

CHAPTER I

DEPARTMENT OF UNDER DEVELOPED AREAS

The Department of Under Developed Areas established in June 2003 is entrusted with the responsibility of improving the economic condition of the people, in 26 educationally and economically backward constituencies of the State, through implementation of a State plan scheme “Development of Under Developed Areas Programme” (UDAP) and the Centrally sponsored scheme “Border Area Development Programme” (BADP) in seven blocks under these areas. Performance audit revealed that prioritized sectors like education, health, electricity and drinking water supply, as envisioned in the perspective plans and baseline survey reports, were not accorded priority while formulating the annual work programmes. The impact of implementation of these schemes remained un-assessed as the Department did not monitor and evaluate the performance of the projects. A performance review on implementation of these schemes revealed the following major deficiencies:

Highlights

The Department failed to constitute District Level Selection Committees headed by the Deputy Commissioners, as envisaged under UDAP to recommend the proposed works in their districts. The works were randomly recommended by the elected representatives of the constituencies and approved by the State Level Screening Committee.

(Paragraph 1.7)

An amount of ₹ 6.74 crore kept in Civil Deposit during 2005-06 and 2009-10 was reported as final expenditure by the Department, thereby inflating the actual expenditure to that extent.

(Paragraph 1.8.2)

Agriculture, education, health, electricity and water supply were identified as the prioritized sectors in the baseline survey report and the perspective plan. However, 80 per cent of the funds were spent on non-prioritised sectors indicating ineffective implementation of the schemes.

(Paragraph 1.9)

The claim of 100 percent achievement by the Department proved unreliable as 17 projects out of 46 projects that were physically verified were incomplete, three works were not taken up at all and full payments had been released for some unexecuted works.

(Paragraph 1.9.1)

Monitoring and evaluation of the works had not been carried out and as such the impact of the implemented schemes remained un-assessed.

(Paragraph 1.10)

1.1 Introduction

The Department of Under Developed Areas (DUDA) was set up in June 2003 with the objective to bring about infrastructural, socio-economic and human resource development in those areas which were educationally and economically backward in comparison to other areas of the State. Towards achieving these objectives, the Department implemented the following two schemes covering 26 educationally and economically backward constituencies of the State comprising about 38.42 *per cent* of the population.

- Development of Under Developed Areas Programme (UDAP) - a State Plan scheme and
- Border Area Development Programme (BADP) - 100 *per cent* Centrally sponsored scheme funded by the Union Ministry of Home Affairs.

1.2 Organizational set up

The Border Area Development Programme was formerly implemented by the Planning Department. However, a separate Department in the Chief Minister's office was formed in June 2003 to oversee the implementation of UDAP and BADP scheme.

The Secretary who is the Chief Controlling Officer is assisted by the Director and one Executive Engineer from the Nagaland Public Works Department on technical matters relating to execution of works.

1.3 Scope of Audit

A performance audit of DUDA since inception of the Department was taken up between May-July 2010 through test check of records in the Directorate and the Executive Engineer. During the period covered in audit, the Department took up 2178 projects with a total outlay of ₹ 205.10 crore. Out of this, records in respect of 115 projects involving an expenditure of ₹ 34.68 crore (17 *per cent*) were selected for audit by 'Multi Stage' method of sampling.

1.4 Audit objectives

The broad objectives of the audit were to assess whether:

- realistic and integrated perspective plan was prepared and works taken up accordingly;
- funds were utilised for the intended purpose;
- the objectives of the Department to accelerate the pace of development have been achieved;
- the works were being executed in accordance with the terms of the contracts; and
- adequate systems of monitoring and quality assurance of the works were in place.

1.5 Audit criteria

The audit objectives were benchmarked against the following criteria:

- Perspective Plan/Annual Action Plan
- Detailed Project Reports of selected projects
- Scheme Guidelines
- Financial Rules
- Nagaland Public Works Department Codes

1.6 Audit Methodology

The performance audit was conducted during May to July 2010. However, entry conference with the Secretary, the Director and other senior officers of the Department was held in June 2010, wherein the audit objectives, scope, audit criteria and methodology were discussed. The performance audit was carried out through an examination and analysis of records, collection of information through questionnaires, interviews and joint physical verification of selected projects etc. The report was finalized after incorporating the replies appropriately and views expressed by the Department during an exit conference held on 22 September 2010.

Audit Findings

1.7 Planning

(A). The UDAP scheme guidelines envisaged the constitution of District Level Selection Committee to be headed by the respective Deputy Commissioners comprising Additional Chief Engineer/Superintendent Engineer, Road and Bridges, Executive Engineer (Housing), District Sports Officers, District Planning Officer and Sub-Divisional Officer, DUDA as members for the purpose of recommending the proposed works in their jurisdiction. However, no such committee was constituted and therefore the works were randomly recommended by the respective MLAs and approved by the State Level Screening Committee (SLSC) without any plan documents.

Though the Department prepared perspective plan in respect of three districts covering six constituencies (out of 26 constituencies) during 2008-09, the SLSC did not consider the prioritized sectors like education, health, industry, drinking water and power supply while formulating the work programmes as envisaged in the perspective plan even after its adoption.

(B). The BADP introduced by Government of India during the Seventh Five Year Plan emphasized on bottom-up planning by carrying out baseline surveys to assess the critical gaps in physical and social infrastructure in remote border areas. Scheme guidelines also emphasized taking up large projects to fill the critical gaps in road network, social

infrastructure and essential needs rather than smaller schemes which directly benefit specific villages. Though the Department conducted baseline survey in 2008-09, it was seen from the annual work programmes that the recommendations of the District Planning and Development Board and subsequent approval by the SLSC did not commensurate with the needs of the targeted area as brought out in the baseline survey report. This indicated deficiency in the planning process as discussed in Paragraph 1.9.

The BADP Scheme guidelines also envisaged that SLSC should meet at least once in a year preferably before March every year in order to finalize the schemes for the following year and assess the progress of previously sanctioned schemes under the programmes. This list of schemes was to be sent to Department of Border Management, Ministry of Home Affairs within March every year for release of funds.

It was noticed from the Minutes of the SLSC meeting (2004-10), that there was delay¹ in holding the SLSC meetings ranging from one to six months which resulted in delay in sanctioning of schemes and release of funds by GOI to State Government and from State Government to the implementing agencies. Consequently, the Department failed to achieve the yearly target in time.

The Department while accepting the fact stated (September 2010) that the guidelines are under consideration for revision.

1.8 Financial Management.

The year-wise approved capital outlay and expenditure incurred by the Department on the schemes under UDAP and BADP during 2003 -10 is given below:

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<i>Due date for holding the SLSC meeting</i>	<i>Date of SLSC meeting held</i>	<i>Delay in SLSC meeting</i>
<i>Before march every year</i>	<i>24 September 2004</i>	<i>6 months</i>
	<i>21 June 2005</i>	<i>3 months</i>
	<i>23 June 2006</i>	<i>3 months</i>
	<i>25 May 2007</i>	<i>2 months</i>
	<i>17 July 2008</i>	<i>4 months</i>
	<i>30 June 2009</i>	<i>3 months</i>
	<i>27 April 2010</i>	<i>1 month</i>

Table No. 1.1

(Rupees in crore)

Year	Approved outlay			Expenditure incurred			Excess (+)/Saving (-)			Percentage of excess/savings
	State Plan (UDAP)	CSS (BADP)	Total	State Plan	CSS	Total	State Plan	CSS	Total	
2003-04	11.25	4.16	15.41	7.23	4.26	11.49	(-)4.02	(+) 0.10	(-)3.92	(-)25.44
2004-05	11.25	4.16	15.41	9.79	3.50	13.29	(-)1.46	(-) 0.66	(-)2.12	(-)13.76
2005-06	11.25	4.56	15.81	11.11	3.42	14.53	(-)0.14	(-) 1.14	(-)1.28	(-)8.10
2006-07	21.25	15.77	37.02	19.39	14.64	34.03	(-)1.86	(-) 1.13	(-)2.99	(-)8.08
2007-08	19.55	10.00	29.55	19.55	7.67	27.22	-	(-) 2.33	(-)2.33	(-)7.88
2008-09	21.66	26.74	48.40	21.66	15.20	36.86	-	(-) 11.54	(-)11.54	(-)23.84
2009-10	24.00	19.50	43.50	24.00	30.74	54.74	-	(+) 11.24	(+)11.24	(+)25.84
Total	120.21	84.89	205.10	112.73	79.43	192.16	(-)7.48	(-)5.46	(-)12.94	

Source:- Department figures

Review of the budget provision and expenditure during the last seven years ending March 2010 revealed that there was persistent savings ranging from 8 per cent to 25 per cent during 2003-09. The savings under Central sector was due to the State Government's inability to absorb the funds released by GOI.

The Department accepted the facts (September 2010).

1.8.1 Incorrect reporting of utilisation of fund.

During 2003-10 an amount of ₹ 83.44 crore was sanctioned by the GOI under BADP. Out of this, the Department could utilize ₹ 78.08 crore due to non release of ₹ 5.36 crore by the State Government. However, the Department submitted utilisation certificate (UC) to the GOI showing entire amount as utilised as of March 2010 leading to false reporting of utilization to obtain further sanction from GOI.

The Department accepted the facts (September 2010).

1.8.2 Target and Achievement

Though the Director claimed 100 per cent financial and physical achievement of the targets and also exhibited most of the funds as expenditure during the years, the claim of the Department appeared doubtful and unreliable as the earmarked funds under BADP amounting to ₹ 25.95 crore² for the year 2004-09 were released by the State Government to the Department only during the following years. It was also seen that during 2003-10, the Department retained heavy cash balances³ and this accumulated cash in hand increased

² ₹ 1.39 crore in 2004-05; ₹ 5.99 crore in 2006-07; ₹ 3.33 crore in 2007-08 and ₹ 15.24 crore in 2008-09.

³

Year	Closing balance as on 31 March (Rupees in crore)
2003-04	10.45
2004-05	12.49
2005-06	22.34
2006-07	50.49
2007-08	32.13
2008-09	38.31
2009-10	58.99

from ₹ 10.45 crore in March 2004 to ₹ 58.99 crore in March 2010. Thus, the funds received by the Department both from the Centre and the State were being exhibited as expenditure in the accounts without being actually spent thereby impacting the physical achievement of the projects.

Besides, the Department reported ₹ 6.74 crore⁴ (March 2006 and March 2010) as final expenditure which was parked in “8443-Civil Deposit” rendering the accounts defective. Parking of funds in Civil Deposit erodes the accountability and legislative control over expenditure, as withdrawal from the Civil Deposit during the subsequent years do not require approval of the legislature and the expenditure will not pass through the appropriation mechanism.

The Department could not produce to audit any records showing the handing over of the completed projects to the end users to supplement their claim of achievement. Joint physical verification (June 2010) also negated the claim of the Department as 17 targeted projects⁵ out of 46 projects physically verified, even though stated to have been complete in all respects, remained incomplete or works were not done at all as discussed in paragraph 1.9.1.

The Department accepted the facts (September 2010).

1.8.3 Parking of funds in bank accounts

According to Rule 9 of Central Treasury Rule (CTR), a Government Officer may not, except with the special permission of the Government, deposit in a bank, other than the Reserve Bank of India or its agent for the purpose of Government transactions, money withdrawn from the Government Account under provision of Rule 12 to 25 of CTR.

Scrutiny revealed that funds released by the Central and State Governments from time to time for implementation of various projects were drawn from the State Exchequer and ₹ 7.28 crore (31 March 2009) and ₹ 14.66 crore (31 March 2010) kept in two current accounts in State Bank of India⁶, Kohima and one current account in SBI⁷, Dimapur. Subsequent releases to the contractors were made from the current accounts by self cheques. The Department neither obtained permission from the Government to operate such bank accounts, as required under Treasury Rules, nor maintained any cheque issue register. Parking of Government money in bank accounts without Government approval and subsequent utilization without observing the codal provisions invites the risk of fraud and mis-appropriation and therefore should be avoided.

The Department accepted the facts (September 2010).

⁴ ₹ 2.74 crore in 2005-06 and ₹ 4 crore in 2009-10.

⁵ 2006-07=3; 2007-08=3; 2008-09=5 and 2009-10=6

⁶ Main branch-10530525475 and Bazaar Branch-30726432615

⁷ SBI Dimapur-30159539640

1.8.4 Delay in release of funds by the State Government.

Under BADP, the State Government was required to release the funds released by GOI to the implementing agencies within 15 days from the date of release by GOI. Scrutiny revealed that there was delay ranging from 14 days to 240 days (*Appendix-1.1*) in release of Central funds by the State Government after receipt of the sanction. Delay in release of funds by the State Government was contrary to the guidelines prescribed by the GOI.

The Department accepted the facts (September 2010).

1.9 Programme Implementation.

The activities of the Department are centered around the overall development to improve the socio-economic condition of the people of under developed and border areas. The Department took up 2178 projects involving ₹ 205.10 crore under UDAP and BADP during 2003-10. The sector-wise position of implementation of the schemes is given below:

Table 1.2

(Rupees in crore)

Sector	Number of projects sanctioned		Total Projects	Funds sanctioned		Total Expenditure	Percentage of utilization vis-à-vis sanction
	UDAP	BADP		UDAP	BADP		
Social Infrastructure	562	204	766	40.33	33.72	74.05	36
Roads	536	190	726	56.76	33.92	90.69	44
Agri & Allied	146	140	286	7.02	3.57	10.59	5
Education	130	129	259	7.42	4.91	12.33	6
Health	18	50	68	0.66	1.86	2.52	1
Electricity	2	3	5	0.28	0.09	0.37	1
Water supply	22	15	37	1.84	5.56	7.39	4
Misc.	19	12	31	5.90	1.26	7.16	3
	1435	743	2178	120.21	84.89	205.10	100

(Source: Annual works programme and minutes of SLSC).

It is seen from the above table that the Department had spent ₹ 90.69 crore (44 per cent) in road sector and ₹ 74.05 crore (36 per cent) in social infrastructure while ₹ 40.36 crore (20 per cent) only was spent on prioritized sectors like agriculture, education, health, power and providing drinking water supply.

The implementation of the programmes to improve the socio-economic development of the under developed areas was therefore, flawed since the prioritized sectors as identified in the perspective plan and baseline survey report were ignored which was compounded by inadequate financial management.

The Department accepted the facts (September 2010).

1.9.1 Physical achievement

Out of the 2178 projects taken up during 2003-10, 115 projects were selected for test check. As per the records furnished to audit, all the works were shown to have been physically and financially complete in all respects. To corroborate the observations of audit, physical verification of 46 projects out of the 115 projects were undertaken and the position of achievement are given below:

Table No. 1.3

Projects physically verified		Projects completed		Projects not taken up (till completion of audit)		Incomplete projects	
Number	Amount (Rs. in lakh)	Number	Amount (Rs. in lakh)	Number	Amount (Rs. in lakh)	Number	Amount (Rs. in lakh)
46	3123.02	26	554.00	3	65.00	17	2504.02

Source: Departmental records

It is evident from the above that though 46 projects costing ₹ 3123.02 lakh were shown to have been completed in all respects, 17 projects costing ₹ 2504.02 lakh were seen to be still incomplete. Besides, in 3 projects costing ₹ 65 lakh which were stated to be complete, the work had not even commenced. The findings of audit in respect of a few projects are detailed below:

(i) Payment made without actual execution of work

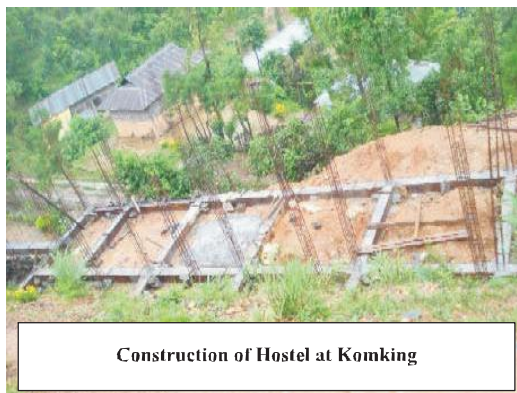
The construction of Community Hall at Yaongyimchen village and construction of Hostel at Government High School, Komking, Noklak were taken up under UDAP during 2007-08 and 2008-09 at a total approved outlay of ₹ 20 lakh each with stipulated time of completion as three months from the date of issue of the work orders.

Scrutiny of the measurement books (MBs) revealed that the works were completed in November 2007 and March 2009 and final payment of ₹ 19 lakh (₹ 9.50 lakh each) was made during June 2008 and May 2009.

Joint physical verification (July 2010) by audit along with the department officials however, revealed that construction works were still in progress as can be seen from the photographs below:



Construction of community hall at yaongyimchen



Construction of Hostel at Komking

Thus, the Department paid ₹ 19 lakh without actual execution of the works which is not only irregular but also indicates absence of monitoring by the Department.

The Department while accepting the facts (September 2010) stated that the Village Council had altered the size of the building of the community hall at Yaongyimchen and therefore the funds allotted were not sufficient to complete the work. In respect of the construction of Hostel at Government High School, Komking, Noklak, the work could not be completed as the Village Council was not satisfied with the proposed architecture of the building.

(ii) Community sanitary and retaining wall at Yachem

The construction work of community sanitary and retaining wall at Yachem was taken up during 2008-09 under UDAP at a cost of ₹ 15 lakh. Against the work, the Department had paid ₹ 14.15lakh (May 2009) for construction of Cement Concrete wall and Stone rubble masonry. A Joint physical verification (June 2010), however, revealed that three toilets and two retaining walls were constructed for use by only one individual without following the specified items in the estimate for the work and therefore the work did not commensurate with the amount paid as can be seen from the photographs given below:





Hence, incurring expenditure on construction for the benefit of a few individuals from the funds allotted for community sanitation was not only irregular but was also indicative of absence of monitoring on the part of the Department.

While accepting the facts (September 2010) the Department stated that the concerned contractor had assured the Department that the new community sanitary and retaining wall will be constructed as per the specifications.

(iii) Widening of local ground at Yachem village

The work for widening of local ground at Yachem village was taken up under UDAP during 2009-10 with an approved outlay of ₹ 10 lakh. Scrutiny of records revealed that the work was completed in March 2010 and final payment of ₹ 9.50 lakh was made in May 2010.

Joint physical verification (July 2010) by audit along with department officials however, revealed that the work had not been done at all. Thus, payment of ₹ 9.50 lakh was made on fictitious measurement. The existing ground at Yachem is given below:



While accepting the facts, the Department stated (September 2010) that the work could not be done due to land dispute which has since been settled and the work would be completed soon.

(iv) Water supply from Jaboka to Tizit town

The work of providing water supply from Jaboka to Tizit town was taken up under UDAP during 2008-09 at an approved cost of ₹ 20 lakh. Scrutiny of records revealed that the Department paid ₹ 19 lakh (May 2009) to the contractor for construction of iron tank with steel stand and fitting of GI pipes.

During joint physical verification (July 2010) by audit team along with departmental officials, it was however, noticed that GI pipes were not fitted for distribution of water and therefore, iron tank with steel stand remained unused as can be seen from the photographs below:



Thus, the steel tank constructed under the programme remained idle defeating the objective of providing drinking water to the targeted beneficiaries.

While accepting the facts (September 2010), the Department stated that the GI pipes would be fitted after construction of sub-distribution tank.

(v) DUDA office building at Tuensang

The construction of DUDA office building at Tuensang under UDAP was taken up in three phases during 2006-09 with an outlay of ₹ 45.02 lakh. Scrutiny revealed that the work was certified to be completed as per specification and payment of ₹ 44.50 lakh made in three bills (November 2007 and April 2009).

Joint physical verification (June 2010) by audit along with the department officials however, revealed that sanitary fittings and electrification had not been completed, rendering the DUDA office building, Tuensang incomplete and idle as shown in the photograph below:



While accepting the facts (September 2010), the Department stated that the works of sanitation and electrification could not be done due to paucity of funds and shall be completed on allotment of funds in the ensuing year.

(vi) Model Village at Angphang

Construction of model village at Angphang consisting of 11 components of work with an estimated cost of ₹ 5 crore under BADP as approved by the State Level Selection Committee was taken up by the Department in phased manner during 2008-2011. The Government had released ₹ 4 crore during 2008-10. Scrutiny of records revealed the Department paid ₹ 1.42 crore⁸ (March 2010) for construction of Community well; community toilets and sanitation; improvement of playground with gallery and rostrum and construction of water supply facilities/distribution and rain water harvesting during 2009-10.

During joint physical verification (June 2010) by audit along with departmental officials, it was however, noticed that construction of the aforesaid works had not yet commenced.

Thus, it is evident that the Department had paid ₹ 1.42 crore on fictitious measurement.

While accepting the facts (September 2010), the Department stated that the works are expected to be completed at the earliest.

(vii) Construction of Tribal welfare complex at Mon

Construction of tribal welfare complex at Mon Town was taken up under UDAP during 2008-09 with an outlay of ₹ 15 lakh. Scrutiny of records revealed that an advance

⁸ Community well-₹ 9.50 lakh; Community toilets and sanitation-₹ 28.49; Improvement of playground with gallery and rostrum-₹ 57 lakh and construction of water supply facilities/distribution and rain water harvesting-₹ 47.50 lakh.

payment of ₹ 10.35 lakh was made in four installments⁹. Joint physical verification by audit along with departmental officials however, revealed that work had not started at the site (June 2010). Thus, ₹ 10.35 lakh had been paid without execution of any work and the amount of advance remained outstanding with the contractor since December 2008 resulting in un-due benefit to the contractor.

While accepting the facts (September 2010), the Department stated that the work could not commence due to land dispute.

In sum, it is evident from the above instances that implementation of the programmes are not being done and monitored with due efficiency and effectiveness.

1.9.3 BADP funds spent in non-border areas

According to BADP Scheme guidelines, the scheme should be implemented only in the defined and demarcated border areas/border blocks falling within a radius of 10 KMs from the international border.

In Nagaland there are 159 recognized border villages approved by the State Government and the Union Ministry.

Scrutiny of records revealed that BADP funds of ₹ 1.30 crore was spent by the Department on 21 projects in 23 non-border villages during 2007-10. Thus, the expenditure incurred by the Department on implementation of 21 projects in non-border villages was in violation of BADP guidelines.

The Department stated (September 2010) that all the locations were within the border blocks but only their names had been changed representing the local rivers, hills, streams etc.

But the fact however, remains that all the 21 projects have been taken up beyond the radius of 10 KMs from the international border as the names of the villages do not appear in the list of 159 recognised border villages approved by the State Government and the Union Ministry.

1.9.4 Display of sign board

Both the UDAP and BADP scheme guidelines stipulated that sign boards showing the funding of the scheme/projects, should be placed in front of all assets created under the schemes. It was, however, noticed during field visits to 45 selected projects that display boards were not placed in front of 11 projects. The veracity of the claim by the Department regarding execution of the projects could therefore, not be authenticated.

While accepting the facts (September 2010), the Department stated that since the sign boards were made of temporary material, it did not last long.

⁹ 18 December 2008; 21 January 2009; 11 May 2009 and 16 April 2010

1.9.5 Training of Staff

To enhance the effectiveness of BADP programmes, institutional arrangements for planning and staffing of the Department were to be strengthened and the staffs engaged in the field were to be properly trained and oriented. Towards fulfilling this objective, the Department was permitted to reserve an amount not exceeding ₹ 25 lakh each year for training and monitoring of the projects.

Scrutiny of records revealed that ₹ 31.50 lakh was incurred during 2004-06 and 2009-10 purportedly for training purposes. However, no training was imparted to the officers and staff of the Department engaged in the field and no exposure tours were undertaken to explore the adaptability and suitability of various schemes executed by other border area States in the country.

Thus, implementation of BADP programmes is being managed by untrained staff in contravention to the guidelines.

1.9.6 Procurement of CGI sheet

During 2004-10 an expenditure of ₹ 5.32 crore was incurred for procurement of CGI sheets under UDAP and BADP. The Department neither maintained stock register nor could furnish the delivery challans and the list of beneficiaries but instead stated that the material were directly procured and distributed by the concerned elected representatives. In the absence of these vital records, audit could not verify the genuineness of the expenditure incurred on procurement of CGI sheets and its subsequent distribution to the beneficiaries.

1.10 Monitoring and Evaluation.

An effective monitoring system is a pre-requisite for any department for its smooth functioning and achievement of its targets and objectives. The Department of DUDA was established with the intention to supervise, monitor and evaluate all developmental works and also to conduct research and expert studies in the under developed areas and extend policy inputs. The State Government was also required to closely monitor the implementation of the works/schemes being implemented under BADP.

Scrutiny revealed the following:

- Except the field inspection by the Advisor to DUDA, Shri.E.E.Pangteang, MLA during March and April 2010, the Department did not monitor the works or conduct a survey to evaluate the performance of the Department. Therefore, the impact of the programmes to improve the socio-economic condition of the under developed villages remained un-assessed even after seven years of its implementation.

- The quarterly progress reports submitted to GOI proved incorrect as the report prepared was based on the quantum of payments made against the works without evaluating the actual progress of work done.

While accepting the facts (September 2010), the Department stated that a High Level Committee has now been constituted.

1.11 Internal Control

Internal controls provide a reasonable assurance to the management that the stated objectives are achieved, financial interest, assets and other resources of the Department are safeguarded and reasonable information is available. Internal Control System however, does not exist in the Department. In Nagaland, the Department of Treasuries and Accounts is entrusted to conduct internal audit of all Government establishment under the State. However, it was seen that during the period covered in audit no internal audit was conducted in the Department. There were no records to show that periodical physical assessment of works by supervisory level officers was carried out. Therefore, the Departmental officials were unable to assess the quantum of achievements of the stated objectives and the impact of implementation of the programmes.

(i) Non-maintenance of Asset Register

According to BADP scheme guidelines, the State Government is permitted to keep a provision not exceeding 15 *per cent* of the allocation for maintenance of assets created under BADP after three years from the date of issue of completion certificate in respect of the assets.

Scrutiny revealed that out of the total expenditure of ₹ 84.89 crore under BADP during 2003-10, an amount of ₹ 83.63 crore was incurred for creation of assets. However, the Department had not maintained any asset register to watch subsequent claims for maintenance of assets created under BADP. The Department also did not maintain register in respect of assets of ₹ 114.31 crore created under UDAP.

1.12 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Department in providing the required information, records and extending logistic support for the joint physical verification of the selected projects.

1.13 Conclusion

The objective of the Department to improve the economic condition through implementation of various developmental schemes for the under developed areas remained largely unachieved due to a significant shortfall in completion of projects coupled with lacunae in the planning process. There was also persistent savings as the Department was unable to absorb the funds provided by GOI. Besides, the State

Government delayed release of Central funds to the Department. There were instances where payments were made without actual execution of works. Monitoring and evaluation of the projects was not carried out and as such, the impact of implementation of these programmes remained un-assessed.

1.14 Recommendations

- The SLSC meeting should be held timely to enable the State Government to submit the proposal and obtain sanction of GOI in time.
- Selection of projects should be done on need base as envisaged in the perspective plan.
- The State Government should ensure timely release of funds and utilization certificate should be based on actual utilization of funds.
- Assets created should be promptly handed over to the end users and its proper utilization ensured.
- Project monitoring should be streamlined and the impact of the scheme should be periodically assessed.