained separately and the funds were to be kept in separate bank accounts. Records of the test checked divisions revealed that the funds received under the ARWSP schemes were kept in common bank accounts alongwith the funds received for various Central/State projects. No separate cash books, inventory of stores and stock etc., were kept at any level for ARWSP.

3.1.9.2 Allocation and utilisation of funds

As mentioned in paragraph 3.1.9 above, Central assistance to the State under ARWSP is allocated on the basis of matching provision by the State under MNP. Releases under ARWSP are not supposed to exceed the provision made by the State under MNP. Details of allocation and utilisation of funds during the period 2002-07 are given below:

Table 3.1.1

(Rupees in crore)

Year	Opening balance	Allocation of funds		Funds released		GOI funds released by State Govt.	Expenditure		Savings (-)/ Excess (+)	
		GOI (normal ARWSP)	State (MNP)	GOI (normal ARWSP)	State (MNP)		GOI (normal ARWSP)	State (MNP)	GOI (normal ARWSP)	State (MNP)
2002-03	3.92	21.81	9.75	21.81	9.81	16.28	16.29	9.81	(-) 9.44	0.00
2003-04	9.44	16.27	6.40	16.27	6.40	23.81	23.21	6.40	(-) 2.50	0.00
2004-05	2.50	17.82	6.20	17.02	6.22	17.38	16.61	6.22	(-) 2.91	0.00
2005-06	2.91	29.08	8.16	26.41	8.15	15.47	*5.65 (16.47)	8.15	(-) 23.67 (- 12.85)	0.00
2006-07	23.67 (12.85)	29.98	7.96	29.98	8.66	*34.03 (38.10)	*35.48 (39.33)	8.66	(-)18.17 (- 3.50)	0.00
Total		114.96	38.47	111.49	39.24	106.97	97.24	39.24		

Source: Appropriation Accounts and information furnished by the Department

Note: Figures in brackets indicate Departmental figures and without brackets indicate audit findings

* During 2005-06 and 2006-07 the Department showed an expenditure of Rs.16.47 crore and Rs.39.33 crore instead of Rs.5.65 crore and Rs.35.98 crore respectively and GOI funds released by State Government during 2006-07 as Rs.38.10 crore instead of Rs.34.03 crore. This was due to late release of funds by State Government.

It would be seen from the above table that out of Rs.115.41 crore (including OB of Rs.3.92 crore) released by GOI during 2002-07, the State Government released only Rs.106.97 crore (93 per cent) and the Department spent only Rs.97.24 crore (91 per

cent) leaving Rs.18.17 crore of Central funds unutilised. As per guidelines, the State Government was required to release matching grant of Rs.111.49 crore but it released only Rs.39.24 crore (35 per cent) against MNP during 2002-07. Moreover, out of this Rs.39.24 crore, the Department spent Rs.29.42 crore (75 per cent) on salaries of workcharged staff (Rs.28.72 crore) and clearance of outstanding liabilities (Rs.70 lakh), which were not within the scope of the programme. Due to short release of matching grant by the State Government and excess opening balance, the GOI reduced its share by Rs.3.47 crore. Due to non release of full Central assistance by the State Government as well as the Department's inability to utilise the amount released, the State could not benefit from the full potential of the ARWSP.

3.1.9.3 Unauthorised diversion of special funds

In terms of the 'PM's Announcement' in August 2002, Rs.2.46 crore was sanctioned as grants-in-aid to the State Government by GOI as a component of ARWSP for installation of 427 hand pumps (Rs.1.34 crore), provision of drinking water facilities in 198 primary schools (Rs.53 lakh) and revival of 427 traditional sources of water (Rs.59 lakh). Release of funds by the GOI to State Government and to implementing agencies by the State Government during 2003-04 to 2005-06, were as follows:

Table 3.1.2

(Rupees in crore)

Year	Release of funds by GOI		Release of funds by State Government		Expenditure
	Amount	Month of release	Amount	Month of release	
2003-04	1.23	August 2003	1.23	February 2004	1.23
2004-05	1.23	March 2005	0.00	---	0.00
2005-06	0.00	---	1.17	October 2005	1.17
Total	2.46		2.40		2.40

Source: Information furnished by the Department

It would be seen that, against the release of Central assistance of Rs.2.46 crore, the State Government released only Rs.2.40 crore after a delay of six months and the balance amount of Rs.6 lakh was not released as of October 2007.

Scrutiny of records revealed that out of the Central assistance under 'PM's Announcement', the Department spent Rs.1.23 crore on implementation of 44 schemes under ARWSP (normal) in 8 districts in 2003-04 and Rs.1.17 crore on implementation of Iron Removal Plant (IRP) in Dimapur district during 2005-06 but booked the expenditure and showed utilisation under "PM's Announcement (ARWSP)". Thus, there was unauthorised diversion of funds as well as mis-reporting to the GOI.

The Department stated (November 2007) that installation of hand pumps was not fruitful, due to excess iron content and water delivered therefrom was also not consumable. It was further stated that IRP was installed by using traditional ring well water source for supplying treated water to villages including attached schools. The reply is not tenable since existence of iron in water was not reported to GOI when proposal was sent. Further, before diverting funds approval of GOI was not taken. In fact GOI was never informed.

3.1.9.4 Operation and Maintenance (O&M)

As per guidelines, 15 per cent (Rs.16.72 crore) of total release (Rs.111.49 crore) of funds on ARWSP was to be spent on O&M. However, the Department spent only 3 per cent (Rs.2.97 crore), which affected adversely the O&M of the assets created. This resulted in 325 SB habitations. Further, out of total release of Rs.10.40 crore on O&M during 2002-07, the Department diverted Rs.2.65 crore (25 per cent) for clearance of past liabilities. Reasons for non-clearance of pending bills earlier, was not stated to audit. However, during 2006-07, the Department incurred excess expenditure of Rs.42.20 lakh over the amount released by the State Government. Justification was not made available to audit.

Programme Implementation

3.1.10 Physical performance

As per survey 2003, 72 NC habitations and 1043 PC habitations were to be provided potable drinking water out of 1376 habitations in the State. The State Government however, did not prepare any perspective plan for coverage of all the habitations within a specified timeframe. The details of yearly targets for coverage of habitations and population and achievements thereagainst under ARWSP during 2002-07 were as under:

3.1.10.1 Habitations

Table 3.1.3

Year	Habitations (in number)								Percentage of achievement with reference to target			
	Target				Achievement							
	NC	PC	SB	Total	NC	PC	SB	Total	NC	PC	SB	Total
2002-03	107	31	-	138	80	14	-	94	75	45	-	68
2003-04	63	36	-	99	28	42	-	70	44	117	-	71
2004-05	30	30	-	60	7	20	-	27	23	67	-	45
2005-06	18	26	-	44	24	48	-	72	133	185	-	164
2006-07	14	14	27	55	7	16	28	51	50	114	104	93
Total	232	137	27	396	146	140	28	314	63	102	104	

Source: Information furnished by Department

Against 232 NC, 137 PC and 27 SB habitations to be covered during 2002-07, the actual coverage was 146 NC (63 per cent), 140 PC (102 per cent) and 28 SB (104 per cent) habitations. Against the GOI release of Rs.115.41 crore (including OB of Rs.3.92 crore), the State Government released Rs.106.97 crore for completion of 396 schemes during 2002-07, out of which 314 schemes were completed (79 per cent) at a total expenditure of Rs.97.24 crore (91 per cent). Thus due to non release of full Central assistance by the State Government the projected target could not be achieved and 37 per cent NC habitations were deprived of potable drinking water.

3.1.10.2 Population

As per the survey of drinking water supply status in rural habitations (January 2003), the total population of 1376 rural habitations in the State was 18.10 lakh and all of them belong to Scheduled Tribe (ST) category.

The number of rural people targeted for coverage during 2002-07 and achievement thereagainst was as under:

Table 3.1.4

Year	Target	Achievement	Percentage of total coverage with reference to target
2002-03	1,24,508	58,431	47
2003-04	1,35,711	1,25,759	93
2004-05	90,065	25,375	28
2005-06	35,762	90,726	254
2006-07	76,745	54,184	71
Total	4,62,791	3,54,475	

Source: Information furnished by Department

It would be seen from the above table that out of total population of 18.10 lakh in the rural habitations, the Department could cover only 3.54 lakh (20 per cent) under ARWSP. The target could not be achieved due to non-release of funds by the State Government in time.

3.1.10.3 Incomplete schemes

There was a delay of one to four years in completion of Pipe Water Supply Schemes under ARWSP. The year-wise position of incomplete schemes is shown below:

Table 3.1.5

Year	No. of schemes on 1 April	Amount required for completion of ongoing schemes (Rs. in crore)	Budget provision (Rs. in crore)	No. of new schemes sanctioned	Amount sanctioned for new schemes (Rs. in crore)	No. of schemes completed out of ongoing schemes	No. of schemes completed out of new schemes	No. of incomplete schemes at the end of the year
2002-03	67	12.10	7.17	115	24.62	67	27	88
2003-04	88	15.96	6.00	68	8.43	48	22	86
2004-05	86	15.73	13.36	57	7.43	24	3	116
2005-06	116	15.79	11.72	2	0.30	66	6	46
2006-07	46	6.76	5.48	88	24.62	22	29	83

Source: Information furnished by the CE, PHED

As can be seen from the above table, the Department took up new schemes before completion of the existing schemes indicating lack of planning, poor management and prioritisation in execution of works. Non-completion of schemes was further compounded by the fact that the State Government released only 15 to 62 per cent of the required scheme funds. As a result, the schemes were non starters and destined not to be completed in time. Further, the possibility of duplication of works cannot be ruled out. Consequently the provision of potable drinking water to the NC and PC habitations was adversely affected.

- **Infructuous expenditure**

Out of 83 incomplete schemes as of March 2007, the Department furnished detailed information of only 49 schemes on which Rs.29.41 crore was spent. There was a time overrun of one to five years in these schemes apart from cost overrun in eleven cases amounting to Rs.1.24 crore.

The Department stated (October 2007) that due to non-release of funds by the State Government, the schemes could not be completed in time, which resulted in cost and time overrun. The reply was silent as to why new projects were taken up when ongoing projects were incomplete for lack of funds. Nonetheless on account of bad planning NC and PC habitations were deprived of timely potable drinking water.

3.1.10.4 Non-execution of schemes

As per approved AAP, the Department targeted 232 NC, 137 PC and 27 SB habitations for coverage during 2002-07, out of which, the total habitations covered during the period was 146 NC, 140 PC and 28 SB habitations (table 3.1.3). Due to reduction of Central assistance (Rs.3.47 crore), non-release of funds (Rs.18.17 crore) and non-provision of matching funds by the State Government 83 schemes remained incomplete and 83 schemes were not taken up.

The Department admitted (October 2007) the facts and stated that due to non receipt of funds in full, schemes were not taken up.

3.1.10.5 Irregular selection and execution of work on FC villages

According to Rural Water Supply Status Report (SSR) as on 01 January 2003, out of 1376 villages/habitations (population: 18.10 lakh), 72 villages/ habitations (population: 4 *per cent*) were identified as not covered, 1043 villages/ habitations (population: 87 *per cent*) as partially covered and 261 villages/ habitations (population: 9 *per cent*) as fully covered.

The ARWSP guidelines envisage Central assistance to be utilised only to cover NC and PC habitations that have less than 10 lpcd water. It was, however, noticed that the Department had targeted coverage of 21 FC habitations at an estimated cost of Rs.7.80 crore against which, Rs.2.60 crore had been spent as of March 2007. The action of the Department to concentrate on FC villages, neglecting the needs of NC and PC villages was irregular and in violation of approved norms of the scheme. No physical progress report in respect of work executed was made available to audit (November 2007); hence it could not be verified if there was any duplication of work.

The Department stated (November 2007) that 21 villages were declared as FC villages during 1999 survey, but subsequently the water supply infrastructure became non-functional due to expiry of life of assets and the same villages were again included in the AAP in the interest of public. In the absence of relevant records it could not be verified whether this fact was brought to the notice of GOI while getting the DPR approved. Population covered in these FC villages was also not made available to audit.

3.1.10.6 Revision of scheme without approval

The scheme 'Providing Water Supply by Pumping to Chekiye 'B' Village' (which was declared as PC village in 2003 SSR) in Dimapur district was originally sanctioned (February 2005) for Rs.34.79 lakh. Against this Rs.45.76 lakh was incurred upto March 2006. Again in March 2006, administrative approval and expenditure sanction for Rs.68.56 lakh (revised estimate of the original work) was accorded by the State Government for the same scheme/work without the approval of

GOI and the work was completed after incurring an expenditure of Rs.74.32 lakh (March 2007). The upward revision of originally sanctioned scheme was not permissible as per guidelines of the scheme. This also indicates that estimates were not prepared with due care and works were not monitored.

The Department stated (October 2007) that though the scheme was taken up during 2004-05, it could not be completed during the year and was revised and executed during the subsequent year. The reply is not tenable since the estimates were revised upwards without obtaining approval from GOI and was also not permissible as per guidelines. The population expected to be covered by these works was also not made available to audit.

3.1.10.7 Non-deduction of beneficiaries' contribution from capital cost of the project

As per ARWSP guidelines, the programme should be based on community participation and a minimum 10 *per cent* of the capital cost should be borne by the community themselves and the balance amount (90 *per cent*) should be provided by the GOI. While conveying the administrative approval for the project, the CE instructed the divisions to deduct 10 *per cent* of the capital cost of the project from the beneficiaries.

Test check of records of seven divisions revealed that, in 82 cases, against the total approved capital cost of Rs.35.54 crore during the period 2002-2007 (including beneficiaries' contribution of Rs.3.55 crore), the divisions did not collect contribution from the beneficiaries. In the absence of physical and financial progress reports, audit could not ascertain whether these projects have been completed or not and from where the expenditure of Rs.3.55 crore being the beneficiaries' contribution was met.

While admitting the fact, the Department stated that 10 *per cent* beneficiaries' contribution was adjusted through physical labour and locally available materials from the beneficiaries and that no separate records were maintained for the works contributed by the beneficiaries. In the absence of estimates and records, audit could not ascertain the quantum of local labour and material input. Further the population expected to benefit by these works was not made available to audit.

3.1.10.8 Cost overrun of schemes

Guidelines prohibit utilisation of ARWSP funds to meet excess expenditure over approved cost of the schemes sanctioned. However, scrutiny of records of seven¹⁰ test checked divisions showed that there was cost overrun in 19¹¹ completed schemes under ARWSP during 2002-07. Out of total sanctioned estimates of Rs.6.95 crore for 19 schemes, the divisions incurred an expenditure of Rs.8.23 crore, resulting in cost overrun of Rs.1.28 crore as of March 2007. The Department stated (September 2007) that the main reason for cost overrun of these 19 schemes was non release of funds by the State Government and that these were carried over to the next year in the AAP as

¹⁰ Mon, Peren, Kohima, Mokochung, Tuensung,, Sanitation division, Dimapur and Store division, Dimapur

¹¹ Chenmoho, S/Wamsa, Wakching, Punglwa, 5th Mile Model, Tenyephe-II, Patkoi College complex, Signal Angami (Bible College), Chekiye 'B', Shovima, Phewhenyu, Tseminyu, Kuhuboto Town, Saring, Lernien, Chuchuyimlang, Longkong, Longemdong, Maksha & Mangakhi.

spill over schemes and funds made available within the budget allocation during the year, which were reported to GOI every year through AAP. The reply is not acceptable as GOI funds were received in time but the State Government released the same after delays and without including its own share. Further, failure of the Department to complete the work in time and within the estimated cost and carrying over of the incomplete projects to the next year as spill over schemes, resulted in less availability of funds and short coverage of habitations/people for the new projects every year. In the absence of physical and financial progress reports, audit could not ascertain the time overrun of these projects.

3.1.10.9 Infructuous expenditure due to abandoning the schemes midway

Scrutiny of records of Peren division revealed that out of 23 targeted schemes (Rs.3.13 crore) and 27 ongoing schemes (Rs.3.97 crore) during 2002-07, 15 schemes (Rs.5.13 crore) were abandoned after incurring an expenditure of Rs.4.61 crore due to land and source disputes. Out of the remaining 35 schemes, 29 were completed (March 2007) and work on 6 schemes was under progress (November 2007). Thus due to failure to ensure clear title of land and source, the expenditure of Rs.4.61 crore proved infructuous.

The Department stated (November 2007) that schemes were abandoned due to law and order problems arising from time to time which is beyond its control. There was nothing on record to show whether these aspects were examined at the time of selecting the sites for these works. The Department did not also have the details of the number of habitations/people adversely affected due to abandonment of the schemes.

Sub Mission

3.1.11 Water Quality and Sustainability

Sub Mission projects are undertaken by the States for providing safe drinking water to the rural habitations facing water quality problems and for ensuring source sustainability through rain water harvesting, artificial recharge etc. Separate funds were not provided for implementation of Sub Mission projects. Upto 20 per cent of the ARWSP funds are to be earmarked and utilised for new projects under the Sub Mission activities. Scrutiny of records revealed that no funds were provided for implementation of Sub Mission projects during the period 2002-07.

3.1.11.1 Problem areas not identified

Guidelines require that a survey be conducted to identify those habitations where the quality of water was not as per norms. The Department was also required to test water sources for identifying water quality problems. However, the Department did not carry out any survey or conduct any tests to identify the problem areas. Audit was therefore unable to verify whether the Department provided the required facilities in the problem areas and the number of people who were affected due to poor quality water.

3.1.11.2 Quality test not conducted

Upto 20 per cent of ARWSP funds are earmarked for tackling water quality problems. Water quality standards are broadly classified into microbiological, chemical, physical and radiological characteristics, which are to be examined with reference to Bureau of Indian Standards. It requires a continuous surveillance and systematic programme of sanitary inspection and water quality testing, to be done at different points of the water distribution system. The sampling frequency is generally determined by the population served, size and type of water supply system. In streams and rivers, where the flow is low in summer, chances of contamination are high and in rainy season, there is a higher likelihood of pollution due to surface run off. Audit scrutiny revealed that contrary to the above provisions, testing of water quality was done at the time of commissioning (2002-07) of the scheme only in Dimapur district and no such test was conducted in the remaining districts of the State.

3.1.11.3 District Level Water Testing Laboratory (DLWTL)

Regular monitoring of water quality both at source and supply points is essential for safeguarding potable drinking water from chemical and biological contamination. According to guidelines, water samples from existing as well as newly created sources were to be tested regularly so as to prevent water borne diseases and one DLWTL was to be established in each district. For establishment of DLWTL, GOI provides necessary assistance to the State Government.

Scrutiny of records revealed that seven DLWTLs were established in the State (one in 1987-88 and 6 in 1998-99) at a total cost of Rs.12 lakh. Due to absence of proper manpower and budgetary support from the State Government, except the one at Dimapur, 6 other DLWTLs were not functioning. Based on the records made available, it could not be ascertained whether even after such substantial expenditure, the people in various districts were getting quality water. The percentage/number of population not covered was not available on record. There were also no records to show whether the State Government had made any arrangements with other State/Central laboratories for water sample testing. Incidentally, test reports, complaint registers and asset registers were not maintained.

3.1.11.4 Iron Removal Plant (IRP)

In Dimapur foothill areas, iron content in water is in excess of tolerable limit. Ground water is the only viable source of water supply for the villages of this area, but these sources have chemical contamination which requires treatment before it is delivered for consumption. The Department developed a mini water treatment package consisting of a combination of ring well and mini treatment plant for use in problem areas. For installation of 138 mini iron removal plants in 49 villages of Dimapur district, an amount of Rs.5.19 crore was sanctioned (September 2002) @ Rs.3.76 lakh per unit, under ARWSP.

Scrutiny of records revealed that the Department installed 206 units of IRP at a total cost of Rs.8.11 crore during 2002-07 resulting in excess expenditure of Rs.2.92 crore over the sanctioned estimates due to variation in unit cost ranging from Rs.32,000 to

Rs.7,73,000. Reasons for such wide variation in unit cost was not on record. Due to non availability of detailed records audit could not ascertain the genuineness of installation of IRP as per approved plan.

Further scrutiny of records revealed that the expenditure of Rs.2.92 crore was incurred through diversion of funds from the 'PM's Announcement' fund (Rs.1.17 crore) and from the normal ARWSP funds (Rs.1.75 crore), without the approval of the GOI. Considering the wide variation in the unit cost of the IRPs and the lack of details with the Department with regard to the performance of these, Audit is unable to vouchsafe the expenditure stated to have been incurred on the installation of the IRPs.

The Department stated (October 2007) that 206 IRPs were constructed for 49 villages in Dimapur district where other alternative technology/systems were not economically feasible and which do not violate rural water supply guidelines. The reply is not tenable since approval regarding installation of IRP was not obtained from GOI and also nothing was mentioned in the Utilisation Certificates regarding the same.

Material management

3.1.12 Discrepancies in receipt and issue of materials

Cross verification of records of the EE store division, Dimapur with the stock account of seven test checked divisions revealed that there were short/excess receipt of water supply materials under ARWSP by three divisions during the period from 2002-07. There was a discrepancy of GI pipes of various specifications valued at Rs.1.04 crore. No steps were taken to reconcile the discrepancy (October 2007).

The Department stated (October 2007) that a Departmental Enquiry Committee has been constituted for settlement of discrepancies for the years 2002-03 and 2003-04, but the final report is yet to be received and that the concerned officers were placed under suspension. It was further stated that necessary instructions have also been issued for reconciliation of the discrepancies for the years 2005-06 and 2006-07.

3.1.13 Non-maintenance of records of assets created

The implementing agency is required to prepare a complete inventory of assets created under the programme indicating the date of commencement and completion of projects, cost of projects and agency responsible for operation and maintenance. Test check of records of seven divisions revealed that inventory of assets created had not been prepared by any of the divisions. The divisions had not even furnished/prepared completion certificates in respect of the schemes completed so far.

The Department stated (October 2007) that inventory of assets created under various programmes, and all other related details are recorded in Water Supply Report prepared every 3-5 years interval. The reply is not tenable, since as per the guidelines, the implementing agency is required to prepare a complete inventory of assets created under the programme.

3.1.14 Swajaldhara

Upto 20 *per cent* of the funds under ARWSP have been earmarked for demand driven reform sector Swajaldhara project. Single village water supply schemes were implemented under this project through Village Water Supply Committees (VWSC) of the Village Councils. The minimum share of community contribution of VWSC was 10 *per cent* of the estimated cost of the project, which could be either in the form of cash/kind/labour/land or a combination of these. There was a provision to collect water tariff from the users fixed by the Government, with a view to making the project self sustainable and lessen the burden on the Government for O&M activities. The target for completion of the project was fixed between 12 to 18 months.

3.1.14.1 Memorandum of Understanding (MoU) not signed

Under Swajaldhara, the State had to enter into a MoU with GOI, but the MoU had not been signed as of November 2007.

3.1.14.2 Utilisation of funds

The records of the District Water and Sanitation Mission of the test checked districts revealed that no water tariff was realized by the VCs in the completed water supply schemes. The financial progress of the schemes against the fund released to respective VCs during 2003-07 was as follows:

Table-3.1.6

Year	Financial progress (Rs. in crore)					Physical progress		
	Total allocation	Total amount released	Amount of community contribution	Total funds available	Expenditure incurred on schemes	No. of schemes sanctioned	No. of schemes completed	Schemes yet to be completed
2003-04	0.17	0.17	Nil	0.17	0.17	1	1	Nil
2004-05	No scheme was sanctioned							
2005-06	2.71	2.03	0.36	2.39	2.03	17	Nil	17
2006-07	1.21	0.84	0.14	0.98	0.84	7	Nil	7
Total	4.09	3.04	0.50	3.54	3.04	25	1	24

Source: CCDU, PHED, Nagaland, Kohima

As can be seen from the above table, 96 *per cent* of total sanctioned schemes during 2003-07 remained incomplete. The Department stated (November 2007) that 2nd installment of 24 incomplete schemes have not yet been released by the GOI. This was mainly due to ineffective monitoring mechanism by the Department.

Human Resource Development

3.1.15 Non-functioning of HRD Cell

As per the programme guidelines, the State was required to set up Human Resource Development Cell (HRD Cell) for empowering women and local bodies and for capacity building of local communities through grass root level training. Also awareness programmes were to be undertaken on water borne diseases through Information Education and Communication (IEC) activities. However, due to non provision of adequate funds, both the HRD Cell and IEC could not be taken up effectively.

3.1.16 Monitoring

For effective monitoring and implementation of various schemes, a special Monitoring Cell and Investigation Unit/Appraisal Cell was established by PHED. Though the information regarding physical and financial progress was collected by the Cell from the executing agencies and submitted to GOI, there was no evidence that the reports received from different divisions of the Department were ever analysed and used as an input for initiating remedial measures. State Planning Department entrusted with the responsibility of monitoring time schedule and expenditure during execution of work, was not effective as in most of the cases it did not monitor the time schedules prescribed for completion of the water supply schemes. Consequently, the timeliness in most of the cases were not adhered to.

3.1.17 Evaluation

The State Government was required to take up evaluation studies on implementation of the programme. No evaluation of the impact of implementation under ARWSP had ever been carried out by the Department or any other Government agency since the inception of the programme.

3.1.18 Conclusion

The overall implementation of the scheme in the State was tardy and was characterised by poor planning and lack of prioritization. New schemes were taken up without completion of the existing schemes and meager resources were spread out thin on many fronts. Matching funds were not released by the State Government and even where the GOI released the funds, the State Government failed to pass them on to the implementing agencies on time. Water quality tests were not conducted and sustainability of water sources was not ensured leading to slip back of habitations. Monitoring of the execution of schemes was also poor.

3.1.19 Recommendations

- The State Government should draw up a comprehensive plan to provide all the NC and PC habitations with potable drinking water in a time bound manner. Bottlenecks such as land acquisition and payment for the water source should be dealt with before a project is started and realistic action plan should be prepared keeping the priorities of the scheme in mind.
- State should provide adequate resources for completion of the schemes and ensure Central funds are released on time to the implementing agencies.
- The quality of water should be tested at regular intervals and necessary infrastructure should be created for the purpose.
- Non Government Organisations and Local Bodies should be encouraged to participate in implementation to derive benefit out of the programme.
- Implementation of the programme should be evaluated at regular intervals and asset registers should be maintained.
- The programme should be monitored closely and accountability should be fixed to ensure that the schemes are completed in a time bound manner.

RURAL DEVELOPMENT DEPARTMENT

3.2 Sampoorna Grameen Rozgar Yojana

Sampoorna Grameen Rozgar Yojana (SGRY) was launched in the State in September 2001 by merging the ongoing 'Employment Assurance Scheme' (EAS) and the 'Jawahar Gram Samridhi Yojana' (JGSY) with the objective of providing additional and supplementary wage employment, infrastructural development and food security in rural areas. A review of the Programme revealed under payment of wages, lack of financial control, expenditure on inadmissible works and abandonment of works. The State's claim of employment generation could not be verified as employment registers were not maintained and the quantum of assets created could not be verified in the absence of Asset Registers. The implementation of the scheme also suffered due to lack of proper monitoring.

Highlights

Due to the failure of the State Government in releasing its matching share the Central Government deducted an amount of Rs.26.63 crore and 8112 MT of foodgrains valued at Rs10.09 crore.

(Para 3.2.7.3)

Due to lack of financial control, 9 out of 14 blocks test checked showed a short receipt of Rs.1.75 crore and 16 out of 60 VDBs test checked showed a short receipt of Rs.19 lakh during 2002-07.

(Para 3.2.7.5)

The Director, RD and Project Directors of eight DRDAs incurred unauthorised expenditure of Rs.3.44 crore on transportation of foodgrains in excess of the admissible amount.

(Para 3.2.7.6)

None of the DRDAs/blocks/VDBs test checked maintained employment registers although Rs.23.41 crore and 39,676 MT of foodgrains were released to them.

(Para 3.2.8.1)

Beneficiaries were not paid minimum wages admissible.

(Para 3.2.8.2)

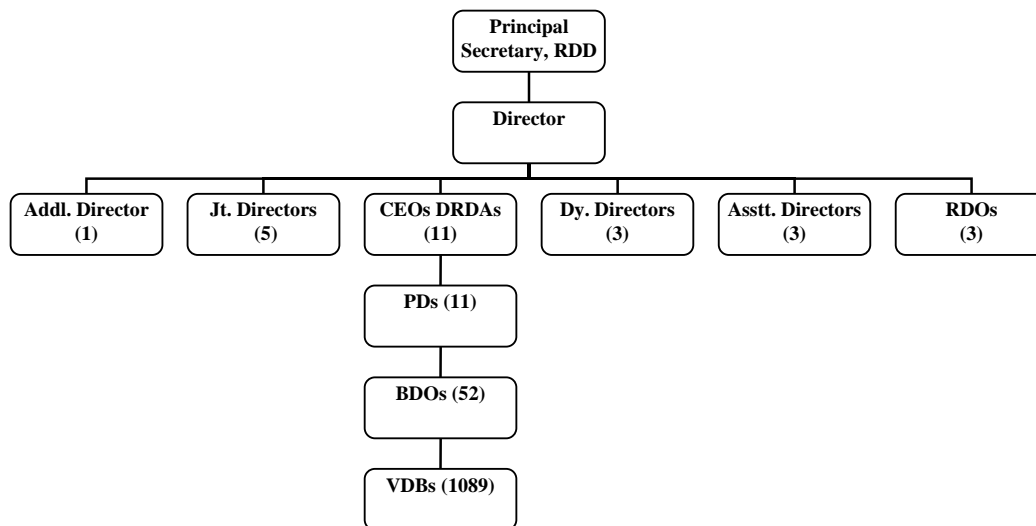
3.2.1 Introduction

Sampoorna Grameen Rozgar Yojana (SGRY) was launched (September 2001) by the GOI by merging the ongoing 'Employment Assurance Scheme' (EAS), 'Additional Wage Employment Scheme' and 'Jawahar Gram Samridhi Yojana' (JGSY). The programme was implemented in two streams. The activities under Stream –I were to be implemented by the District Rural Development Agencies (DRDA) and the Blocks, while those relating to Stream–II (activities covered under JGSY) were to be implemented by the Village Panchayats/Village Development Boards (VDBs). Both the streams were merged in 2004-05. The scheme was aimed at providing greater thrust to additional wage employment, infrastructural development and food security

in rural areas. SGRY was open to all rural poor who were in need of wage employment and desired to do manual and unskilled work. Wages under the programme were paid partly in cash and partly in foodgrains. The cash component is shared between the Centre and the State in the ratio of 75:25 and foodgrains were provided free of cost by the Centre. The cost of transportation of foodgrains was, however, to be borne by the State Government.

3.2.2 Organisational set-up

The scheme was implemented by the Rural Development Department (RDD) headed by a Principal Secretary at the State level, assisted by a Director and one Additional Director with two Joint Directors acting as programme officers. At the district level, the scheme was implemented through 11¹² DRDAs headed by the Deputy Commissioners (DCs) of the district acting as Chief Executive Officers (CEO) who is assisted by Project Director (PD), Assistant Programme Officers and other supporting staff. At the block level, the scheme is implemented through 52 Block Development Officers (BDOs) and at the village level, the scheme is implemented through VDBs headed by VDB Secretary, elected by the Village Council under the Chairmanship of the DC. The organogram of the Department relating to the implementation of the schemes is given below:



3.2.3 Scope of Audit

The implementation of the scheme in the State during the period 2002-03 to 2006-07 was reviewed in audit during April to June 2007 through a test check of the records of the Monitoring Cell in RDD. Four out of eight¹³ DRDAs, 14 out of 52 blocks and 60 out of 1089 VDBs were selected for test check on the basis of simple random sampling without replacement method.

¹² Including 3 newly created districts for which no separate allocation was provided.

¹³ Only 8 out of 11 DRDAs were considered for performance review since 3 DRDAs were created only in 2005-06.

3.2.4 Audit Objectives

Performance review was conducted to ascertain whether:

- the primary objective of providing additional wage employment was achieved as envisaged;
- preference groups were identified after survey and targets for providing wage employment were fixed after proper planning;
- durable social and economic assets were created and maintained;
- there was active participation of the rural poor in planning and execution;
- the programme was implemented efficiently, economically and effectively.

3.2.5 Audit Methodology

Performance Audit was carried out in DRDAs/blocks/VDBs through an examination and analysis of records and collection of information through questionnaires. An entry conference was held (5 March 2007) with the Director and Programme Officers wherein the audit objectives, audit coverage, criteria etc., were explained to the Department. At the conclusion of audit, an exit conference was held (23 November 2007) with the Secretary and other officers responsible for implementation of the policies of the Department. The replies of the Department have been incorporated in the report at appropriate places.

3.2.6 Audit criteria

Performance of the programme was assessed against the following criteria:

- Guidelines on SGRY issued by GOI and RDD.
- Norms for assessment of employment generation for rural poor.
- Approved plans of VDBs, Blocks and DRDAs.
- Timeframe for completion of works.
- Prescribed monitoring system.

Audit findings

Important findings of audit are discussed in the succeeding paragraphs.

3.2.7 Planning

3.2.7.1 Non-preparation of Annual Action Plan (AAP)

The programme guidelines provide that each DRDA, Intermediate and Village Panchayat (blocks and VDBs) should independently prepare and approve, before the

beginning of each financial year, an AAP equivalent in value of about 125 per cent of its share of funds allocated in the preceding year. No work can be taken up unless it forms part of the AAP. It was observed that none of the 4¹⁴ DRDAs and 14¹⁵ blocks test checked prepared AAPs during the period 2002-07 although during this period, funds amounting to Rs.11.80 crore (excluding foodgrains) were allotted to them. Further, only 16¹⁶ out of 60 VDBs test checked prepared AAPs during this period although Rs.2.66 crore (excluding foodgrains) were released to them. The State Government neither framed any targets for employment generation nor issued any directive to the DRDAs/blocks/VDBs stressing the need for preparation of AAPs. The works to be taken up were decided on receipt of funds. Taking up of works without preparation of AAPs resulted in non-prioritisation of required works and infrastructural works being taken up without any technical inputs and any method to assess the reasonableness of the estimates.

The Department stated (November 2007), that though AAPs had not been prepared, shelf of projects were prepared for each financial year and the programmes were implemented accordingly by the DRDAs/blocks. The reply is not tenable as none of the DRDAs/blocks test checked produced shelf of projects to Audit though called for.

3.2.7.2 Financial management

Allocation of funds under SGRY is shared between the Central and the State Governments in the ratio of 75:25. The Centre and the State Governments release funds directly to the DRDAs, which in turn release to the implementing agencies.

Central assistance and State's share received by DRDAs and expenditure thereagainst during 2002-07 was as under:

Table-3.2.1

(Rupees in crore)

Year	Stream	Opening Balance	Funds released to DRDAs		Misc Receipts (Interest)	Total	Expenditure	Closing Balance
			Centre*	State				
2002-03	I	0.89	6.50	0.70	0.12	8.21	7.75	0.46
	II	0.42	4.34	0.70	0.13	5.59	5.19	0.40
2003-04	I	0.46	5.16	0.70	0.04	6.36	6.10	0.26
	II	0.40	4.80	0.70	0.05	5.95	5.67	0.28
2004-05	Unified	0.54	13.33	1.00	0.31	15.18	14.89	0.29
2005-06	-do-	0.29	18.02	3.30	0.05	21.66	20.84	0.82
2006-07	-do-	0.82	14.71	1.60	0.06	17.19	17.00	0.19
Total			66.86	8.70	0.76	80.14	77.44	

Source: Departmental records

* Includes funds for previous years released in subsequent years.

¹⁴ Kohima, Dimapur, Tuensang and Mon

¹⁵ Kohima, Tseminyu, Chiphobozu, Medziphema, Dhansiripar, Nuiland, Sangsangyu, Chessore, Thonoknyu, Shamatore, Mon, Tizit, Tobu and Chen

¹⁶ Kohima Village, Khonoma, Chemukedima A Village, Nagarjan, Diphupar B, Industrial Village, Chekiye, Diphupar, Purana Bazar, Hakhizhe, Mughavi, New Shouba, Nihokhu, Kuhoxu, Huzukhe.

3.2.7.3 Short release of State Share

SGRY guidelines envisaged that in the event of failure of the State to contribute its share, the Central Government will deduct the corresponding amount from its second installment of the succeeding year. The allocation and release by the Centre and the State during 2002-07 were as shown below:

Table-3.2.2

(Rupees in crore)

Year	Stream	Centre					State		
		Actual Allocation	Additional Allocation	Total	Released	Short Release	Amount to be released (with ref. to Col.5)	Allocation made and fund released	Shortage in allocation/release
1	2	3	4	5	6	7	8	9	10
2002-03	I	5.51	-	5.51	3.30	2.21	1.84	0.70	1.14
	II	6.12	-	6.12	4.34	1.78	2.04	0.70	1.34
2003-04	I	7.65	0.73	8.38	5.89	2.49	2.80	0.70	2.10
	II	7.65	1.25	8.90	6.05	2.85	2.96	0.70	2.26
2004-05	Unified	16.69	5.19	21.88	16.74	5.14	7.30	1.00	6.30
2005-06	-do-	20.40	1.53	21.93	14.12	7.81	7.31	3.30	4.01
2006-07	-do-	17.53	2.60	20.13	15.78	4.35	6.71	1.60	5.11
Total		81.55	11.30	92.85	66.22	26.63	30.96	8.70	22.26

Source: Departmental records

The State Government had allotted/released only Rs.8.70 crore (28 per cent) against its due share of Rs.30.96 crore. As a result against Rs.92.85 crore due to be released by the Centre, the Centre reduced its assistance by Rs.26.63 crore (29 per cent) and the people of the State were deprived of employment wages to that extent. Similarly, the Centre also imposed a cut in release of foodgrains and deducted 8112¹⁷ MT of foodgrains valued at Rs.10.09 crore¹⁸ during 2004-06.

The Department stated (November 2007) that the State could not release its share due to financial constraints. Thus due to the State Government's failure to provide matching share, the people of the State were deprived of employment to the tune of Rs.36.72 crore (including Rs.10.09 crore in the form of foodgrains).

3.2.7.4 Delay in release of funds by DRDAs

As per guidelines, DRDAs should release the funds to the blocks within 15 days of receipt from the Central/State Government. Scrutiny revealed that there were delays in release of funds by DRDAs ranging from 1 month to 11 months. This delayed the implementation of the scheme and benefits did not reach the targeted population at the intended time.

The Department while accepting the fact, attributed (November 2007) the delays to observance of formalities in release of funds. The reply is not acceptable as no efforts were made to expedite release of funds despite the fact that the DRDAs received the

¹⁷ 2004-05 Rice – 1671 MT, Wheat - 1671 MT. 2005-06 Rice – 2385 MT, Wheat 2385 MT.

¹⁸ Calculated at an average rate of Rs.13,900 per MT rice and Rs.10,960 per MT wheat.

funds directly from the Centre. Further due to such delay in release of funds SGRY works could not be completed within the prescribed one year period.

3.2.7.5 Deficiencies in disbursement of fund by DRDAs and blocks

As per the programme guidelines, the DRDAs, blocks and VDBs should keep the funds in a separate bank account in a nationalized bank or post office. However, it was seen that none of the selected blocks and VDBs operated separate bank accounts for SGRY. DRDAs issued bearer cheques to BDOs instead of transferring the funds to the BDO's bank accounts and the BDOs in turn made cash payments to VDBs instead of crediting the funds directly to their bank accounts.

Audit scrutiny revealed short receipt/accounting of Rs.1.75 crore during 2002-07 by 9¹⁹ out of 14 blocks under three²⁰ out of four DRDAs test checked. Similarly, there was short receipt/accounting of Rs.19 lakh by 16 VDBs²¹ of four blocks²² out of 60 VDBs of 14 blocks test checked. This indicated poor financial control and management by DRDAs, blocks and VDBs and the possibility of misappropriation of funds cannot be ruled out.

The Department stated (November 2007) that payments to VDBs were made in cash due to lack of banking infrastructure in interior/remote places and that the short receipt of cash has been rectified. The claim of the Department that short receipt of cash has been rectified is not tenable as the blocks/VDBs had certified the amount actually received by them and there was no proof of any rectification carried out in the accounts or subsequent receipt of funds to the extent short received. Also, even where banking facilities were available, the blocks have not utilised them. The Department also did not produce any records that the funds were distributed to the targeted groups.

3.2.7.6 Diversion of funds

As mentioned in paragraph 3.2.1 the transportation cost and other handling charges of foodgrains were to be borne by the State Government from its own resources. This was relaxed by the Centre from 2003-04 and Rs.50 per quintal was allowed for the purpose from the cash component of the scheme fund.

The gunny bags in which the foodgrains are received for distribution should be disposed off and the sale proceeds utilised for making payments towards transportation cost/handling charges. During 2002-07, the test checked DRDAs lifted and distributed 29449 MT of foodgrains. Scrutiny however, revealed that empty gunny bags were not sold and no stock records were maintained. Instead the Director, RDD and PDs of 6 to 8 DRDAs²³ diverted an amount of Rs.3.44 crore towards payment of transportation and handling charges from the cash component of SGRY in

¹⁹ Kohima, Chiephobozu, Tsemenyu, Medziphema, Nuiland, Dhansiripar, Sangsangyu, Thonoknyu, Chessore

²⁰ Kohima, Dimapur, Tuensang

²¹ Chemukedima A, Nagarjan, Diphupar B, Industrial Village, Chekiye, Diphupar, Purana Bazar, Dhansiripar, Doyapur, Pimla, Zutovi, Singirijan, Khekiho, Kutur, Y/Anner, Tizit

²² Medziphema, Dhansiripar, Chessore, Tizit

²³ Kohima, Dimapur, Tuensang, Mon, Wokha, Zunheboto, Phek, Mokokchung

violation of the guidelines and Government orders in excess of the admissibility, as shown below:

Table-3.2.3

(Rupees in crore)

Year	Expenditure incurred by	Amount of carriage and other handling charges paid	Admissible amount	Excess paid	Total scheme Expenditure	Percentage of Total expenditure diverted for transportation (%)
2002-03	Eight DRDAs ²⁴ and Directorate	0.85	Nil	0.85	12.94	6.57
2003-04 to 2006-07	Six DRDAs ²⁵	4.58	1.99 ²⁶	2.59	64.50	4.01
Total		5.43	1.99	3.44	77.44	---

Source: Departmental records

Further, the Utilisation Certificates and the Annual Progress Reports submitted to the Union Ministry of Rural Development (MoRD) and the Annual Accounts prepared by the Chartered Accountants (CA) did not disclose this violation of scheme guidelines and the amount was booked under programme implementation expenditure. The unauthorised diversion not only deviated from the objectives of the scheme but also deprived the targeted population of availing employment opportunities to that extent.

The Department admitted (November 2007) the facts and stated that the funds had to be diverted from the scheme as the State Government was not in a position to mobilise funds for transportation of foodgrains due to financial constraints.

3.2.8 Programme Implementation

3.2.8.1 Employment Generation

The SGRY guidelines require each DRDA and block to maintain an “Employment Register” for identification of the beneficiaries for works being executed within its jurisdiction, containing the details of number of persons employed including the number of SCs/STs, gender of the workers and number of mandays generated for each work. This information should be compiled from the Muster Rolls. It was however, noticed that none of the DRDAs, blocks and VDBs test checked maintained any employment register during the period 2002-07, though scheme funds amounting to Rs.23.41 crore and 39,677 MT of foodgrains were released to them. In the absence of recorded information, the details of actual employment generated and the number of beneficiaries including the number of women beneficiaries and their eligibility could not be ascertained. Audit was therefore unable to vouchsafe the genuineness of expenditure in this regard.

During 2002-07, the State Government reported generation of 504.61 lakh mandays of employment to the Centre. The reported figure appears unrealistic in view of the fact that with the available funds and foodgrains, the State Government could have

²⁴ Kohima, Dimapur, Tuensang, Mon, Wokha, Zunheboto, Phek, Mokokchung

²⁵ Tuensang, Mon, Wokha, Zunheboto, Phek, Mokokchung

²⁶ 567670 qtls. (foodgrains transported) x Rs.50/qlt. = Rs.2.84 crore (-) 567670 x Rs.15/qlt. (already incurred by Directorate) . Therefore, total admissible amount = Rs.1.19 crore.

generated a maximum of only 346.30 lakh²⁷ mandays. Further, the State Government did not fix any targets for wage employment and even the reported figure of 504.61 lakh mandays over a period of 5 years is very low as compared to the rural population of Nagaland (18.10 lakh).

The Department stated (November 2007) that Employment Registers were not maintained as Muster Rolls contain the same information. The reply is not acceptable as most of the units test checked also did not maintain Muster Rolls as detailed in Paragraph 3.2.8.2.

3.2.8.2 Payment of wages

As mentioned in the previous paragraph, the blocks and VDBs were required to maintain Muster Rolls for every work, showing the details of labourers engaged, wages paid and foodgrains distributed. Scrutiny revealed that except eight blocks and 23 VDBs under Tuensang and Mon DRDAs, none of the 6 blocks and 37 VDBs under Dimapur and Kohima DRDAs test checked prepared Muster Rolls. The guidelines further provide that the labourers should be paid at the minimum wage rate fixed by the State Government. The minimum wages in the State was Rs.45 per day in 2002, which was revised to Rs.66 in 2005-06. Audit scrutiny revealed that three²⁸ out of four DRDAs test checked did not pay the minimum wages admissible to the labourers engaged for execution of works as shown in table 3.2.4.

Table-3.2.4

Name of DRDA/block	Year	Minimum wages (Rs.)	Rate of wages paid (Rs.)	Employment generated (No.)	Amount of wages paid	Amount of wages to be paid	Short payment
Blocks under Dimapur DRDA	2005-06	66	60	225000	1.35	1.49	0.14
Shamator block (DRDA Tuensang)	2004-05	45	25	19322	0.05	0.09	0.04
	2005-06	66	25	44645	0.11	0.29	0.18
Blocks under Tuensang DRDA except Shamator	2005-06	66	45	562355	2.53	3.71	1.18
Mon DRDA	2005-06	66	50	403000	2.02	2.66	0.64
Total							2.18

Source: Departmental records

Thus, the beneficiaries under the scheme were deprived of the minimum wages to the extent of Rs.2.18 crore in 2004-05 and 2005-06 in the above blocks. In the absence of Muster Rolls in blocks/VDBs under 2 out of 4 DRDAs test checked,

²⁷

Year	Funds spent (Rs.)	Minimum wage (Rs.)	Possible employment (No.)	Foodgrains distributed (Kg)		Rate of distribution (kg per manday)	Possible generation of mandays with foodgrain component (No.)
				Rice	Wheat		
1	2	3	4	5	6	7	8
2002-03	129400000	45	2875556	4489000	1960000	5	1289800
2003-04	117700000	45	2615556	26855000	8627000	5	7096400
2004-05	148900000	45	3308889	7253000	7253000	5	2901200
2005-06	208400000	45	4631111	7155000	7155000	5	2862000
2006-07	170000000	45	3777778	8179000	8179000	5	3271600
Total	774400000		17208890	53931000	33174000		17421000

Grand total of employment that could have been generated (col.4+8) = 34629890 i.e., 346.30 lakh

²⁸ Dimapur, Tuensang and Mon.

the extent to which this payment resulted in gainful employment could not be ascertained. In such a situation the possibility of fraud/duplication also cannot be ruled out.

The Department stated (November 2007) that the Government orders enhancing the minimum wages from Rs.45 to Rs.66 were received late. The Department did not justify how and why payment of Rs.60, Rs.50 and Rs.25 per day was made as shown in the above table. Further as mentioned in paragraph 3.2.11 no Monitoring Committees consisting of villagers were formed certifying works against which payments of wages were released.

3.2.8.3 Uneven allocation of fund

As per SGRY guidelines effective from April 2002, 40 per cent of the funds and foodgrains earmarked under Stream-I were to be reserved for utilisation by DRDAs and the remaining 60 per cent by blocks/Intermediate Panchayats. Similarly, 100 per cent allocation under the Stream-II was to be reserved for utilisation by Village Panchayats/VDBs. Under the unified SGRY with effect from 2004-05, 20 per cent of the funds were to be allocated to DRDAs, 30 per cent to blocks and 50 per cent to VDBs.

However, three²⁹ out of four test checked DRDAs violated the guidelines while allocating the resources and allocated major share of funds to blocks or retained for themselves, as shown below:

Table-3.2.5

DRDA	Year	Stream	Funds allocated (Rs. in crore)			% of allocation to VDBs	Short fall (%)
			Total	DRDA/block	VDB		
Dimapur	2003-04	I	0.34	0.24	0.10	---	---
		II	0.37	0.26	0.11	30	70
	2004-05	Unified	0.98	0.56	0.42	43	57
	2005-06	-do-	1.44	0.91	0.53	37	63
	2006-07	-do-	1.24	0.74	0.50	40	60
		Total		4.37	2.71	1.66	
Kohima	2003-04	I	0.99	0.72	0.27	---	---
		II	0.74	0.44	0.30	41	59
	2004-05	Unified	2.80	1.58	1.22	44	56
	2005-06	-do-	1.91	1.24	0.67	35	65
	2006-07	-do-	1.36	0.76	0.60	44	56
	Total		7.80	4.74	3.06		
Tuensang	2004-05	Unified	1.74	1.00	0.74	43	57
	2005-06	-do-	3.56	1.90	1.66	47	53
	2006-07	-do-	1.24	0.74	0.50	40	60
		Total		6.54	3.64	2.90	

Source: Departmental records

The excess retention of fund by DRDAs for utilisation in DRDA/block resulted in depriving the VDBs of their due share as shown above. Similarly, though the entire allocation under Stream II was intended to be utilised by VDBs, the DRDAs retained the major share for DRDA/blocks, in violation of the guidelines. The shortfall in allocation to VDBs ranged from 53 per cent to 70 per cent.

²⁹ Dimapur, Kohima, Tuensang.

3.2.9 Lifting and distribution of foodgrains

Foodgrains under the programme are made available to the State Government free of cost by the Centre. The latter sends an advice to the Food Corporation of India (FCI), under intimation to the Secretary, RDD to release foodgrains from its designated depots to the authorised agencies of the State Government as per allocation made by the Union Ministry of Rural Development. In Nagaland, at the State level, the lifting and distribution of foodgrains is managed by the RD, Store (SGRY Cell) at Dimapur. At the district level, it is being monitored by the concerned DRDAs.

3.2.9.1 Distribution of foodgrains as part of wages

The primary objective of the scheme is to provide additional and supplementary wage employment and thereby provide food security and improve nutritional levels of rural poor. Foodgrains should be given as part of wages under the scheme to the rural poor at the rate of 5 Kg. per day. The foodgrains are to be issued to the States/DRDAs/Village Panchayats in proportion to their cash component. However, the DRDAs resorted to allocating cash component and foodgrains separately resulting in many of the selected works/schemes being taken up either only with cash component or foodgrains in violation of the guidelines.

While accepting the fact, the Department stated (November 2007) that the DRDAs were compelled to pay only cash or distribute only foodgrains as cash and foodgrains were often released at different intervals by the State Government.

3.2.9.2 Deficiencies in distribution

Audit scrutiny revealed that two DRDAs did not maintain any records of distribution of foodgrains received by them directly from RD Store, for distribution to the implementing agencies/blocks as shown below:

Table 3.2.6

Year	Name of the DRDA	Items received	Quantity of foodgrains received (Quintals)	Rate (Rs. per quintal)	Total cost (Rupees in lakh)
2002-03	Kohima	Rice	2284.24	1180	27
		Wheat	2289.70	700	16
2006-07	Tuensang	Rice	2160.00	1597	34
Total			6733.94		77

The concerned DRDAs stated (May 2007) that they did not receive foodgrains from RD Store during this period and that they did not have godowns to store the foodgrains. In the absence of proper stock records and further distribution details, the possibility of diversion/misuse of foodgrains and the same not reaching the beneficiaries cannot be ruled out.

Similarly, scrutiny of stock records and statements furnished by the blocks and VDBs revealed short receipt of 9454 quintals of rice and 7309 quintals of wheat valued at Rs.1.98 crore during 2002-03 to 2006-07 by blocks and VDBs as shown in **Appendix-3.1** and **3.2**. There was nothing on record to show whether the matter had been investigated by the Department.

3.2.9.3 Storage and distribution of foodgrains

RD Store (SGRY Cell), Dimapur is responsible for lifting of foodgrains from FCI godown at Dimapur for further distribution to various DRDAs/blocks as per allocation as mentioned in paragraph 3.2.9. The quantities of foodgrains lifted from FCI and distributed to various DRDAs by this Store during the period 2002-07 is shown below:

Table-3.2.7

(Quantity in quintals)

Year	Stream of SGRY	Released by FCI		Lifted (As per FCI records)		Distributed (RD Store Records)		Difference	
		Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice (Col.5-7)	Wheat (Col.6-8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2002-03	I	13800	20700	13800	20700	13800	19600	-	1100
	II	31090	-	31090	-	31090	-	-	-
2003-04	I	87890	87890	87782	87873	86670	86270	1112	1603
	II	181880	-	181880	-	181880	0	-	-
2004-05	Unified	72530	72530	72530	72530	72530	72530	-	-
2005-06	Unified	71550	71550	71550	71550	71550	71550	-	-
2006-07	Unified	81790	81790	81790	81790	81790	81790	-	-
Total		540530	334460	540422	334443	539310	331740	1112	2703

Source:-FCI and departmental records

As shown above, the records maintained by the RD Store showed receipt of only 539310 quintals of rice and 331740 quintals of wheat from the FCI as against 540422 quintals of rice and 334443 quintals of wheat shown as issued by the FCI during the period leading to a short account of 1112 quintals of rice and 2703 quintals of wheat valued at Rs.38 lakh. There was nothing on record to show that the matter had been investigated. The possibility of diversion/misuse of the foodgrains cannot be ruled out.

No physical verification was conducted by any higher authorities till date except verification twice by the Rural Development Officer, in charge of the store, which showed loss of 369 MTs of rice and 8.63 MTs of wheat during 2002-2007 as shown below:

Table 3.2.8

Year	Shortage/ Loss (in MT)		Amount involved (Rupees in lakh)
	Rice	Wheat	
2002-03	92.06	8.63	12 (11,04,720 + 60410)
2006-07	277.03	-	44
Total	369.09	8.63	56

However, records maintained in the RD store and reports submitted by the DRDAs revealed that the entire quantity of foodgrains lifted were transported/received by the respective DRDAs/blocks. This indicates that the records did not reflect the correct

position and apart from depriving 75,050 people³⁰ of wages, this also pointed to the possibility of fraud.

3.2.10 Execution of works

SGRY guidelines provide that works should be executed departmentally and wages should be paid on a fixed day in a week preferably a day before the local market day. The works executed under DRDA/block allocation were carried out by selected beneficiaries/groups and wages (including foodgrains) were paid to them by the block only on completion of works. The beneficiaries/groups in turn distributed the wages to the labourers. The same system was followed in execution of works under VDB allocation. This system of execution of works has resulted in depriving the labourers of the benefits under the scheme at the intended time.

3.2.10.1 Doubtful execution of works

(i) Scrutiny of Muster Rolls of BDO Shamator (under Tuensang DRDA) for two different works executed at a cost of Rs.12 lakh as per two different sanctions, revealed, that the same labourers were engaged for executing both the works, although these were executed during the same period. As a result it is doubtful whether the second work was actually executed and the possibility of fraudulent payment cannot be ruled out.

(ii) The Project Director, DRDA Tuensang released the following amounts to the BDO, Sansangyu for execution of various works by VDBs under the block during 2003-04.

Table 3.2.9

Sanction/Allocation Reference	Amount sanctioned	No. of VDBs	No. of works
DRDA/TSG/SGRY-I/02-03 Dtd. 2/04	1,95,300	20	23
DRDA/TSG/SGRY-II/02-03 Dtd. 2/04	1,95,300	20	23

Scrutiny of technical estimates revealed that the works executed under the above two sanctions were the same. Thus, payment was made for the same work twice resulting in fraudulent payment of Rs.1.95 lakh.

3.2.10.2 Unauthorised expenditure

SGRY guidelines provide that the works taken up under the programme should be labour intensive. The guidelines also prohibit taking up works such as purchase of furniture, black topping, etc. Scrutiny of records in selected blocks³¹ however, revealed that these blocks had incurred an expenditure of Rs.17.27 lakh on inadmissible works as shown in the table below:

³⁰ 5 Kilograms of Rice or 7 Kilograms of Wheat per manday

³¹ Kohima, Tseminyu, Chiphobozu, Medziphema, Dhansiripar, Nuiland, Sangsangyu, Chessore, Thonoknyu, Shamatore, Mon, Tizit, Tobu and Chen

Table-3.2.10

(Rupees in lakh)

Item of expenditure	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Purchase of furniture	0.83	3.20	-	1.91	0.19	6.13
Black Topping	-	0.23	-	1.50	-	1.73
Community Bus	0.13	-	-	-	-	0.13
Purchase of Grocery items	-	-	-	-	0.66	0.66
Fencing	0.25	-	-	-	-	0.25
Kitchen garden			7.55		-	7.55
Printing		0.19				0.19
Construction of R/Well at Ministers Residence			0.63			0.63
Total	1.21	3.62	8.18	3.41	0.85	17.27

Due to this unauthorised expenditure in contravention of guidelines the targeted group was deprived of 28,783 mandays of labour equivalent to Rs.17.27 lakh.

3.2.10.3 Doubtful implementation of the scheme

During the years 2002-07, the BDO Tobu received a total amount of Rs.1.10 crore as per the cashbook. The BDO also received 8505.52 quintals of rice and 5898.13 quintals of wheat valued at Rs.1.70 crore³² as per the records of RD store, Dimapur and allocation/sanction orders. However, except cash book, the BDO could not produce any other records such as Stock register of foodgrains, payment register/APRs signed by the payees, technical estimates, work orders, completion reports and muster rolls in support of the actual payment of cash component and distribution of foodgrains. Moreover, none of the selected VDBs from the above block produced any records to audit. Absence of supporting records showing the actual implementation of the scheme raises doubts about the actual payment and distribution of the above amount and foodgrains.

3.2.10.4 Abandoned works

As per SGRY guidelines, only those works which can be completed within a year and in exceptional cases in a maximum period of two financial years should be taken up for execution under the scheme. Guidelines further stipulate that priority should be given to complete the incomplete works instead of taking up new works.

Scrutiny of records submitted by the DRDA, Dimapur revealed that, the Agency/blocks had abandoned 160 incomplete works as shown below:

Table-3.2.11

Year	Stream of SGRY	Item of work	Nos. taken up	Nos. Completed	Nos. in progress as on 31 st March	Abandoned works
2003-04	I & II	Roads	134	Nil	134	---
	-do-	School Buildings	28	16	12	---
2004-05	Unified	Roads	51	Nil	51	83 (134-51)
	-do-	School Buildings	73	24	49	---
2005-06	-do-	Roads	18	18	Nil	33 (51-18)
	-do-	School Buildings	5	5	Nil	44 (49-5)

Moreover, the execution of the works (Roads) extended to three financial years in violation of the scheme guidelines. This indicated poor management of the

³² Calculated at an average rate of Rs.1,293 per quintal of rice and Rs.1,017 per quintal of wheat.

programme. In the absence of proper records at the DRDA/block/Village level, the amount spent on these abandoned works could not be ascertained in audit.

3.2.11 Social Audit and Vigilance

Programme guidelines provide that a 'Monitoring Committee' consisting of the villagers of the locality/area where the work is undertaken is to closely monitor the progress and quality of the works. The final payment for each work is to be released only on receipt of the report of the committee along with the completion reports. Audit observed that no such committees were formed by any of the DRDAs, blocks and VDBs test checked during the period 2002-07 although an amount of Rs.23.41 crore and 39,677 MTs of foodgrains were distributed by them. It was stated that the works were monitored by VDB monitoring committees and the final payment was released on receipt of VDB resolution and completion certificates issued by the technical staff under the block. Thus, the objective of ensuring transparency, accountability and control over the implementation of the programme was defeated.

3.2.12 Records of assets created

Every district, intermediate and village panchayats is to maintain proper inventory of the assets created under the programme giving details of the date of start and the date of completion of the project, cost involved, benefits obtained, employment generated and other relevant particulars. None of the test checked DRDAs, blocks and VDBs maintained any inventory of assets created. Hence, the actual assets created under the programme could not be assessed.

3.2.13 Maintenance of assets

Out of the total allotment, 15 *per cent* was to be earmarked for maintenance of assets created under the programme. It was observed that in contravention of guidelines 11 DRDAs³³ spent only 0.95 *per cent* (Rs.73 lakh against the total expenditure of Rs.77.45 crore) during 2002-07 on maintenance of assets. Thus 91 *per cent* of funds meant for maintenance were unauthorisedly used for other purposes in contravention of rules. Due to lack of maintenance, the condition of the community assets created under the programme is also likely to deteriorate.

3.2.14 Special Component under SGRY

A special component (foodgrains) is available under SGRY for augmenting food security through additional wage employment in the natural calamity affected rural areas after due notification by the State Government and its acceptance by the Union Ministry of Agriculture/Home Affairs. The foodgrains under the special component can be used in any scheme of the Central or State Government being implemented for generation of wage employment in the districts affected by natural calamity and duly notified as such. The cash component of the wages and the material cost were required to be met from the scheme under which the sub component was used.

During the year 2003-04, the Centre released 13910 MT of rice and 4640 MT of wheat as special component to all eight districts, even though no district in Nagaland

³³ Kohima, Mokokchung, Tuensang, Wokha, Zunheboto, Phek, Longleng, Kiphire, Peren, Mon and Dimapur.

was notified by the State as natural calamity affected area. Scrutiny also revealed that, no cash component (for wage and material) was provided along with the foodgrains under SGRY and no fund was provided from any other scheme for implementing the works taken up with the special component resulting in the execution of works only with foodgrains and under payment of wages.

3.2.15 Monitoring and Evaluation

3.2.15.1 Reporting

The DRDAs are to submit consolidated monthly and annual financial and physical progress reports from the reports obtained from the blocks and VDBs to the State Government for further consolidation and submission to the Central Government. Information collected from the selected DRDAs, blocks and VDBs revealed that these reports are prepared by the DRDAs on the basis of payment released by them without obtaining any monthly or annual reports from the blocks and VDBs and without assessing their fund position. Discrepancies in data were noticed in the consolidated report submitted by the State Government to the Central Government.

3.2.15.2 Inspection of works

A schedule of inspection of the works, prescribing the minimum number of field visits to be made by State, District and block level functionaries was to be prepared for proper monitoring of the implementation of SGRY. However, no such schedule was prepared and inspection conducted as prescribed in the programme guidelines.

3.2.16 Conclusion

The implementation of SGRY was beset with many problems which resulted in the benefits of the programme not reaching the intended population. The State Government did not release its matching share during 2002-07 and the DRDAs took up implementation of the programme without proper planning and assessing the requirements of the rural people. Muster rolls and employment registers were not maintained, raising doubts about the veracity of figures reported with regard to employment generation and payment of wages. In fact in many cases, the beneficiaries did not receive the prescribed minimum wages. Employment opportunities claimed to have been generated were fictitious and not based on records. Poor financial management and non maintenance of bank accounts resulted in short receipts and improper accounting and misuse of funds. Distribution of foodgrains was also not properly managed, resulting in short receipt and distribution at different levels. There was general failure in exercising proper checks at appropriate levels leading to double payments. Asset registers were not maintained. Social audit and vigilance at the grass root level was not ensured by setting up Monitoring Committees at the village level. The State Government did not also ensure proper monitoring of the programme by State, district and block level functionaries.

3.2.17 Recommendations

- The DRDAs should carry out a survey to identify the beneficiary groups and areas for employment generation.

- Annual Action Plans should be prepared timely after ascertaining and prioritizing the requirements of each village through VDBs and emphasis should be on creation of durable assets.
- Basic records like muster rolls, employment registers and asset registers should be maintained.
- Funds should be released on time at various levels and the State Government should release its matching share for successful implementation of the programme.
- There should be proper account of foodgrains allocated, lifted and distributed and records relating to these aspects should be reconciled at various levels at regular intervals to plug loss/pilferages.
- Proper mechanism should be instituted for monitoring the implementation of the programme.

The findings were reported to the Government in August 2007; reply had not been received (November 2007).

ELECTION DEPARTMENT

3.3 Information Technology Audit of Electoral Roll and Voter Registration System

The preparation and updation of electoral database is the responsibility of Chief Electoral Officer. The Department took up Intensive E-Roll (Electoral Roll) revision in 2004 in all the districts of Nagaland as per the instructions of the Election Commission of India (ECI) and completed it in 2005. Audit examination of the E-Roll system revealed deficiencies in security, access, input, and backup controls resulting in unreliable data.

Highlights

The Department is yet to formulate an IT Policy, even though computerisation of Electoral rolls is about a decade old.

(Paragraph 3.3.7.1)

No documentation exists for Electoral Management System; periodical modifications made to the system were not documented.

(Paragraph 3.3.7.2)

The Department spent Rs.3.10 crore for issue of Electoral Photo Identity Card (EPIC) – but the E-Roll database could not be synchronized with the EPIC database

(Paragraph 3.3.7.4)

Defective manuscripts coupled with lack of controls to detect duplications and inconsistency in details of voters at the district level (during electoral enumeration) and State level (during data entry and processing) resulted in

defective electoral data. Inadequate input and validation controls resulted in duplication of data in electoral rolls and unreliable data.

(Paragraph 3.3.7.5)

Inadequate physical and logical access controls make the system susceptible to security breach, data theft/ manipulation and induced breakdown. The System was also infected with virus.

(Paragraph 3.3.7.6)

The Department does not have a back up policy and disaster recovery procedures.

(Paragraph 3.3.7.7)

3.3.1 Introduction

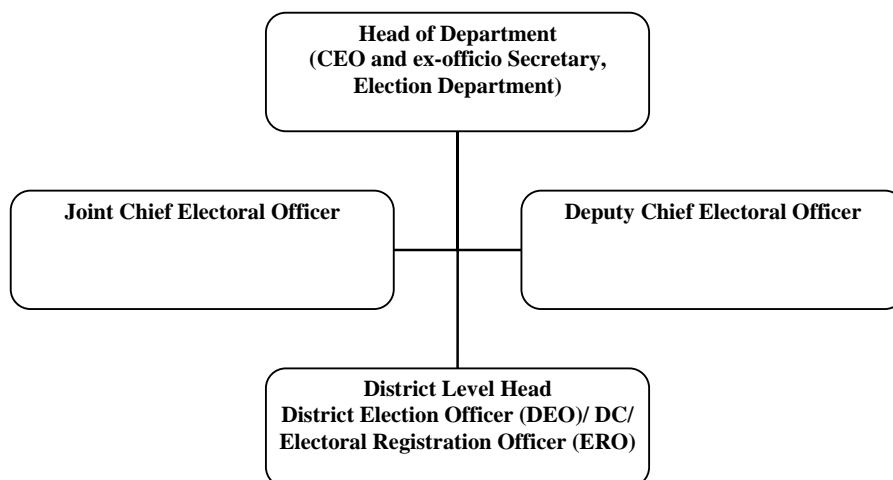
Under Article 324 of the Constitution, the superintendence, direction and control of the preparation of electoral rolls for, and the conduct of, all elections to the Parliament and to the Legislature of every State, and elections to the offices of the President and Vice-President are vested in the Election Commission of India (ECI).

At the State level, the election work is supervised, subject to the superintendence, direction and control of the ECI, by the Chief Electoral Officer (CEO) (appointed by the ECI) and the officers and staff working under him.

At the district level, the election work is supervised, under the direction and control of the CEO, by the District Election Officer (DEO), who is generally the Deputy Commissioner of the district. The Deputy Commissioner is also designated as Electoral Registration Officer (ERO) and is responsible for preparation and maintenance of Electoral Rolls.

Computerisation of Electoral Rolls in the Department began during the 1990s. Since then, the system has undergone several changes. The Department took up Intensive E-Roll (Electoral Roll) revision in 2004 in all the districts of the State under the instruction of the ECI, and completed it in 2005. The present E-Roll system is based on the Intensive Revision of 2005 and updated upto 1 January 2006.

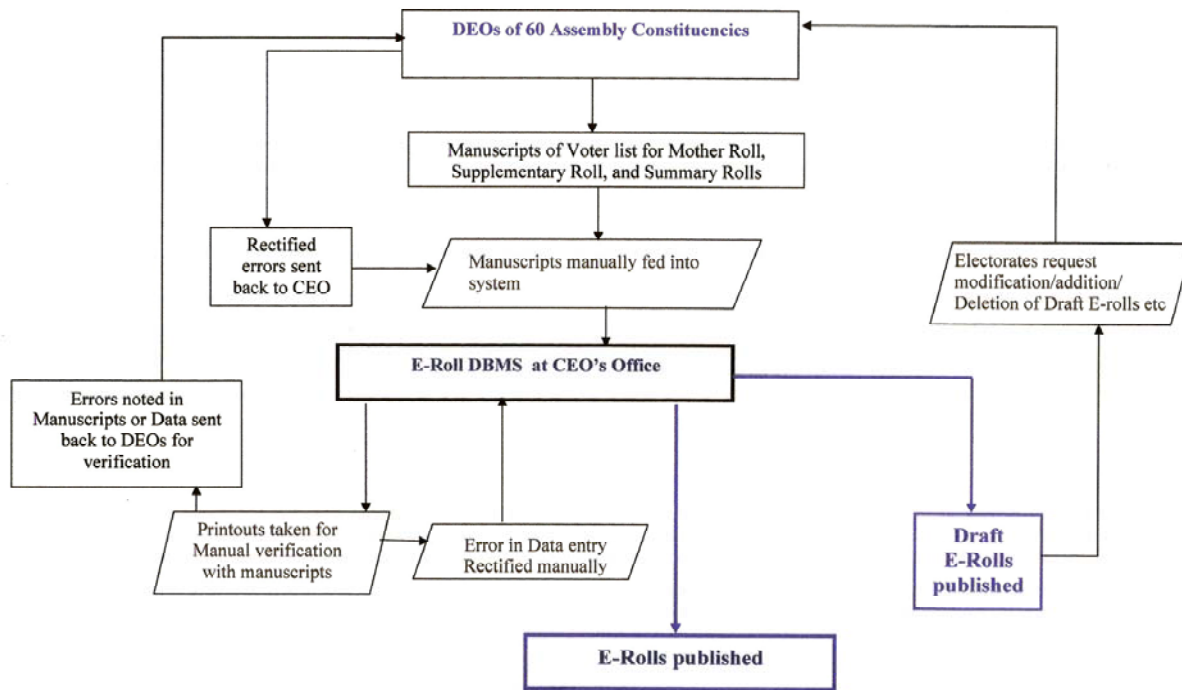
3.3.2 Organisational set-up



3.3.3 Overview of the System

The computerized E-Roll system is located primarily in the office of the CEO at Kohima. The system comprises 2 servers running on Linux, housing the E-Roll database, and 7 Windows based desktop computers. While the E-Roll database is in MS Access format, Visual Basic is the front-end tool.

The processes involved in the system and data flows are summarised below:



There are about 1243143 registered voters in Nagaland as on 1 January 2006 (as per the E-Roll System) spread over 11 districts, 16 Assembly Constituencies and 1563 polling stations.

3.3.4 Audit Objectives

The main objective of the IT audit of the E-Roll System was to see whether the primary objective of the Department to have an error-free Electoral Roll had been achieved. For this purpose, audit had to:

- Analyse the E-Roll System for the completeness, integrity, reliability and accuracy of the data, and the adequacy and effectiveness of controls.
- Evaluate the security of the system.
- Evaluate the back up and disaster recovery procedures for the system.

3.3.5 Audit Scope and Methodology

IT audit of the E-Roll system was conducted in July 2007 through an analysis of the data in the system, and the related manual records, policies and procedures. For this purpose, the data in the E-Roll system was downloaded, and analysed using SQL queries.

3.3.6 Audit Criteria

The guidelines and instruction of the ECI issued to the CEO from time to time in respect of Summary Revision 2000 and Intensive Revision 2005 were used as audit criteria.

Audit Findings

The major findings of IT audit are summarized in the succeeding paragraphs.

3.3.7 System Implementation

3.3.7.1 Lack of IT Policy

While computerization of electoral rolls started about a decade ago, and the Intensive Revision of electoral rolls was conducted in 2004, the Department is yet to formulate an IT policy for proper governance and control of its IT activities. Currently, there is just one IT-literate person in the CEO's office, who manages all aspects of the system.

3.3.7.2 Lack of Documentation

The software used for the E-Roll system viz., "Intensive Revision Version 1" is a modified version of the software originally provided by ECI for Summary Revision 2000. The ECI provided the source code with complete system documentation to the CEO for customization as appropriate, keeping in view the existing database of the Department. During Intensive Revision 2005, the Department outsourced the development of software to a private firm (M/s Nagasoft Kohima), which had been appointed as the advisor to the CEO for all IT-related activities of the Department. There was no System Requirement Specification (SRS) or System Design Document (SDD), as a result of which, development of the system was done in an ad hoc manner. The modifications made to the existing source code and database were not documented; consequently, vital controls required for data integrity and validation were not incorporated, resulting in invalid and inaccurate data, as brought out in the succeeding paragraphs. Further, the Department had made several changes to the software since its commissioning but there is no documentation relating to such changes to the system or any trail within the system to indicate the changes.

3.3.7.3 Undue advantage to SLA

As per the instructions of ECI, the Department appointed M/s Nagasoft Kohima as the State Level Agency (SLA) as professional advisor to CEO on all IT related activities of the Department initially at an amount of Rs.5000 per month, enhanced to Rs.7500 per month latter. Apart from providing advice on professional matters, the firm was also entrusted with other IT related functions like data entry and printing of E-Rolls,

supply of hardware and stationery, development of software for printing photo identity cards etc., for which an amount of Rs.52.39 lakh was paid apart from a professional fee of Rs.5.22 lakh.

However, the firm could not develop a robust system for Electoral Rolls that conforms to the guidelines issued by the ECI. Also the firm could not advise the CEO properly on the rights of the Department with regard to the Electoral Photo Identity Card (EPIC) database and software.

3.3.7.4 EPIC Database

The Department engaged M/s. Eastern Printers, Mokokchung at a cost of Rs.3.10 crore for developing the software necessary for capturing the photograph of the voters and printing and issuing laminated Photo Identity Cards with the hologram. The firm was also required to supply miniaturized identity card, pouch laminated in tin durable fine sheets of A4 size containing 100 miniature cards. A unique ID No. for every voter in the format prescribed by the ECI was to be generated and the application alongwith the manuals were to have been handed over to the CEO.

Audit scrutiny of the EPIC database revealed that the details of voters for whom EPIC was issued and database with the photographs of the voters were not made available to the Department by the firm. There was also no synchronization between the E-Roll and EPIC databases.

3.3.7.5 Control Environment

The DEOs get the manuscript of the electorate enumerated by officials like BDOs etc., which forms the basis for the data that is fed into the E-Roll system. The DEO/officials nominated by the DEO, are to personally verify the information furnished by the voters and ensure that it is correct before the manuscripts are passed on to the CEO for entering the data in the system. While the Department informed audit that 100 *per cent* verification of the print outs is carried out and reconciled with the manuscripts, audit analysis of the data revealed that the input controls and validation checks in this regard were very weak leading to numerous duplicate records, as detailed below:

- There were 5877 records in the system where the name of voter, assembly constituency, polling station and house number were identical;
- There were 3636 records where the name of voter, assembly constituency, name of father/husband and house number were identical, irrespective of the polling station;
- There were 3277 records where the assembly constituency, name, name of father/husband, sex and age were identical;
- Female voters were categorized as 'M' (Male) in the database. In fact, the system accepts Sex field as 'M' (Male) when the Father/Husband relationship field is shown as 'Husband';
- The system did not capture any records in the field 'LASTNAME'; instead, the first name and last name of the voters were clubbed together in the field 'FM_NAME', resulting in capturing of short name of electors in single field as shown below:

- There were 11,48,117 records out of 12,43,143 where only the first or the second name of the voter were captured;
- There were 28,000 records with only the short name. Examples are given below:

Examples of records where only first or second name was captured	Examples of records where only short names were captured
Dilip	A. Kalam
Asenla	P. Khathsen
Achila	T. Kiusu
Chandeshwar	T.L. Phankiu

Considering that there could be many voters with similar names, unless the full name including the first, middle and the last name of the voter is captured, there will be confusion with regard to the names and consequently, the possibility of one voter passing off in the name of another voter, who has the same first/last name.

The Department accepted (September 2007) the audit observation and agreed to take necessary corrective action.

There were also numerous instances which point to weak validation controls in the system. Some such instances are given below:

- The system accepts any number from 18 to 999 with regard to the age of the voters; there were 274 records where the age of the voter was recorded as above 100.

The Department accepted (September 2007) that only the lower age limit was specified in the system and stated that the upper age limit was not yet programmed.

The ID Number field was incomplete and did not conform to the format specified in the ECI guidelines. While the ECI guidelines stipulate 7 digit Unique ID for the electorate, audit analysis of the data revealed the following:

- Only 10814 out of the 12 lakh records were provided with 7 digit ID No. and out of this, only 3459 records conform to the format prescribed by ECI. The remaining 7355 out of the 10814 records, are appended with wrong check sum (Check sum number is a part of the 7 digit ID Number, the format prescribed by ECI).
- There were 171219 records where the ID No. was not given; 770 records with duplicate ID No; 18 records with triplicate ID No. and 2 records with quadruplicate ID No.
- There were 285 records with less than 6 digit ID No. and there were 3028 records with invalid characters like comma, asterisk, hyphens, alphabets, leading spaces, etc.).

As detailed above, despite the Department claiming that 100 *per cent* verification of the manuscripts and reconciliation between the manuscripts and the print outs was being done, there were numerous cases of invalid and inaccurate data due to poor input and validation controls in the system.

3.3.7.6 System security

- **Physical access controls**

Physical access controls are necessary to ensure that only those people who are authorised by the Department have access to the system. Audit scrutiny revealed that the system including the servers, network switchers, etc., were freely accessible to any user in the Department making it vulnerable to physical threats.

- **Logical access controls**

Logical access controls are important to ensure that only authorised users log in to the system and have specific access rights to the functions that are relevant to them. It was observed that the data entry operators log in to the system using common user name and password and have access to all the folders, files and menu options in the application and can add/delete/modify the records in the database. In fact, the database is not protected by passwords and any user can access it and can append/modify/delete the records or the database itself. There are no system or audit logs to identify the users who have accessed the system or made changes to the data in the system.

- **Antivirus software**

It was also noticed in audit that the system was infected with virus. Although the Department had an antivirus software, its license had expired and the Department had not taken any action to renew the license to ensure that regular updates for the antivirus software are received.

The Department accepted (September 2007) the audit observations and agreed to take necessary corrective action.

3.3.7.7 Back up and Disaster recovery procedures

The Department does not have a policy for backing up the database, which is very critical to its functioning. Although there is an external hard disc for back up purposes, the data is not backed up at regular intervals nor are the backups stored at a different location to ensure continuity of operations in case of any disaster in the server room/building/location.

The Department does not also have a disaster management policy to ensure that the system is operationalised quickly in case of any disaster. In fact, there is no fire prevention or detention facility in the computer lab.

The Department accepted (September 2007) the audit observation and agreed to take necessary corrective action.

3.3.8 Conclusion

The implementation of the E-Roll system was not systematic and did not take into account the specific requirements of such a mission critical system, which is of immense importance to the conduct of elections and exercise of franchise by the electorate of the State. Poor input and validation controls have led to duplicate and invalid data in the system and the security of the system, both physical and logical

access, is very inadequate to guarantee the confidentiality, integrity and availability of the data. Lack of back up policy and disaster recovery procedures make the system vulnerable and incapable of recovering the data in case of unforeseen disasters/contingencies. In a democratic set up, where every single vote is significant, the importance of setting up an error free E-Roll system cannot be over emphasized.

3.3.9 Recommendations

The following measures are recommended to ensure adequate security to the system and confidentiality and integrity of the data contained therein:

- The Department needs to formulate an IT policy to ensure that IT systems are developed and operated efficiently and effectively to achieve the objectives of the Department.
- The system needs to be documented and all the changes made to the system have to be carefully considered, authorised and documented.
- Adequate input controls should be built into the system to ensure that only valid data is fed into the system. The Department needs to review the data immediately and ensure that all invalid, duplicate and junk data is deleted.
- Antivirus software should be procured, installed, updated and run on a regular basis to ensure that data is free from virus.
- Only authorised personnel should have access to the computer lab which may be ensured through the use of smart cards etc.
- Password policy should be framed and enforced so that only authorised users have access to the system/folders/files on a need to know basis. Audit logs should be activated and reviewed at regular intervals to ensure that unauthorized activities do not go unnoticed.
- There should be a clear back up policy and regular backups should be taken, stored offsite and tested periodically to ensure that these can be used when required.
- Considering the criticality of the system, the Department should formulate and document a disaster recovery plan and test it to ensure that the staff is aware of their responsibilities in case of a disaster and the system is operational within a specified period after any disaster.

HOME (POLICE) DEPARTMENT

3.4 Manpower Management in Police Department

Police Department is the biggest Government Department in the State giving employment to more than twenty thousand people. The performance review of ‘Manpower Management in Police Department’ revealed gross irregularities in recruitment, promotion, training, deployment of police personnel and their performance appraisal.

Highlights

Expenditure on manpower was 64 to 76 per cent of the total expenditure of the Department during the period 2002-03 to 2006-07.

(Paragraph 3.4.7)

Training courses were not conducted as per planned schedule in training institutes. As a result large number of recruited staff remained untrained as of March, 2007.

(Paragraph 3.4.13.1)

Due to lack of basic training as per norms, 777 Recruit Constables remained without any stipulated work and the Department incurred an idle and unfruitful expenditure of Rs.4.97 crore towards pay and allowances of these personnel from April 2006 to March 2007.

(Paragraph 3.4.13.2)

Deployment of police personnel for security guards to VVIPs/VIPs was in excess of entitlement and for longer periods of time.

(Paragraph 3.4.15)

Promotion to various posts was not done as per prescribed norm/policy.

(Paragraph 3.4.17)

There was no system of submission of monthly/quarterly returns/reports regarding manpower management to Government.

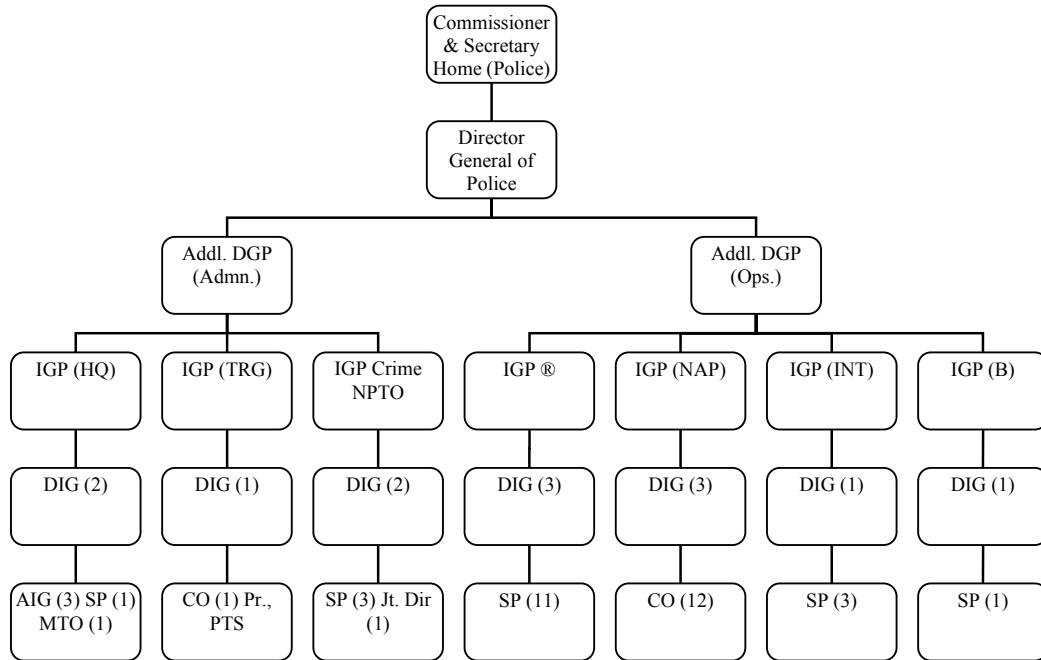
(Paragraph 3.4.18)

3.4.1 Introduction

Police Department is the biggest Government Department in the State with a staff strength of 20784 as of March 2007. It is responsible for maintaining law and order, security in the State including VIP security, control of crime, protection of life and property of the citizens and security on all the highways to ensure safe passage and movement of essential commodities and passengers. The State police is also engaged in checking and controlling drug trafficking, drug abuse and smuggling of other contraband items, illegal and unauthorised entry of outsiders to the State and checking Inner Line Permit defaulters.

3.4.2 Organisational set-up

The Department is headed by the Director General of Police (DGP) assisted by two Additional Directors General of Police (ADGP), Inspectors General of Police (IG) and Deputy Inspectors General of Police (DIG). There are 11 District Executive Force (DEF), 12 Armed Battalions and two Training Centres. An organogram of the Department is given below:



NAP: Nagaland Armed Police, NPTO: Nagaland Police Telecommunication Organisation, INT: Intelligence

The DEF is located in all the 11 districts of the State and is responsible for maintaining law and order in the respective districts. The 12 NAP Battalions are armed police field units located at various places in the districts and help the DEF in maintaining law and order of the districts as and when called for.

3.4.3 Scope of audit

Performance review of manpower management in the Department was carried out during April-July 2007 by a test check of the records relating to the period 2002-07. Out of 11 districts (three districts were formed in 2004-05), two districts i.e., Dimapur and Mokokchung in addition to capital district Kohima, were selected for field audit. Records of Police Headquarters, training centres and office of IGP (Intelligence) and DIG (Wireless) were also test checked.

3.4.4 Audit objectives

The objectives of the performance review were as follows:

- Examine whether norms/guidelines prescribed for assessment of requirement and recruitment of manpower were followed;
- Assess whether training programmes were planned and conducted based on the training requirements of police force;
- See that the manpower was deployed judiciously, keeping in view the prevalent law and order situation;

- See whether the system of performance appraisal for promotions, transfer etc., was effective and complied with the existing rules and regulations; and
- Evaluate the effectiveness of monitoring mechanism.

3.4.5 Audit criteria

Audit findings were benchmarked against the following criteria:

- Nagaland Armed Police (NAP) Act.
- Norms/policy framed by the State Government for recruitment and training of police personnel.

3.4.6 Audit methodology

An entry conference was held on 14 June 2007 with the Assistant Inspector General of Police (Administration) Headquarters, wherein the audit objectives, criteria and scope of audit were explained and the procedures followed for recruitment, promotions, deployment of manpower and performance appraisal system were discussed. The audit findings were discussed with the Department in an exit conference on 7 November 2007 and the replies of the Department have been incorporated in the review at appropriate places.

3.4.7 Financial arrangements

Budget allocation and expenditure incurred by the Department on manpower during the period 2002-07 are detailed below:

Table-3.4.1

(Rupees in crore)

Year	Budget allocation	Total expenditure	Expenditure on manpower	Percentage of expenditure on manpower	Percentage of other expenditure
2002-03	228.17	228.37	162.74	71	29
2003-04	267.00	259.33	165.67	64	36
2004-05	254.14	247.78	187.64	76	24
2005-06	297.81	286.61	218.48	76	24
2006-07	317.94	315.54	237.64	75	25

Source: Appropriation Accounts

From the above, it may be seen that the major expenditure of the Department was on salary and accounted for 64 to 76 *per cent* of the total expenditure during the period under review. The expenditure on other police related activities ranged between 24 to 36 *per cent*.

Audit findings

The major findings of audit are discussed in the succeeding paragraphs.

3.4.8 Assessment of requirement

The Department did not furnish the guidelines/norms prescribed for assessment of requirement of manpower despite several requisitions from the audit team (April, May and June 2007) and there was no evidence on record of any comprehensive exercise having been conducted by the Department to assess its manpower requirement based on population, for carrying out its assigned functions. Table below shows the sanctioned strength and men in position of the uniformed personnel of various groups of the Department.

Table-3.4.2

Group ³⁴	2002-03		2003-04		2004-05		2005-06		2006-07	
	Sanctioned strength	Men in position	Sanctioned strength	Men in position	Sanctioned strength	Men in position	Sanctioned strength	Men in position	Sanctioned strength	Men in position
A	215	189	216	186	234	176	242	199	245	220
B	184	144	184	124	191	128	191	140	198	148
C	4200	4097	4200	4078	4200	3996	4392	4185	4556	4332
D	14069	14561 *(4%)	14069	14558 *(3%)	14069	14549 *(3%)	14877	15324 *(3%)	15649	16084 *(3%)
Total	18668	18991	18669	18946	18694	18849	19702	19848	20648	20784

Source: Departmental figure * overstuffed

The above table reveals huge inter-year variations between the sanctioned strength and men-in-position in all the cadres. While the number of men-in-position in Group A, B and C cadres declined during 2002-05 (except Group B in 2004-05) and improved thereafter, the shortage of staff in these three cadres ranged from 3.67 per cent to 7.03 per cent during the period under review. The Group D cadre on the other hand was overstuffed by three to four per cent during the corresponding period.

The Department could not furnish any reasons for the fluctuation in the number of sanctioned staff and men-in-position over the years. Despite repeated requests, it could also not furnish any documentary evidence relating to creation of posts year after year in various cadres. Apart from being indicative of adhocism in the functioning of the Department, recruitment of staff in excess of approved strength is irregular.

3.4.9 Recruitment

Recruitment policy as laid down in 1999 for the Department is detailed below:

- Fifty per cent of vacancies in the rank of Deputy Superintendent of Police/ Assistant Commandants are to be filled up through Departmental promotions and the remaining fifty per cent by direct recruitment through Nagaland Public Service Commission.

³⁴ Group A: DGP, ADGP, IGP, DIGP, AIG/SP, Addl. SP, Dy .SP, Commandant, Dy. Commandant ant Asst. Commandant.

Group B: Un-armed Branch Inspector and Armed Branch Inspector.

Group C: Armed Branch Sub-Inspector/Un-armed Branch Sub-Inspector, Havildar, Thana Havildar Constable and Naik.

Group D: Lance Naik, Constable and Non-Combatant Employees.

- Out of total vacancies in the rank of Unarmed Branch Sub Inspectors (UBSI) and Armed Branch Sub Inspectors (ABSI), fifty *per cent* of the vacancies are to be filled by direct recruitment through selection tests and fifty *per cent* by promotion through Central Promotion Test (CPT) from the rank of Assistant Sub Inspector (ASI) and Havildar (HAV)/Thana Havildar (THC)s/Head Constable (HC) subject to vacancies.
- Similarly, in the rank of ASI, 50 *per cent* of the vacancies are to be filled by direct recruitment from matriculate passed candidates through selection tests and the remaining fifty *per cent* from the rank of constable to Havildar/Head Constables subject to vacancy.
- All constables are to be recruited directly based on educational qualifications laid down i.e. class-VIII pass for advanced tribes and class-VI pass for backward tribes, through written and physical tests. All the posts are reserved for Nagas only.

The Department had not complied with the recruitment procedures laid down by the Government in a number of cases as brought out in the following paragraphs.

Table-3.4.3

Year	Rank					
	UBSI/ABSI		ASI		Excess recruitment	
	Vacancies	Recruitment	Vacancies	Recruitment	UBSI/ABSI	ASI
2002-03	+12	2	32	19	14	--
2003-04	+5	6	33	42	11	9
2004-05	2	28	105	1	26	--
2005-06	12	44	68	--	32	--
2006-07	16	13	18	--	--	--

Sources: Departmental figure

From the above table it may be seen that during 2002-03 and 2003-04, there were 17 excess ABSI/UBSI, however, the Department recruited 8 more ABSI/UBSI during the above periods. Again, during 2004-05 and 2005-06, against the vacancy of 2 and 12 posts in this cadre, the Department recruited 28 and 44 personnel respectively. On the other hand, excess recruitment of nine personnel was done for the post of ASI during 2003-04. The Department incurred extra expenditure towards pay and allowances of these staff during the above period.

3.4.9.1 Irregular recruitment of ABSI

The DGP constituted (January 2005 and April 2006) a Recruitment Board to fill up the vacant posts of ABSIs. Audit scrutiny revealed that the Board, after due process of recruitment, recommended appointment of 22 candidates in 2004-05 and 13 candidates in 2006-07. The Department, however, appointed 6 in 2004-05 and 44 in 2005-06 resulting in excess as against that recommended by the Board.

3.4.9.2 Excess recruitment

As per rule 7 of Recruitment Rules, 2005 the Appointing Authority should ensure wide publicity for fresh recruitment through local newspapers and radio.

During the period September 1998 to April 2006 some unit Commanders of Battalions and SPs of DEF recruited constables for their units randomly without assessing the requirement or notifying the vacancy position through local newspapers/radio as prescribed under rules. The unit wise excess appointments, as per the DGP's records are shown below:

Table-3.4.4

Name of the unit	No of excess appointments	Period of appointment
IGP (INT)	48	12/03 to 9/05
7 NAP Bn Comdt	33	11/02 to 2/05
SP Kiphire	169	from 4/05 onwards
SP Zunhebboto	23	from 8/04 to 11/05
	14	from 4/05 onwards
SP Phek	31	from 5/03 to 9/ 05
Commandant 1 st NAP Bn	21	from 9/98 to 4/03
S P Peren	55	from 04/03 to 04/06

Source: Departmental figure

This resulted in irregular expenditure of Rs.4.36 crore (average emoluments) towards pay and allowances of these staff during the period. The DGP proposed (May 2006) initiation of disciplinary action against the officers involved in excess recruitment. The case was, however, yet to be finalised (November 2007).

The DGP deputed (February 2006) senior Departmental officers to visit all the battalions and SP offices to report on the excess appointments made by the respective unit Commanders. During the process, excess appointment of 105 constables was detected in various battalions. The Department did not furnish the dates of their recruitment or the details of excess pay and allowances on account of these constables despite repeated requests from Audit.

3.4.9.3 Unauthorised appointment

With a view to regularising the excess irregular appointments made earlier in the Department and to prevent further erosion of credibility, the DGP withdrew (April 2006) the appointment authority of all SPs and Commandants with immediate effect.

Test check of records of units in the selected districts revealed that the Commandants and SPs continued to recruit constables and Non-combatant employees (NCE) despite the ban, as shown in the table below:

Table No. 3.4.5

Name of the Unit	No. of personnel recruited	Period of recruitment
S P Dimapur	Constables -2 & NCE- 2	04/06 to 03/07
1 st NAP Bn.	Constables -15	02/07 to 03/07
Police Training School	Constables -7	04/06 to 03/07
Police Central Workshop	Constable -1 & NCE-1	12/06 to 03/07 02/07 to 03/07

Source: Departmental figure

Despite clear violation of the instructions, no action was initiated against the concerned Commandants and SPs nor was the irregular appointment annulled (March 2007).

3.4.9.4 Irregular recruitment of constables

It was observed that during 2006, 885 persons were recruited as constables in different units of the Department and sent (May 2007) for basic training to Nagaland Police Training Centre (NAPTC).

A central screening test carried out by a Board to scrutinise whether the constables were recruited as per norms, revealed that, out of 885 recruits, while 31 were absent, 70 were under height, 11 did not have the requisite educational qualification and 27 were medically unfit. All these 139 RCs including the 31 absent RCs were sent back to their respective units with a direction to discharge them from service. But the service of only 32 RCs have been terminated during March and August 2007.

Had the unit Commanders recruited RCs as per norms of recruitment prescribed by the Department, the recruitment of 108 RCs could have been avoided. The lapses at the initial stage resulted in excess expenditure of Rs.69 lakh ³⁵ towards the pay and allowances of these personnel from April 2006 to March 2007.

3.4.10 Inspector vs Constable Ratio

Based on the information furnished (June 2007) by the Department, the Inspector vs Constable ratio of the Department was worked out in audit as follows:

Table-3.4.6

Year	Inspectors		Constables		Ratio	
	Sanctioned strength	Men-in position (NAP &DEF)	Sanctioned strength	Men-in position (NAP &DEF)	Sanctioned strength	Men-in position
1	2	3	4	5	6	7
2002-03	184	144	12,319	12,736	1:67	1:88
2003-04	184	124	12,319	12,733	1:67	1:103
2004-05	191	128	12,319	12,724	1:64	1:99
2005-06	191	140	13,057	13,430	1:68	1:96
2006-07	198	148	13,759	14,120	1:69	1:95

As per “Data on Police Organisation in India” published (June 2006) by the Bureau of Police Research and Development, Union Ministry of Home Affairs, the National average ratio of Inspectors to Constables is 1:47.

Against the ratio of sanctioned strength of Inspectors to Constables ranging from 1:64 to 1:69 during 2002-07, the Department maintained men-in-position ratio between 1:88 and 1:103 during the above period. This indicated that there was no review of cadre strength or improving the promotional prospects of constables for effective control and utilisation of the Police force at the line level. Reasons for this high ratio of Inspectors to Constables were not available on record.

³⁵

Period	No. of RCs	(Rupees in lakh)	
		Average emolument per month	Total emolument
4/06 to 3/07	108	5335x12 (m)	69

3.4.10.1 Officers vs men ratio

The Committee on Police Reforms, 2000 (Padmanabhaiah Committee) had recommended reduction in recruitment of constabulary and enhancement of Officers in Police Department. The Committee suggested that the ratio of Officers to men should be improved to 1:4. The Department did not take any action to comply with this recommendation. The position in this regard for the last five years is shown below:

Table-3.4.7

Year	Officers**		Men#		Ratio	
	Sanctioned strength	Men-in-position (NAP & DEF)	Sanctioned strength	Men-in-position (NAP & DEF)	Sanctioned strength	Men-in-position
2002-03	1450	1363	16196	16530	1:11	1:12
2003-04	1451	1333	16196	16516	1:11	1:12
2004-05	1476	1248	16196	16504	1:11	1:13
2005-06	1508	1334	17102	17348	1:11	1:13
2006-07	1540	1431	17946	18117	1:12	1:13

Source: Departmental figure

Note: **Officers comprise ASI and above rank. Men comprise Constables and Head Constables

Total number of Officers and Men in position as shown in Table: 3.4.7 differs with that in Table: 3.4.2 due to non-inclusion of Non-combatant employees.

Against the ratio of sanctioned strength of Officers to men ranging from 1:11 to 1:12 during 2002-07, the Department maintained men-in-position ratio varied between 1:12 and 1:13 during the above period which indicated that the Department failed to rationalise the ratio in regard to sanctioned strength and men-in-position as recommended by the Padmanabhaiah Committee. In spite of having constabulary in excess of the norms, the Department recruited 435 more Constables during the period 2002-07.

3.4.11 Appointment of Women Police

Due to increase in incidents of crime against women and children and greater involvement of females in criminal activities, the Union Ministry of Home Affairs (MHA) stressed the need to review the strength of Women Police (WP). The National Police Commission (NPC) recommended (November 1980) opening of Women Cell in every police station and increasing the strength of WP in the Police stations. The NPC further recommended that ten *per cent* of the force should be women.

The percentage of WP in Nagaland Police (March 2007) is negligible as may be seen from the details given below:

Table-3.4.8

Rank	No of personnel in DEF	Women Police		Percentage of Women Police to overall Police force
		Sanctioned strength	In position	
Inspector	82	4	4	5
UBSI	304	13	14	5
ABSI	94	-	-	-
ASI	423	27	28	7
Havildar/THC	1373	-	1	0.07
Naik	340	-	-	-
L/Naik/Constable	5633	47	194	3
Total	8249	91	241	

Source: Departmental figure

The above table reveals that the sanctioned strength of WP is just about one *per cent* of the total number of personnel in the Department. However, as with the recruitment of staff in various cadres, the actual WP in position is over twice their sanctioned strength. The Department had not given any reasons for either the insignificant number of WP or the excess of WP on rolls over the sanctioned strength.

It was learnt that the DGP had requested (July 2006) the Government to accord sanction for 545 posts of WP under various categories in view of the recommendation of the NPC to deal with the increased multifarious criminal activities and crimes against women in the State, but there was no further development in this regard (November 2007).

3.4.12 Adhoc/Contract appointments

The State Department of Personnel & Administrative reforms imposed (April 1993) ban on appointment of ad-hoc/casual/temporary and work charged employees. It was reiterated in February 2001 that no appointment on ad-hoc/temporary/work charged basis shall be made under any circumstances in any Department at any level.

However, the Department appointed 244 Grade IV staff (Constables and non combatant employees) on ad-hoc/contract/temporary basis, out of which, 196 were employed after April 1993 and all the employees rendered service in the Department for periods ranging from 1 to 14 years as of March 2007. The Department was extending their service from year to year in view of their good performance and utility. The unit wise number of these staff is shown in the table below:

Table-3.4.9

Unit	No. of staff			Total
	Contract	Ad hoc	Temporary	
DEF Kohima	10	17	2	29
DEF Dimapur	7	-	-	7
DEF Wokha	1	4	-	5
DEF Phek	2	5	-	7
DEF Peren			3	3
DEF Zunheboto	4	-	-	4
DEF Tuensang	2	-	-	2
DEF Mon	-	-	1	1
DEF Kiphire	-	1	-	1
PHQ	9	-	-	9
2 nd NAP Bn	1	4	-	5
4 th NAP Bn	5	2	4	11
5 th NAP Bn	4	-	-	4
6 th NAP Bn	-	19	-	19
7 th NAP Bn	13	14	-	27
8 th NAP Bn	-	2	-	2
9 th NAP Bn	-	1	-	1
11 th NAP Bn	36	12	-	48
NAPTC	5	-	-	5
OC PCS	-	-	3	3
PTS	5	-	-	5
IGP INT	-	46	-	46
Total	104	127	13	244

Source: Departmental figure

The Cabinet decided (April 2002) on the following course of action:

- Services of those contract employees who have put in more than 10 years of service be regularised. Overage may be condoned in whichever case it is applicable.
- Services of those contract employees who have put in 5 to 10 years of service be regularised after holding a suitability test subject to scrutiny of Government.
- Service of those contract employees who have put in 2 to 5 years of service be regularised after giving them opportunity to take part in the normal recruitment test subject to scrutiny of the Government.

The Department did not regularise the services of ad hoc/contract employees as of March 2007 despite the Cabinet decision though 198 of them were eligible for regularisation.

3.4.13 Training

3.4.13.1 Training Plan and Implementation of training programme

The Department has two training institutes viz., (i) Nagaland Armed Police Training Centre (NAPTC) and (ii) Nagaland Police Training School (NPTS) for imparting training to different categories of police personnel.

Scrutiny of annual training plan and training programmes conducted revealed that courses were not conducted as per the annual training plan. The variation in training courses planned and conducted during the period 2002 to 2006 are shown in the table below:

Table-3.4.10

Year	No. of training courses planned during the year		No. of training courses conducted as per planned schedule		No. of unplanned courses conducted		Total training courses conducted	
	NAPTC	PTS	NAPTC	PTS	NAPTC	PTS	NAPTC	PTS
2002	NA	1	NA	1	NA	1	NA	2
2003	12	7	1	3	5	1	6	4
2004	17	6	1	2	3	6	4	8
2005	16	6	1	1	6	3	7	4
2006	12	7	11	2	3	2	14	4
Total	57	27	14	9	17	13	31	22

Source: Departmental figures

From the table above it will be seen that during the years 2002-06, as against 57 and 27 training courses planned for by the Commandant, NAPTC and Principal, PTS, only 14 and 9 courses were conducted respectively during the period. Also, as against 23 (NAPTC: 14, PTS: 9) courses conducted as per planned schedule, 30 unscheduled courses were conducted (NAPTC: 17, PTS:13).

Further, it was noticed that during the calendar years 2002-06, the Department recruited and promoted 171 and 245 persons to the post of ABSI/UBSI and ASI respectively, but qualifying training course for ABSI/UBSI and basic training for ASI which was mandatory and planned for every year was imparted only to 80 and 101 ABSI/UBSI and ASI respectively. Thus, 91 ABSI/UBSI and 144 ASI remained untrained till date. The reason for shortfall in training was neither on record nor stated to audit. Thus, the purpose of planning and preparing the training schedule proved futile.

3.4.13.2 Basic training of Recruit Constables (RCs)

As per the orders of PHQ issued from time to time, the recruitment of constables, both DEF and NAP personnel of the Department was to be done once in a year during the month of October/November so that the new recruits could be deputed to training institutes for training to be started from February of the following year.

Audit scrutiny revealed that during the year 2006, 885 constables were recruited in different units of the Department (unit wise date of recruitment was not made available to audit) and sent (May 2007) for basic training to NAPTC. The Department claimed (May 2007) that recruitment was made in 2006 but test check of records of selected units revealed that actual recruitment of constables was made in earlier years *i.e.*, 2004 and 2005. It may be mentioned that during the calendar year 2005 and 2006, no basic training for RCs was conducted in the training institutes.

As mentioned in paragraph 3.4.9.4, during screening (May 2007), the Board rejected 108 RCs due to irregular recruitment and 746 were finally enrolled for training (31 were absent). Therefore, all 777 (746+31) RCs remained untrained in the respective units without any stipulated work since their recruitment due to lack of basic training as per norms. The Department incurred an idle and unfruitful expenditure of Rs.4.97

crore³⁶ towards pay and allowances of these personnel from April 2006 to March 2007.

3.4.14 Deployment of manpower

Deployment of personnel is handled by the DEF for prevention and detection of crime, maintenance of law and order, VIP security, static guards to various State and Central Government establishments located in the State with the support of NAP personnel deployed as an armed reserve force of the DEFs and also in areas not covered by Police Station staff of the DEFs.

The total manpower of State Police as of March 2007 was 20784. This number does not include various battalions of the Central Police Forces of the Assam Rifles and CRPF which are stationed throughout the State for maintenance of law and order.

The population of the State, area and deployment of police personnel as of March 2007 are indicated below:

Table-3.4.11

Area (sq.km)	Population (2001 census)	Total No. of police personnel posted in the State	No. of policemen per sq. km in the State	No. of policemen per 100 population
16,579	19,90,036	20,784	1.25	1.04

Source: Statistical Hand Book of Nagaland

Test check of records of units in three selected districts revealed that the deployment of police personnel in urban and rural areas was not based on population. The details of population in urban and rural areas and police personnel deployed are shown in the table below:

Table-3.4.12

District	Population		Percentage of population		Policemen posted		Percentage of posting	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Kohima	78,584	2,35,782	25	75	2726	114	96	4
Dimapur	1,23,892	1,84,490	40	60	1,021	911	53	47
Mokokchung	31,204	1,96,026	14	86	1,437	417	77	23

Source: Statistical Hand Book and Departmental figure

From the table above, it will be seen that 60 to 86 *per cent* population live in rural areas and 14 to 40 *per cent* in urban areas. On the contrary, the percentage of police personnel deployed in rural areas was only 4 to 47 *per cent* and in urban areas, it was 53 to 96 *per cent*. Thus, deployment of police personnel in rural areas was significantly low in comparison to the urban areas. Due to improper deployment, the people of the rural areas remained out of security coverage.

³⁶ @Rs.5335 per month on average x 777 x 12 months = Rs.4,97,43,540.

3.4.15 Security coverage to VVIPs

Scrutiny of deployment of police personnel showed that armed police personnel from different NAPs and DEFs have been deployed for providing security cover to VVIPs, politicians and other high ranking Government officials. During the period covered in review, a large number of policemen of various grades were deployed in providing security cover to persons identified with threat perception in the Z+, Z special, Z, Y and X categories. The details of police personnel deployed for security cover to VVIPs are shown in table below:

Table-3.4.13

Year	No. of VVIPs					Entitlement					Security deployed					Excess deployment					Total excess deployment
	Z spl	Z+	Z	Y	X	Z spl	Z+	Z	Y	X	Z spl	Z+	Z	Y	X	Z spl	Z+	Z	Y	X	
2002-03	1	1	5	14	25	--		8	6	3	--	--	66	91	89	-	-	26	7	14	47
2003-04	--	3	4	50	42	-	-	8	6	3	--	--	50	320	130	-	-	18	20	4	42
2004-05	--	3	7	28	46	-	-	8	6	3	--	--	75	180	140	-	-	19	12	02	33
2005-06	--	3	7	28	46	-	-	8	6	3	--	--	80	180	150	-	-	24	12	12	48
2006-07	--	3	7	28	46			8	6	3	--	--	75	185	155	-	-	19	17	17	53

Source: Departmental figure

The above table shows that during the last five years, there were 33 to 53 security personnel deployed with VVIPs in excess of the latter's entitlement. The Government's order for class wise entitlement of security guards was neither on record nor produced to audit. The Department has not reviewed the threat perception of various VVIPs/VIPs at periodical intervals to ascertain the need to deploy security guards for VVIP/VIP security for long periods of time.

3.4.16 Deployment of Static Guards

Instructions (March 1971) of the State Government as reiterated (March 1995) by the DGP, stipulate that the cost of providing police guards is to be recovered at the rate of fifty *per cent* of the pay and allowances of the guards deployed at banks/offices. The DGP also directed (May 1995) all unit commanders to ensure that all payments due are to be realised on time and credited to Government account.

Test check of records of the units in selected districts revealed that all the units deployed police personnel as static guards in other organisations but the cost of their deployment amounting to Rs.14.04 crore (including opening balance of Rs.2.15 crore) for the period 2002-07 was not realised as of March 2007. Details are shown in the table below:

Table-3.4.14

Name of the unit	Place of deployment	Amount outstanding (in lakh)
4 th NAP Bn	State Bank of India	19
S P Kohima	Central Bank, Co-operative Bank, Rural Bank and Vijaya Bank	93
S P Dimapur	Co-operative Urban Bank, Rural Bank, LIC and GRP	932
1 st NAP Bn	State Bank of India and Co-operative Bank	110
S P Mokokchung	State Bank of India and Co-operative Bank	204
2 nd NAP Bn	State Bank of India, Allahabad Bank and Bank of Baroda	46
Total		1404

Source: Departmental figure

There was no record to show that the Department took any initiative to realise the long outstanding amount.

3.4.17 Performance appraisal

As per norm prescribed by the Department, 50 *per cent* of the vacant posts of different categories of staff are to be filled up through a Central Promotion Test (CPT) conducted departmentally and also as per recommendation of the Selection Board. As per Police Manual, the following norms/guidelines are required to be followed by the Department for promotion of police personnel to different ranks.

- A constable recruit should not be allowed to sit for the Departmental examination for promotion to ASI until he has put in at least one year as a constable after the completion of training. The SPs will send their recommendation to the DGP for promotion, who will make the final selection.
- A constable should not be promoted to the post of Head Constable unless he possesses a certificate of competency in drill.
- An ASI must ordinarily have served with credit for full 3 years in the Department and sufficiently well educated to make him eligible for promotion.
- Promotion to Sub Inspector will ordinarily be made by selection from amongst the confirmed Havildars and Head Constables subject to their passing of the prescribed cadre course(s). Proficiency in drill, including riot drill, a good knowledge of weapons etc. are required.
- Promotion to the rank of Inspectors will be made by the DGP from the list to be prepared by a State Selection Board constituted by him from time to time for the purpose.

It was seen that the Department maintained seniority list which was not updated regularly. In case of ABSI, UBSI, ASI and Havildar, seniority lists were prepared up to 2002, 1999, 1989 and 1998 respectively, without recording full information regarding training and other performance parameters against the individual. It was also seen that during the period from 2002-07, promotions were made to various categories of staff based on the recommendations of CPT Board but it was not clear whether the relevant norms/guidelines to be followed as per the provisions of Police Manual for promotion were followed, since the relevant records were not produced to audit. Moreover, promotions were made without observing the vacancy position in the promotional posts and the promotional criteria of 50 *per cent*. The details of vacancies and promotions made to certain categories of posts during the last five years are shown in the table below:

Table-3.4.15

Year	Rank							
	UBSI/ABSI		ASI		Excess promotion			
	Vacancies	Promotions	Vacancies	Promotions	UBSI/ABSI		ASI	
					No. of promotions as per 50% vacancies	Promotion in excess of 50% vacancies	No. of promotions as per 50% vacancies	Promotion in excess of 50% vacancies
2002-03	(+) 12	-	32	62	--	--	16	46
2003-04	(+) 5	30	33	32	--	30	17	15
2004-05	2	15	105	33	1	14	53	--
2005-06	12	46	68	56	6	40	34	22
2006-07	16	52	18	76	8	44	9	67
Total	13	143	256	259	15	128	129	150

Source: Departmental figure

From the table above it will be seen that the Department had neither followed the promotion criteria nor assessed the vacancy position of posts resulting in excess promotion to the particular cadre.

Also, during the period 2002-07, the Department stated to have promoted 124 personnel from Naik and constable to the rank of Havildar. But cross check of CPT recommendations and promotion orders issued in respect of Constable and Naik cadre revealed that the Department actually promoted 377 personnel from Naik and Constable to Havildar posts. Thus, there was a discrepancy in promotion of 253 Naik and Constables to the rank of Havildar during these five years which could not be explained to audit.

The DGP constituted (November 2002) a Board consisting of Chairman and seven other members to conduct CPT for promotion of Naik to Havildar at Nagaland Armed Police Training Centre. Accordingly, the Board conducted CPT and selected 151 candidates on merit-cum-seniority basis for promotion to the rank of Havildar. The Board recommended (January 2003) that promotion of Naik from Serial No. 1 to 56 of the seniority-cum-merit lists can be effected against the vacancy of 56 Havildar posts. The Board further recommended that those Naiks who secured 50 per cent total marks from Serial No. 57 to 151 may be kept in the waiting list for a period of two years.

It was seen in audit that against the Board's recommendation for promotion of 56 Naiks to the rank of Havildar, the Department within a short spell of one year exhausted the entire list of 151 candidates by giving them promotion to the post of Havildar. Thus, promotion of 95 Naiks to the rank of Havildar was against the recommendation of the Board and without observing the existing vacancies.

3.4.18 Monitoring and evaluation

There was no prescribed procedure for monitoring the activities of the Department. Monthly/quarterly reports/returns regarding manpower management by the PHQ were not being submitted to the Government. Unit Commanders are authorised to appoint Constables and NCE staff subject to vacancies but due to lack of monitoring, many Unit Commanders appointed such personnel irregularly without the knowledge of/intimation to higher authorities. The gradation/seniority list of various categories of staff was not updated.

3.4.19 Conclusion

The Department had not carried out any analysis to assess its manpower requirement for carrying out its functions. Recruitment of different categories of staff was made in an adhoc manner without regard to the actual requirement/vacancies and without observing the norms/instructions laid down by the Government/Department for the purpose. The Department also failed to initiate action against erring officials. Training needs were not analysed and planned training schedules were not adhered to. It neither maintained a comprehensive database of its manpower to facilitate its effective management nor monitored the deployment vis-à-vis requirement.

3.4.20 Recommendations

The following recommendations are made:

- Requirement of staff at various levels should be assessed at regular intervals and recruitment should be with reference to the requirement and policy/guidelines of the Government.
- Training to different categories of staff should be imparted as per plan based on norms.
- Deployment of staff should be need based and security coverage and deployment of security guards to VVIP/VIP should be based on identified threat perception and entitlement.
- A comprehensive database of staff should be created and maintained upto date to ensure that staff are not recruited or promoted in violation of policy/norms.
- Stringent action should be initiated against officials who violate Government orders/policy/instructions.

The matter was reported to the Government/Department in August 2007; reply had not been received (November 2007).