

## CHAPTER - II

### SOCIAL SECTOR

#### 2.1 Introduction

This chapter of the Audit Report for the year ended 31 March 2020 deals with the findings on audit of the State Government units under Social Sector.

The names of the departments under Social Sector and their budget *vis-à-vis* expenditure details during 2019-20 are shown in **Table 2.1.1**.

**Table 2.1.1: Details of Departments with Budget allocation and Expenditure**

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure	Percentage of expenditure
1.	School Education	1,691.65	1,386.13	82
2.	Health & Family Welfare	819.25	668.95	82
3.	Social Welfare	307.52	306.50	100
4.	Water Supply & Sanitation	250.86	180.02	72
5.	Higher Education	245.86	157.77	64
6.	Municipal Affairs	176.67	121.49	69
7.	Urban Development	138.67	109.91	79
8.	Youth Resources & Sports	92.26	84.45	92
9.	Employment & Craftsmen Training	46.88	39.54	84
10.	State Council for Education, Research & Training	44.91	38.54	86
11.	Information & Public Relations	38.97	38.95	100
12.	Technical Education	36.29	23.63	65
13.	Art & Culture	31.76	27.11	85
14.	Women Welfare	12.86	11.11	86
15.	Labour	9.87	9.82	99
<b>Total</b>		<b>3,944.28</b>	<b>3,203.92</b>	<b>81</b>

Source: Appropriation Accounts, 2019-20

It would be seen from the table above that:

- In social sector, the expenditure incurred by the Government ranged between 64 per cent and 100 per cent.
- The Departments had utilised lesser amount than the budgeted allocation.

During the year, an expenditure of ₹3,181.72 crore (including funds pertaining to previous years audited during the year) of the State Government under Social sector were test checked. This Chapter contains audit observations on the Performance Audit of 'Direct Benefit Transfer' and three compliance audit paragraphs.

## Performance Audit

### MUNICIPAL AFFAIRS AND RURAL DEVELOPMENT DEPARTMENTS

#### 2.2 Direct Benefit Transfer

The Performance Audit on Direct Benefit Transfer (DBT) covered the period from April 2017 to March 2020. Out of 65 schemes implemented by 15 Departments in Nagaland, two Centrally Sponsored Schemes (CSS) implemented by two Departments viz. Municipal Affairs and Rural Development Departments were selected on the basis of volume of expenditure.

##### Highlights:

- The State DBT Advisory Board did not conduct quarterly meetings since its constitution on July 2017 as envisaged in the DBT Mission guidelines. DBT implementation Support Layer consisting of three coordinators responsible for technical, non-technical and finance & administrative support to the State DBT Cell's operations were not constituted as envisaged in the DBT Mission guidelines.

*(Paragraphs 2.2.10.1 and 2.2.10.3)*

- The State DBT Cell did not upload data of all Centrally Sponsored Schemes implemented to the State/ Bharat DBT Portal as well as Portals of the respective Ministries/ Departments of the Central Government administering the particular scheme.

*(Paragraph 2.2.10.4)*

- The overall achievement of DBT in Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) as of March 2020 was only 11.60 *per cent*. The objective of DBT was not achieved in the State as 88.40 *per cent* of job card holders were paid through an intermediary level "Village Development Board" mainly due to non-availability of banking facilities.

*(Paragraph 2.2.13.1.1)*

- The mission mode approach of the State Government/ implementing Department for full implementation of DBT in MGNREGS failed as no timeline was fixed to complete the exercise.

*(Paragraph 2.2.13.1.2)*

- Delayed release of funds to the Implementing Department and payments to ineligible beneficiaries were noticed under Pradhan Mantri Awas Yojana-Urban (PMAY-U).

*(Paragraphs 2.2.12.1 and 2.2.13.2.1)*

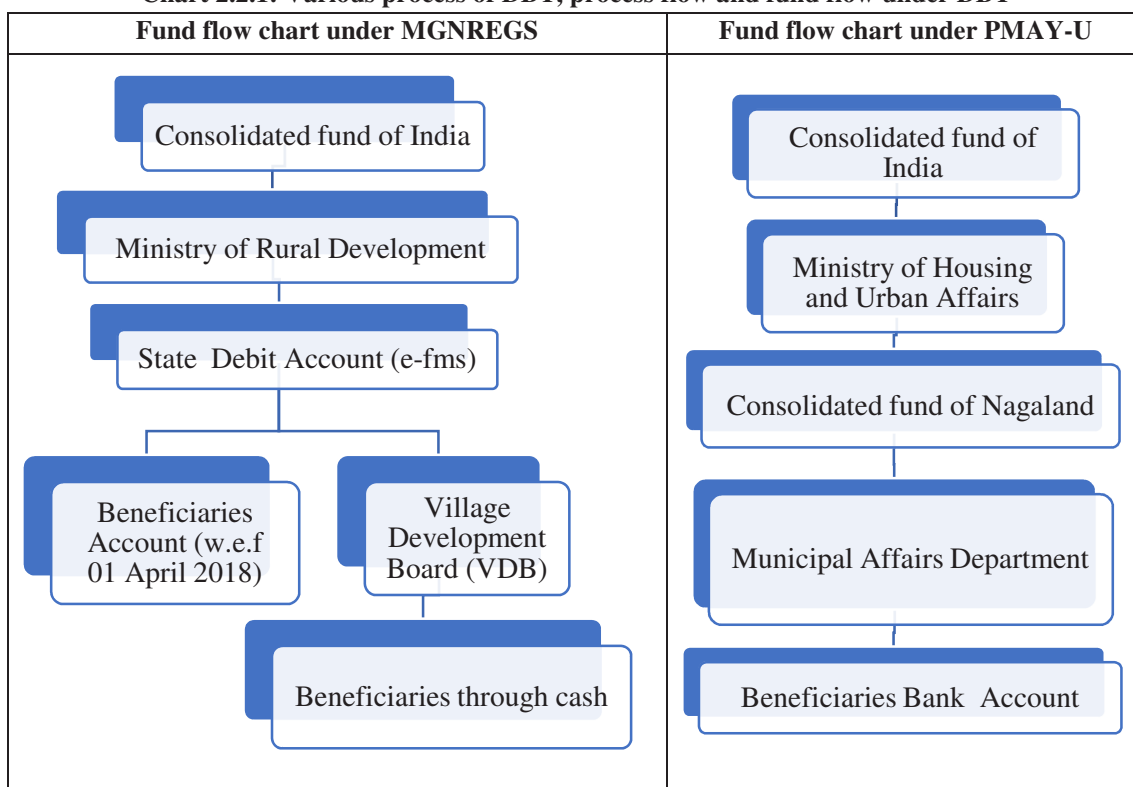
#### 2.2.1 Introduction

To reform Government delivery system by re-engineering the existing process in welfare Schemes and for faster flow of information/ funds by accurate targeting of the

beneficiaries, de-duplication and reduction of fraud, DBT was started in India on January 2013. The First phase of DBT was introduced in 43 districts and extended to 78 districts covering 27 schemes. Further, seven new scholarship schemes and MGNREGS was brought (December 2014) under the ambit of DBT in 300 districts.

DBT intends to achieve (1) Electronic transfer of benefits, minimising levels involved in benefit flow, (2) Reduce delay in the payment, (3) Accurate targeting of the beneficiary and (4) Curbing pilferage and duplication.

**Chart 2.2.1: Various process of DBT, process flow and fund flow under DBT**



Source: Records of the implementing Departments and guidelines of the schemes

### 2.2.2 Vision and Purpose of Direct Benefit Transfer

DBT vision is a governance regime which ensures a simple and user-friendly Government to People interface and directly delivers entitlements to eligible individuals and households in a fair, transparent, efficient and reliable manner. DBT is an attempt to ensure a better and timelier delivery of benefits to the people. This marks a paradigm shift in the process of delivering government benefits like wage payments, fuel subsidies, food grain subsidies, etc. directly into the hands of the beneficiaries, speeding up payments, removing leakages, and enhancing financial inclusion.

### 2.2.3 Various Process of Direct Benefit Transfer

Under DBT, the following process is followed by implementing agencies through Public Financial Management System (PFMS) or other payment system.

- I. Beneficiary identification and enrolment in Ministry’s DBT scheme Management Software.

- II. Beneficiary validation/ registration on PFMS (or any other system), including first time validation of bank account details.
- III. Generation of payment file instructions.
- IV. Processing of payment file and payment to beneficiary.

#### **2.2.4 Organisational Structure**

The GoN constituted DBT Cell on July 2016 comprising Finance Commissioner as Coordinator to ensure implementation of DBT in various schemes of the Central Government as well as State Government. He would be assisted by seven members<sup>4</sup> from different Departments of the State Government.

To coordinate and provide holistic guidance to State Government for implementation of DBT, GoN constituted (July 2017) the DBT Advisory Board headed by the Chief Secretary as Chairman. He would be assisted by the Officer on Special Duty (OSD) Finance as Member Secretary and 17 members<sup>5</sup> from different line Departments and other stakeholders. The Cell was entrusted with the responsibility of liaising with all stakeholders for the seamless transition of schemes to DBT.

#### **2.2.5 Scope of Audit**

The Performance Audit covered the period from April 2017 to March 2020. Out of 65 schemes (***Appendix 2.2.1***) implemented by 15 Departments of GoN, two Centrally Sponsored Schemes (CSS) implemented by two Departments<sup>6</sup> were selected on the basis of volume of expenditure.

- I. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).
- II. Pradhan Mantri Awas Yojana- Urban (PMAY-U).

Four<sup>7</sup> out of 11 districts in the State were selected through Probability Proportional to Size Without Replacement (PPSWOR) method.

- I. Under MGNREGS, 25 *per cent* of the Block Development Officers (BDOs) were selected from each district & 10 *per cent* VDBs from each Block and five *per cent* of beneficiaries from each selected VDBs for beneficiary survey.
- II. Under PMAY-U, five *per cent* beneficiaries were selected for survey.

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<sup>4</sup> (1) Finance Commissioner, (2) Commissioner & Secretary Education Department, (3) Commissioner & Secretary Health & Family Welfare Department, (4) Commissioner & Secretary Information Technology & Communication, (5) Secretary Social Welfare Department, (6) Secretary Rural Development Department and (7) Secretary Food & Civil Supply and O.S.D Finance

<sup>5</sup> (1) Finance Commissioner & DBT Coordinator, (2) Home Commissioner, (3) Commissioner Nagaland, (4) Principal Secretary School Education, (5) Principal Secretary Health & Family Welfare, (6) Commissioner and Secretary Information Technology & Communication, (7) Secretary Social Welfare, (8) Secretary Rural Development, (9) Secretary Food & Civil Supply, (10) Secretary Labour, (11) Secretary Higher & Technical Education, (12) Mission Director SSA, (13) Mission Director RMSA, (14) General Manager, BSNL, (15) Director Postal Service, (16) Assistant General Manager SBI & Convenor, SLBC and (17) Officer-in-Charge NIC, Kohima

<sup>6</sup> Rural Development Department and Municipal Affairs Department

<sup>7</sup> (1) Dimapur, (2) Longleng, (3) Mon and (4) Zunheboto

Table 2.2.1: Details of the selected schemes

Sl. No.	Name of the Schemes (Year of implementation)	Eligibility criteria for the Schemes	No. of beneficiary	Purpose of the Scheme	Expenditure (₹ in crore) 2017-20
1.	MGNREGS (2006)	A household having adult members (completed 18 years of age) desirous of seeking unskilled employment and residing in a rural area, who is enlisted as Below Poverty Line (BPL).	4,25,990	To provide 100 days of guaranteed employment in a financial year to every household in rural areas.	1,723.96
2.	PMAY-U (2016)	Beneficiaries desirous of availing this assistance shall approach the ULBs with adequate documentation regarding availability of land owned by them. Beneficiaries having a <i>Kutcha</i> or <i>Semi-Pucca</i> house can also avail the Scheme. Beneficiary's annual income must not exceed ₹three lakh.	23,528	To address the affordable housing requirement in all statutory towns by providing Central Assistance to Beneficiaries to construct a <i>pucca</i> house. Under this Scheme, a beneficiary is given GoI subsidy amount of ₹1,50,000 in three instalments, 40 <i>per cent</i> as 1 <sup>st</sup> instalment, 40 <i>per cent</i> as 2 <sup>nd</sup> instalment and 20 <i>per cent</i> as 3 <sup>rd</sup> instalment.	94.74

Source: Records of the implementing Departments and guidelines of the schemes

### 2.2.6 Audit Objectives

The Audit objectives were to assess whether:

- Infrastructure, organisation and management of DBT was adequate and effective.
- Necessary process reengineering was done for implementation of DBT so as to minimise (a) intermediary levels; (b) delay in payments to intended beneficiaries and (c) pilferage and duplication.

### 2.2.7 Audit Criteria

Audit criteria were derived from the following sources to assess the audit objectives:

- Guidelines of Schemes on process of identification and authentication of beneficiaries and payment.
- Standard Operating Procedures, Handbooks on DBT and guidelines for State DBT Cell issued by the DBT Mission.
- Documents, circulars, order, instructions and notifications issued by the DBT Mission, Central Ministry and State Government.

### **2.2.8 Audit Methodology**

The Performance Audit commenced with an 'Entry Conference' held on 09 March 2021 with the Special Secretary, Finance Department-cum-OSD DBT Cell, Commissioner & Secretary, Rural Development Department, Joint Director, Municipal Affairs Department along with other Departmental Officers/ the programme implementing officers, where the audit methodology, objectives, criteria, scope, *etc.*, of the performance audit were discussed. Audit Methodology involved examination and analysis of the records/ documents of DBT Cell, Directorate of RD Department for MGNREGS and Municipal Affairs Department for PMAY (U) with field visits by the Audit team for scrutiny and analysis of the records of sample Districts as well as beneficiary survey during the period from 2017-18 to 2019-20.

The Exit Conference was held on 17 December 2021 and the responses received from the Government have been incorporated in the Report at appropriate places.

### **2.2.9 Acknowledgement**

We acknowledge the co-operation and assistance extended by the Rural Development (RD) Department and the Municipal Affairs Department (MAD) during the conduct of audit.

## **Audit Findings**

### **2.2.10 DBT Cell**

#### **2.2.10.1 Constitution of DBT Advisory Board**

The DBT Advisory Board should have included representatives from multi-lateral agencies like World Bank, Asian Development Bank *etc.*, for providing technical guidance to the Cell's operation. The role of the Board shall be to provide holistic advice and inputs to ensure that the Cell's operations are not exclusive and are in sync with the interests of DBT's enablers. This body should meet once in a quarter or in any other regular interval, as deemed fit.

It was observed in Audit that Advisory Board was constituted in July 2017, however, no meeting of the Board was convened as of October 2021. In absence of the active role of the Board, the Cell was deprived of the holistic advice and guidance.

#### **2.2.10.2 Infrastructure development of DBT Cell**

As envisaged in the DBT Mission guidelines, the DBT Cell is required to have sufficient infrastructure such as IT application, IT & Communication infrastructure, Competent Human Resources, *etc.* to facilitate coordination in the implementation of DBT in various schemes.

However, scrutiny of records showed that the DBT Cell is managed by only four Secretariat Assistant and is headed by an OSD in the rank of Commissioner and Secretary. While infrastructure like IT applications and Communications were not made available in the State DBT Cell, but the same were hosted at the State Data Centre, Directorate of Information Technology and Communication (IT&C), GoN.

### 2.2.10.3 Implementation Support Layer

As per DBT Mission guidelines, Implementation Support Layer consisting of three coordinators responsible for technical, non-technical and finance & administrative support to the Cell's operations was required to be nominated. These coordinators will directly report to the DBT Coordinator who will elicit cooperation and participation from the grass root level for the Cell's operations.

It was observed that the three coordinators *i.e.*, technical, non-technical and finance & administration support to the Cell's operations were not nominated as of October 2021.

### 2.2.10.4 Uploading of data to Bharat DBT or State DBT Portal

The States were directed<sup>8</sup> to ensure that all CSS implemented on DBT mode are uploaded on the State DBT Portal linked to Bharat DBT Portal as well as Portals of the respective Ministries/ Departments of GoI administering the particular CSS.

It was observed that instead of uploading the data by State DBT Cell, the implementing departments were directed to upload details of the DBT Schemes into State DBT Portal ([www.dbt.nagaland.gov.in](http://www.dbt.nagaland.gov.in)) which was in contravention to GoI directives. It was further observed that the data were not updated periodically by any of the implementing departments into the State DBT portal.

### 2.2.10.5 Identification of DBT Schemes

As per Standard Operating Procedure (SOP) for DBT, DBT Cell will identify scheme or DBT components of schemes and classify them in the following categories.

- I) Cash Transfer from Government Account to Individual Beneficiary;
- II) Other Transfers/ Processes.

Audit observed that Nagaland State DBT cell did not identify DBT Schemes. However, identification of DBT Schemes was done by the implementing Department. The identification of DBT Schemes for CSS is done by the Central Government and was implemented by the Departments concerned. Various Departments of Nagaland implemented 65 schemes (as of October 2020) including three State Sponsored Schemes<sup>9</sup> (SSSs). Out of which, 34 schemes (including three SSSs) are DBT compliant Schemes while 16 schemes are not implemented under DBT mode and six are non-DBT schemes. Three Departments<sup>10</sup> did not furnish details of the remaining nine schemes. The details are shown in *Appendix 2.2.1*.

### 2.2.10.6 Grievance redressal mechanism

SOP for DBT stipulated that DBT Cell will constitute a dedicated body to deal with complaints and grievances of beneficiaries in a fair and timely manner. The grievance

<sup>8</sup> DO letter Nos. D-20011/03/2017-DBT (Cab) dated 10-11-2017 and D-20011/03/2017-DBT dated 20-03-2018

<sup>9</sup> State Matric Scholarship, Technical Scholarship and Nagaland Building & Other Construction Workers Welfare Board

<sup>10</sup> Agriculture Department (One scheme), School Education Department (Seven schemes) and Health & Family Welfare Department (One scheme)

may be pertaining to various issues like delays in receiving subsidy amount in the bank account of beneficiaries, incorrect or delayed feedback, incorrect set of entitlement received by end beneficiaries, etc.

However, DBT Cell did not constitute such a dedicated body to deal with complaints and grievances, as envisaged in the SOP. The DBT implementing Department deals with complaints and grievances of beneficiaries through website, email, WhatsApp, etc.

## **2.2.11 Identification of Beneficiaries for selected schemes**

### **2.2.11.1 PMAY-U: Identification/ Selection of beneficiaries by Urban Local bodies**

Para 7.1 of PMAY-U guidelines stipulated that beneficiaries availing Beneficiary-led individual house construction or enhancement assistance shall approach the Urban Local Bodies (headed by Ward Chairman) with documentation regarding availability of land owned by them. Such beneficiaries may be residing either in slums or outside the slums. Beneficiaries in slums which are not being redeveloped can be covered under this component if beneficiaries have a *Kutcha* or *Semi-Pucca* house. Annual income of the beneficiary should not exceed ₹three lakh.

The Ward Chairman shall validate and submit the beneficiary information such as ownership of land, economic status and the condition of the houses (*Kutcha*, *semi-kutcha* etc.), ensure eligibility for construction of new housing/enhancement of the prospective beneficiary to the MAD. In Nagaland, there are three Municipal Councils<sup>11</sup> (MCs) and 32 Town Councils<sup>12</sup> (TCs).

Scrutiny of records revealed that applications of 15,881 (86 per cent) out of 18,367 potential beneficiaries were submitted by ULBs to the MAD for further processing/ verification as shown in **Table 2.2.2**.

**Table 2.2.2: Details of rejected beneficiaries**

Period	Name of District	No. of applications received from ULBs					No. of applications forwarded to MAD	Details of beneficiaries	
		Municipal Council		Town Council		Total		Eligible	Ineligible
1	2	3	4	5	6	7 (4+6)	8	9	10 (8-9)
2017-18 to 2019-20	Kohima	Kohima	6,062	Tseminyu	508	6,570	4,626	4,197	429
	Dimapur	Dimapur	5,091	Medziphema	481	6,986	6,986	6,654	332
				East Dimapur	296				
				Chumukedima	1,118				
	Mokokchung	Mokokchung	2,147	Tuli	667	3,503	3,022	2,852	170
				Changtongya	535				
				Mangkolemba	154				
Zunheboto	--	--	--	Zunheboto	1,308	1,308	1,247	1,209	38
<b>Total</b>		<b>13,300</b>	<b>--</b>	<b>5,067</b>	<b>18,367</b>	<b>15,881</b>	<b>14,912</b>	<b>969</b>	

Source: Departmental records

<sup>11</sup> (1) Kohima Municipal Council, (2) Dimapur Municipal Town Council and (3) Mokokchung Town Council

<sup>12</sup> (1) Dimapur, (2) Kohima, (3) Shamator, (4) Mokokchung, (5) Jalukie, (6) Longleng, (7) Medziphema, (8) Mon, (9) Peren, (10) Phek, (11) Tuensang, (12) Wokha, (13) Zunheboto, (14) Bhandari, (15) Chumukedima, (16) Tuli, (17) Chantongya, (18) East Dimapur, (19) East Dimapur, (20) Mangkolemba, (21) Noklak, (22) Pungro, (23) Tseminyu, (24) Naginimora, (25) Aboi, (26) Chozuba, (27) Pfutsero, (28) Meluri, (29) Longkhim, (30) Tening, (31) Tobu and (32) Tizit



During door-to-door physical verification conducted by the Departmental Verification Committee of MAD, 14,912 (94 *per cent*) out of 15,881 applicants forwarded by MCs/ TCs were found eligible as per the Scheme guidelines. The remaining 969 applicants did not fulfil the eligibility criteria and were, thus, rejected. Rejection of applications indicates that ULBs/ Ward Committees did not exercise due diligence in scrutinising the documents and verification of housing requirements properly as envisaged under paragraph 7.2 of the Scheme guidelines.

### 2.2.12 Financial Management

Under MGNREGS, the Central Government will bear the entire cost i.e., 100 *per cent* of wages of unskilled manual workers and 75 *per cent* of the cost of material and wages of skilled and semi-skilled workers and the State Government will bear the remaining 25 *per cent* of materials and wages of skilled and semi-skilled workers. The State Government will also bear expenditure on unemployment allowances. PMAY-U is also 100 *per cent* centrally funded scheme.

Budget allocation and expenditure of the MGNREGS and PMAY-U are shown in **Table 2.2.3**.

**Table 2.2.3: Details of budget and expenditure of the MGNREGS and PMAY-U**

(₹ in crore)							
Sl. No.	Name of Scheme	Year	Opening balance	Fund receipt	Total available funds	Expenditure	Closing balance
1.	MGNREGS	2017-18	0.49	1,157.61	1158.10	1,002.83	155.27
		2018-19	155.27	216.42	371.69	227.47	144.22
		2019-20	144.22	369.66	513.88	493.66	20.22
<b>Total</b>				<b>1,743.69</b>		<b>1,723.96</b>	<b>--</b>
2.	PMAY-U	2017-18	60.54	1.17	61.71	13.25	48.46
		2018-19	48.46	65.05	113.51	16.63	96.88
		2019-20	96.88	14.41	111.29	64.86	46.43
<b>Total</b>				<b>80.63</b>		<b>94.74</b>	<b>--</b>

Source: Departmental records

#### 2.2.12.1 PMAY-U: Delay in release of fund

As per the terms and conditions of financial sanctions of the Ministry of Housing and Urban Poverty Alleviation (MoHUPA), GoI, the State Government should release the Central Assistance within 15 days from the date of receipt to the State Level Nodal Agency (SLNA) account, thereafter State Government should release the funds to the implementing agencies without delay failing which, the amount would be recovered with interest, as applicable, for the period of default.

The details of fund released by GoI/ GoN to the implementing Department during the period from 2016-17 to 2019-20 are shown in **Table 2.2.4**.

**Table 2.2.4: Details of delay in release of funds by the State**

(₹ in lakh)

Released by MoHUPA to the State Government			Released by the GoN to the implementing Department		Period of delay
Instalment	Date	Amount	Date	Amount	
1 <sup>st</sup> instalment for 2016-17	21-12-2016	6,049.80	22-03-2017	3,024.90	03 months 01 day
			22-09-2017	3,024.90	09 months 01 day
	18-01-2017	4.20	03-08-2018	4.20	12 months 16 days
1 <sup>st</sup> instalment for 2017-18	27-03-2018	117.00	EBR*	117.00	Directly deposited
1 <sup>st</sup> instalment for 2018-19	19-09-2018	808.20	06-02-2019	808.20	04 months 18 days
1 <sup>st</sup> instalment for 2018-19	12-11-2018	5,104.20	EBR	5,104.20	Directly deposited
	13-11-2018	239.40	EBR	239.40	Directly deposited
	30-11-2018	0.60	03-02-2020	0.60	14 months 03 days
	30-11-2018	1.80	03-02-2020	1.80	14 months 03 days
	11-03-2019	0.60	28-08-2019	0.60	05 months 18 days
	11-03-2019	349.80	03-02-2020	349.80	10 months 23 days
1 <sup>st</sup> instalment for 2019-20	31-12-2019	3.60	06-11-2020	3.60	10 months 05 days
	31-12-2019	1,437.60	06-11-2020	1,437.60	10 months 05 days
<b>Total</b>		<b>14,116.80</b>	<b>--</b>	<b>14,116.80</b>	<b>--</b>

Source: Departmental records

\* EBR = Extra Budgetary Resources

As seen from the above table, there was delay in release of funds by the GoN to the implementing Department ranging between 03 months 01 day and 14 months 03 days.

### **2.2.13 Implementation of DBT Schemes**

#### **2.2.13.1 Mahatma Gandhi National Rural Employment Guarantee Scheme**

As per the MGNREGS Operational guidelines, 2013, GoI decided to progressively move towards Aadhaar Payment Bridge and Aadhaar Enabled Payment System (AEPS) using inter-operable micro-ATMs for transferring all benefits including wages under MGNREGS. In this system, each Aadhaar number will be linked to one account in which the wages and all other benefits will be credited. Central Government fixed 31 December 2016 for completion of DBT implementation under MGNREGS with regard to Aadhaar seeding in the program database and making Aadhaar Based Payments (ABP) to all the active workers.

Accordingly, the Ministry of Rural Development (MoRD), GoI informed (November 2015) the States to take steps to expedite DBT implementation and to complete the following:

1. Complete the Aadhaar seeding of all active workers in the NREGASoft by 15 December 2016;
2. Co-ordinate with the banks to get the Aadhaar numbers seeded in the bank database and mapping at the National Payments Corporation of India (NPCI) mapper by the banks by 15 December 2016;
3. Aadhaar number cross verification by the Program Officer on daily basis; and
4. Conversion of the joint account into individual account of the worker.

Further, MoRD informed (February 2016) the States to expedite the process of Aadhaar enrolment of the MGNREGS workers and seeding the same into their bank

accounts. The States were advised to organise camps at the Block/ GP level and also to set up a committee under the Chairmanship of Chief Secretary to resolve issues pertaining to financial inclusion. The Secretary (In-charge of MGNREGS) of the State should be a member of the committee so that issues pertaining to DBT and Aadhaar seeding under MGNREGS are also taken up and resolved.

Moreover, as per Notification<sup>13</sup> issued by the DBT Cell, GoN, Aadhaar seeding is necessitated for all DBT under State Schemes and CSS.

During the period prior to 2017-18, BDO transferred the amount for payment of wages to MGNREGS workers in VDB account by cheque. The VDB Secretary then draws the amount and makes payments in cash to the workers.

The RD Department adopted Electronic Fund Management System (e-FMS) using NREGASoft from 01 April 2018 for direct release of wages to the workers account, based on Fund Transfer Order (FTO) generated at Programme Officer (PO)/ BDO level. During 2018-20, funds totalling ₹721.13 crore was utilised for implementation of MGNREGS in the State. Out of the total expenditure, an amount of ₹75.06 crore (10.41 per cent) was directly credited to individual workers accounts while the remaining amount of ₹646.07 crore (89.59 per cent) was credited to the respective VDB's account for cash payments to MGNREGS workers. Hence, the State Government failed to implement MGNREGS under DBT mode as envisaged, as 89.59 per cent of the fund transfers had no direct payments to individual workers. Moreover, no system was evolved by the Department to check that the funds paid by VDB in cash were actually paid to the eligible beneficiaries.

Thus, the objective of DBT was not fully achieved in the State to implement the MGNREGS due to the fact that a sizeable fund (89.59 per cent) were paid in cash through VDB which entails a high-risk of non-disbursement to eligible beneficiaries.

**Recommendations: The State Government may-**

- (i) *ensure the enrolment of MGNREGS beneficiaries who are yet to be enrolled, through appropriate measures, including coordination with Registrars and setting up enrolment centres at convenient locations and to sensitise the beneficiaries for Aadhaar seeding.*
- (ii) *implement the DBT scheme as envisaged whereby money is transferred directly into the bank accounts of the MGNREGS beneficiaries without any intermediary agency like Village Development Board.*

#### **2.2.13.1.1 Negligible achievement of DBT under MGNREGS in the State**

The DBT implementation status in Nagaland as of September 2016 is shown in **Table 2.2.5.**

<sup>13</sup> Notification No. FIN/DBT-I/2017-18/15 dated 25 July 2018

**Table 2.2.5: Details of Aadhaar Seeding**

(No. in lakh)

Enrolment Agency	No. of Active workers	Total no. of enrolment with Aadhaar	Details of Aadhaar seeding		Details of ABP		Pendency at Programme Officer level
			No.	Per cent	No.	Per cent	
1	2	3 (Col. 2 * 0.67 <sup>14</sup> )	5	6 {(5/2)*100}	7	8	9
Registrar General of India	5.69	3.81	1.21	21	0.00	0	0.54

Source: Ministry letter M-12014/2/2015-MGNREGS-V (FTS-344637) dated 23 November 2015<sup>15</sup>

Note: The reason for excess enrolment of active worker is due to enrolment of two or more adults in a household whereas, enrolment in Job card is one in each household

It can be seen from above table that implementation of DBT in Nagaland had not commenced at the time of issue of the notification in all 74 Blocks (42 banked blocks and 32 unbanked). As many job cards holders were yet to open bank accounts even in the bank covered blocks, Nagaland was exempted by MoRD for implementation of DBT and to continue cash payments through VDB accounts till December 2018 with the following conditions:

1. State will ensure that all MGNREGS beneficiaries have bank/ Post office account.
2. State will implement 100 per cent e-FMS at all locations and from April 2018, all payment will be done through e-FMS in these 42 banked blocks.

Accordingly, implementation of DBT in Nagaland started from April 2018. The status of DBT under MGNREGS (after DBT implementation from April 2018) is shown in **Table 2.2.6**.

**Table 2.2.6: Status of DBT under MGNREGS**

Year	Total Job-card workers	DBT Job-card workers	Non-DBT workers	Percentage
2018-19	4,16,884	32,617	3,84,247	7.82
2019-20	4,25,990	49,414	3,76,576	11.60

Source: Departmental figure

It can be seen from above table that out of 4,16,884 Job-card workers (March 2019), only 32,617 Job-card workers (eight per cent) were paid through e-FMS and the remaining 3,84,247 Job-card workers (92 per cent) were paid in cash even after extension granted by MoRD. The overall achievement of DBT in MGNREGS in Nagaland was only 11.60 per cent (as on March 2020).

The Department stated (September 2021) that 100 per cent DBT/ e-FMS could not be achieved due to inadequate banking coverage and facilities at villages. Most of the banks were located in urban and semi-urban areas. Rural banking coverage is inadequate and access to banks and banking facilities are inadequate for job card holders based at rural areas. In addition, a bank branch with staff shortage, has to cater to many blocks and hence deputing staff for special camps by banks was difficult and therefore special awareness and outreach activities by banks to familiarise on banking procedures are minimal.

<sup>14</sup> As per Registrar General of India, out of the active workers, 67 per cent was enrolled with Aadhaar

<sup>15</sup> DBT implementation status as on 22 November 2016

The achievement in respect of implementation of DBT under MGNREGS in the four sampled Districts is shown in **Table 2.2.7**.

**Table 2.2.7: Details of DBT status in selected District**

Name of District	Total beneficiaries	DBT Beneficiaries	Per cent
Dimapur	1,47,332	13,244	8.99
Mon	60,209	16,236	26.97
Zunheboto	79,178	286	0.36
Longleng	42,750	812	1.90
<b>Total</b>	<b>3,29,469</b>	<b>30,578</b>	<b>9.28</b>

Source: Departmental figure and web site (March 2021)

As can be seen from table above, the achievement in Mon district which is considered as one of the economically backward and remote districts of the State achieved higher (26.97 per cent) than the other three test checked districts especially, the achievement of 0.36 per cent in respect of Zunheboto District was very dismal.

Beneficiary survey of 766 out of 8,599 beneficiaries in 24 selected VDBs revealed that 161 beneficiaries (21 per cent) were paid through DBT and the remaining 605 beneficiaries (including 479 beneficiaries with bank account) were paid in cash.

Beneficiaries stated that due to remoteness of the village and non-accessibility to banking facilities/Aadhaar Processing Centre, they could not open their bank account or Aadhaar Card.

In respect of beneficiaries having bank account but paid in cash, the Department stated (September 2021) that even though bank accounts were opened, the accounts were either inactive or rejected due to non-matching of names in the Aadhaar or Job cards.

**Recommendation:** *The State Government should take necessary step to sensitise the beneficiaries having inactive/ dormant accounts for updation of their accounts and make efforts to create more banking facilities/ Aadhaar Processing Centre to usher the need of the rural areas.*

#### **2.2.13.1.2 Non-achievement of Road map target**

Due to the difficulties faced by the Department to fully implement DBT in the State, further exemption was sought (September 2018) by the Department for total implementation of DBT till March 2019. GoI directed (October 2018) the State to immediately start implementation of e-FMS for wages and to prepare a road map for implementation of DBT.

As per the road map, to improve the DBT implementation of MGNREGS, it was decided to implement in Mission Mode as shown in **Table 2.2.8**.

**Table 2.2.8: Mission Mode Strategy**

Missions	Activities	Timeline
<b>Mission I:</b>	Timely payment through e-FMS through VDB	30 October 2018 for two Districts viz. Kohima and Dimapur. 30 November 2018 for remaining nine Districts of the State. (Entire State: 30 November 2018)
<b>Mission II:</b>	Introduction of DBT	No timeline was fixed
<b>Mission III:</b>	Focus on Monitoring and Evaluation (M&E)	
<b>Mission IV:</b>	Capacity Building of field functionaries on MGNREGS focus areas	

Source: Departmental records

The methodology followed by the Department was to select a pilot location for eFMS/ DBT and work out a strategy to implement e-FMS/ DBT. State monitoring dashboard would be created to effectively monitor, manage and implement e-payments and regular reviews with districts and banks, State Level Bankers' Committee (SLBC), Unique Identification Authority of India (UIDAI), PFMS for better implementation of DBT. Workshops and capacity building programs would be conducted for field functionaries for better implementation.

Mission-I roadmap to make timely payment through e-FMS to VDB was contrary to the DBT guidelines as VDB is an intermediary body and not the actual beneficiary. Therefore, the objective of the DBT guidelines to minimise the intervention of intermediary level and to make payment directly to the beneficiaries was defeated.

Mission-II envisaged working out a strategy for selection of pilot location to implement e-FMS and DBT in two districts (Kohima and Dimapur) to start-up e-FMS to VDB account for opening of bank accounts and collection of workers Aadhaar number to enable DBT directly to the beneficiaries. No timeline was fixed to complete the exercise by the Department. Thus, the objective of implementing DBT in Mission mode did not yield any tangible result.

### **2.2.13.1.3 Inadequate banking facilities and APCs coverage in rural areas**

As per information provided by the District Administration and Reports of the SLBC, there are insufficient banking facilities and Aadhaar Processing Centres (APCs) in the remote areas. The details are shown in **Table 2.2.9**.

**Table 2.2.9: Details of banking facilities in the selected Districts**

Name of the District	Population (rural and urban) (in lakh)	No. of banks		No. of ATM		No. of Business Correspondence <sup>16</sup> (BC)	
		2017-18	2019-20	2017-18	2019-20	2017-18	2019-20
Dimapur	3.79	62	65	140	143	33	109
Mon	2.50	7	8	8	9	5	22
Zunheboto	1.41	9	9	6	8	1	13
Longleng	0.50	1	1	2	2	5	2

Source: District Administration and State Level Bankers' Committee, Nagaland report for the quarter December 2017 to March 2020

<sup>16</sup> Retail agents who represent banks and are responsible for delivering banking services at location other than bank branch/ATM

It can be seen from the above table that banking facilities and APCs coverage is insufficient to cover all the villages and beneficiaries. Quarterly SLBC meetings along with representatives from various banks, OSD Finance and Commissioner Secretary of various departments including Stake Holders are being held. As per the Action Taken Report of the SLBC meeting, the Banks has stated that due to remoteness of the areas, poor network connectivity, difficulty in staff deployment in case of exigencies and securities issue prevailing in remote areas, it was not favourable to open banking outlet at unbanked blocks.

### **2.2.13.2 Pradhan Mantri Awas Yojana (Urban)**

Para 1.1 of PMAY-U guidelines stipulated that Mission for urban area was to be implemented during 2015-22 by providing central assistance to implementing agencies through States/ UTs to provide housing to all eligible families/ beneficiaries by 2022. The Mission would be implemented through four optional verticals to beneficiaries, ULBs and State Governments such as (i) “*In situ*” Slum Redevelopment; (ii) Affordable Housing through Credit Linked Subsidy; (iii) Affordable Housing in Partnership and (iv) Subsidy for beneficiary-led individual house construction or enhancement. States/ UTs shall have the flexibility to redefine the annual income criteria as per local conditions in consultation with the Centre.

GoN implemented subsidy for beneficiary-led individual house construction or enhancement whereby Economically Weaker Section (EWS) households having an annual income up to ₹three lakh were eligible for this Scheme. However, the DBT scheme started in December 2017 through National Electronic Funds Transfer (NEFT) and PFMS Platform started in February 2019.

#### **2.2.13.2.1 Payment to ineligible beneficiaries**

Scrutiny of records revealed that an amount of ₹141.17 crore was released (December 2016 to December 2019) by Ministry of Housing & Urban Affairs<sup>17</sup>, GoI for 23,528 beneficiaries<sup>18</sup> as first instalment.

It was however observed that 161 beneficiaries were ineligible on the following grounds: (i) income was above ₹three lakh per annum (ii) more than one member from a family applied or (iii) already owned *Pucca* house.

The implementing Department released ₹96.60 lakh @ ₹60,000, as 1<sup>st</sup> instalment to 161 ineligible beneficiaries<sup>19</sup>, out of which an amount of ₹25.26 lakh<sup>20</sup> had been recovered. However, amount of ₹71.34 lakh is remaining to be recovered from

<sup>17</sup> The Government, in 2017, merged the urban development and housing and urban poverty alleviation ministries as the Ministry of Housing and Urban Affairs (MoHUA)



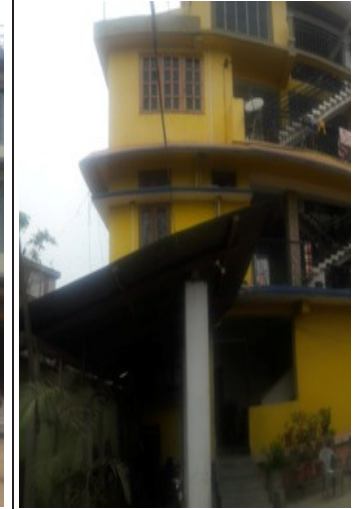
<sup>18</sup> New Construction-13,529 beneficiaries and Enhancement-9,999 beneficiaries

<sup>19</sup> Kohima- 80 beneficiaries and Dimapur- 81 beneficiaries

<sup>20</sup> As on May 2022, ₹60,000 each was recovered from 38 beneficiaries, ₹54,000 each from four beneficiaries and ₹30,000 from one beneficiary

123 beneficiaries<sup>21</sup>. The Department did not initiate any action for recovery of the amount paid to ineligible beneficiaries.

Photographs of houses where payments made to ineligible beneficiaries under PMAY (Urban) Scheme.

			
<p><b>Name of the Beneficiary:</b> Swedele  <b>Beneficiary ID Nos:</b> 138014662058900152  <b>Father's Name:</b> Lt. Vihoto  <b>Date of payment:</b> 19-12-2017  <b>Address of the Beneficiary:</b> A.G. Colony  <b>Name of District:</b> Kohima  <b>Reason for ineligible:</b> Beneficiary has already a pucca house and using the Ground Floor as commercial.  <b>Recovery amount:</b> ₹54,000 recovered and ₹6,000 is remaining to be recovered.</p>	<p><b>Name of Beneficiary:</b> Yanchibeni Tsanglao  <b>Beneficiary ID Nos:</b> 138014662059200002  <b>Father Name:</b> Pankathung Lotha  <b>Date of Payment:</b> 14-12-2017  <b>Address of Beneficiary:</b> Paramedical Colony  <b>Name of District:</b> Kohima  <b>Reason for ineligible:</b> Government Employee earning (₹31,880 per month) more than income above eligibility criteria (₹3,00,000 per annum).  <b>Recovery amount:</b> No recovery was made.</p>	<p><b>Name of Beneficiary:</b> Nyamo Jami  <b>Beneficiary ID Nos.:</b> 138014572082500042  <b>Father Name:</b> Wobsndsao Jami  <b>Date of Payment:</b> 05-05-2018  <b>Address of Beneficiary:</b> Ward 21, Notun Basti, Dimapur  <b>Name of District:</b> Dimapur  <b>Reason for ineligible:</b> Beneficiary has already a pucca house.  <b>Recovery amount:</b> No recovery was made.</p>	<p><b>Name of Beneficiary:</b> Akholung Kamei  <b>Beneficiary ID Nos.:</b> 138014572080600027  <b>Father Name:</b> Amu Kamei  <b>Date of Payment:</b> 05-05-2018  <b>Address of Beneficiary:</b> Ward 04, Rongmei Colony, Dimapur  <b>Name of District:</b> Dimapur  <b>Reason for ineligible:</b> Beneficiary has already a pucca house.  <b>Recovery amount:</b> No recovery was made.</p>

Thus, payment to ineligible beneficiaries deprived the eligible beneficiary of their due benefits.

**Recommendation:** *The Department should take concrete steps in a time bound manner to recover the amount from ineligible beneficiaries.*

<sup>21</sup> Kohima-42 beneficiaries (including partial outstanding balance of ₹24,000 from four beneficiaries and ₹30,000 from one beneficiary) and Dimapur-81 beneficiaries



### 2.2.13.2.2 Delay in payment due to inactive accounts/ dormant accounts

As per GoI (DBT Mission) Office Memorandum,<sup>22</sup> beneficiaries may update their Know Your Customer (KYC) in respect of accounts for receiving DBT payments. They may also request their banks to convert their ‘small accounts’ into regular Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts after KYC up-dation, as there is no minimum balance requirement in PMJDY accounts. Further, all Banks have been advised to allow crediting of DBT payments into inoperative/ dormant accounts, in line with Reserve Bank of India’s (RBI) circular dated 17 September 2013.

Scrutiny of records revealed that during February 2018 to March 2020 an amount of ₹80.51 crore was transferred to 12,838 beneficiaries’ accounts. Payment of ₹7.36 crore to 1,227 beneficiaries<sup>23</sup> failed in the first attempt due to exceeding the maximum Credit limit set on account by Bank, dormant Account *etc.* Out of the failed transactions, 282 beneficiaries<sup>24</sup> were from four selected Districts. However, 127 beneficiaries from selected Districts were successfully paid in second attempt but payment to the remaining 155 beneficiaries is pending (October 2020).

It was noticed that the banks did not convert ‘small accounts’ into regular PMJDY accounts and no effort were made to start a drive to at least complete KYC of these beneficiaries as per GoI guidelines. It was also noticed that the Banks did not take steps for crediting of DBT payments into inoperative/ dormant accounts, in line with the circular (17 September 2013) made by the RBI. Moreover, in absence of regular meetings by the DBT Advisory Board the matter was not discussed with the Convenor of SLBC, who is also a member of the Advisory Board, for taking appropriate steps to resolve the issue.

Thus, the main objective of DBT for timely delivery of benefit from the government to the people was not fulfilled due to banks not crediting DBT payments into inoperative/ dormant accounts in line with RBI Circular.

**Recommendation:** *The State Government needs to take-up the matter with the Banks in line with RBI’s correspondences to get the DBT payments credited into inoperative/ dormant accounts.*

### 2.2.13.2.3 Failure in submission of Utilisation Certificate

As per para 14.6 of PMAY-U guidelines, the second instalment of 40 *per cent* will be released based on 70 *per cent* utilisation of earlier central releases and commensurate physical progress. Before releasing the second instalment Central Sanctioning and Monitoring Committee (CSMC) may check the quality of the house being constructed on random basis or houses of specific project through technical institution along with the reports of Third Party Quality Monitoring Agency (TPQMA) selected by the State for quality monitoring purpose. The details of UCs furnished to the MoHUPA is shown in **Table 2.2.10**.

<sup>22</sup> No. 1-11011/133/2015-DBT (V01-II) dated 22 February 2019

<sup>23</sup> Pending payment (789 beneficiaries) and Failure Payment (438 beneficiaries)

<sup>24</sup> Dimapur (133 beneficiaries), Longleng (41 beneficiaries), Mon (29 beneficiaries) and Zunheboto (79 beneficiaries)

**Table 2.2.10: Status of Utilisation Certification**

(₹ in lakh)

Year	Releases by MoHUPA to the State Government	Date	Amount	Date of submission of UC	Amount	Difference
2016-17	1 <sup>st</sup> instalment for 2016-17	21-12-2016	5,512.20	31-03-2020	3,687.00	1,825.20
			537.60	03-09-2019	33.60	504.00
		18-01-2017	4.20	24-06-2019	4.20	0.00
2017-18	1 <sup>st</sup> instalment for 2017-18	27-03-2018	117.00	18-02-2019	117.00	0.00
2018-19	1 <sup>st</sup> instalment for 2018-19	19-09-2018	808.20	30-08-2019	710.40	97.80
		12-11-2018	5,104.20	31-03-2020	4,932.60	171.60
		13-11-2018	239.40	03-09-2019	214.20	25.20
		30-11-2018	0.60	03-09-2019	0.60	0.00
2018-19	1 <sup>st</sup> instalment for 2018-19	30-11-2018	1.80	-	-	1.80
		11-03-2019	0.60	30-03-2020	0.60	0.00
		11-03-2019	349.80	-	-	349.80
2019-20	1 <sup>st</sup> instalment for 2019-20	31-12-2019	3.60	-	-	3.60
		31-12-2019	1,437.60	-	-	1,437.60
<b>Total</b>			<b>14,116.80</b>		<b>9,700.20</b>	<b>4,416.60</b>

Source: Departmental figure

It can be seen from the above table that there was inordinate delay in submission of UCs by the Department to MoHUPA. During the period from 2016-17 to 2019-20, the Department received an amount of ₹14,116.80 lakh from the Ministry as 1<sup>st</sup> instalment under PMAY (Urban). However, the Department did not submit UCs for an amount of ₹9,700.20 lakh leaving a huge balance of ₹4,416.60 lakh UCs yet to be furnished to the Ministry (March 2020).

Further, the TPQMA for the purpose of quality monitoring was not appointed, which is a mandatory process for next release of fund from the Ministry.

The Department's failure to submit the UCs and timely appointment of TPQMA had resulted in non-release of second/ third instalments from the Ministry and at the same time depriving timely benefits to the beneficiaries.

**Recommendation:** *The Department should put sincere effort to utilise the balance amount of the previous releases, at the earliest, appoint TPQMA and furnish UCs to the Ministry in time.*

#### **2.2.13.2.4 Beneficiary survey**

Paragraph 7 of PMAY-U guidelines stipulate assistance to individual eligible families belonging to Economically Weaker Section (EWS) categories to either construct new houses or enhance existing houses on their own to cover the beneficiaries, who are not able to take advantage of other components of the mission. Such families may avail of central assistance of ₹1.50 lakh for construction of new houses or for enhancement of existing houses under the Beneficiary led individual house construction (BLC) or Enhancement. Central assistance would be released in three instalments of 40:40:20 per cent each.

Paragraph 7.7 further states that the beneficiary may start the construction using his own funds or any other fund and GoI assistance will be released in proportion to the

construction by individual beneficiary. The last instalment of ₹30,000 of GoI assistance should be released only after completion of the house.

Scrutiny of records revealed that MoHUPA, GoI released (December 2016 to December 2019) an amount of ₹141.17 crore for 23,528 beneficiaries as 1<sup>st</sup> instalment @ ₹60,000 per beneficiary. Out of this, 2,634 beneficiaries<sup>25</sup> completed their housing with the first instalment of which 863 beneficiaries are from the four selected Districts.

Out of the total 8,641 beneficiaries in the four selected districts, 269 beneficiaries were selected for beneficiary survey. The details of the beneficiary survey report are shown in **Table 2.2.11**.

**Table 2.2.11: Details of beneficiary survey report in selected Districts**

District	Total number of beneficiaries	No. of Beneficiaries surveyed	Completed up to:			
			Foundation level	Lintel level	Roofing	Fully completed
Dimapur	5,656	100	15	17	11	57
Longleng	454	25	11	6	0	8
Mon	1,417	81	37	13	17	14
Zunheboto	1,114	63	2	1	26	34
<b>Total</b>	<b>8,641</b>	<b>269</b>	<b>65</b>	<b>37</b>	<b>54</b>	<b>113</b>

Source: Beneficiary survey

It can be seen from the table above that out of 269 beneficiaries surveyed, 113 beneficiaries (42 per cent) completed the construction of house with the first instalment. During beneficiary survey (July 2021), the beneficiaries who completed their house stated that they took loan from relatives and family members.

Thus, due to delay in submission of UCs (**Paragraph 2.2.13.2.3**) and other mandatory provisions as envisaged in the scheme guidelines by the implementing Department, the beneficiaries had to complete the construction of house with their own source of money.

**Recommendation:** *The Department may initiate steps to pay the instalments to the beneficiaries, who completed various stages of house construction at the earliest.*

#### 2.2.14 Conclusion

Although the State DBT Cell was established in 20 July 2017, DBT schemes in the State were not implemented through the State DBT Cell and instead the schemes are implemented by the respective Departments. As a result, monitoring of the DBT schemes could not be done at the State level. Under PMAY-U, all the payments were through DBT, however, the achievement of DBT under MGNREGS was only 11.60 per cent and the remaining job card holders are paid through an intermediary

<sup>25</sup> Dimapur (444 beneficiaries), Jalukie (53 beneficiaries), Kiphire (187 beneficiaries), Kohima (416 beneficiaries), Longleng (17 beneficiaries), Medziphema (102 beneficiaries), Mokokchung (258 beneficiaries), Mon (146 beneficiaries), Peren (14 beneficiaries), Phek (71 beneficiaries), Pungro (203 beneficiaries), Shamator (165 beneficiaries), Tuensang (52 beneficiaries), Wokha (379 beneficiaries) and Zunheboto (127 beneficiaries)

level VDB in cash which entails a high-risk of non-disbursement of eligible beneficiaries.

### **2.2.15 Recommendations**

*The State Government may-*

- *constitute all the three Implementation Support Layers (Technical Support, Non-Technical Support and Finance & Administrative Support) under the State DBT cell.*
- *convene the State DBT Advisory Board Meetings at the prescribed intervals for successful implementation of all DBT schemes.*
- *ensure the enrolment of MGNREGS beneficiaries who are yet to be enrolled and sensitise the beneficiaries for Aadhaar seeding.*
- *implement the DBT scheme as envisaged whereby money is transferred directly into the bank accounts of the MGNREGS beneficiaries without any intermediary agency like Village Development Board.*
- *prioritise the development of Banking/ Post Office System in the State.*
- *use the services of India Post Payments Bank for DBT.*
- *take steps to obtain remaining instalments of PMAY-U from GoI and release the same to beneficiaries.*

## **Compliance Audit Paragraphs**

### **PUBLIC HEALTH ENGINEERING DEPARTMENT**

#### **2.3 Fraudulent payment due to short/ non-execution of drainage works under Swachh Bharat Mission (Gramin)**

**The Executive Engineer, PHED (Urban) Dimapur Division did not exercise due diligence to check the correctness of the quantities executed before passing the bills for payment which resulted in fraudulent payment of ₹90.54 lakh without actual execution of 2,338 metres of drainage works in 18 villages.**

Rule 135 of the Receipt and Payment Rules<sup>26</sup> stipulates that payment for all work done other than by daily labour and for all supplies shall be made on the basis of measurements recorded in Measurement Books (MBs). No payment other than an advance payment may be given, unless the correctness of the claim in respect of quantities and rates as well as the quality of the works done are carefully checked by a responsible officer.

Under the Swachh Bharat Mission (SBM) (Gramin) ₹501.10 lakh was allocated to the Executive Engineer (EE), PHED (Urban), Dimapur for the following purpose as shown in **Table 2.3.1**.

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<sup>26</sup> Being followed by the GoN

Table 2.3.1: Details of Action Plan for utilisation of 1<sup>st</sup> instalment SBM (Gramin) of 2018-19

(₹ in lakh)			
Sl. No.	Description	Details	Amount
1.	Solid and Liquid Waste Management (SLWM) - construction of drainage, waste collection depot, dustbins and wheel carts	06 habitations, one unit each @ ₹6.30 lakh	37.80
		18 habitations, one unit each @ ₹10.80 lakh	194.40
		06 habitations, one unit each @ ₹13.50 lakh	81.00
		05 habitations, one unit each @ ₹18 lakh	90.00
<b>Sub-Total</b>			<b>403.20</b>
2.	Community Sanitary Complex (CSC)	28 habitations, 45 units @ ₹1.80 lakh	81.00
3.	Information Education Communication (IEC)		
	Awareness campaign at district headquarter	Campaign at ten locations @ ₹0.60 lakh/ campaign = ₹six lakh	10.00
	Participatory Rural Appraisals (PRA) exercise	At 16 localities @ ₹0.25 lakh/ exercise = ₹four lakh	
4.	Administrative charges (such as Geotagging <sup>27</sup> , TA/ DA, stationeries)		6.90
<b>Grand Total</b>			<b>501.10</b>

Source: Department records

Out of the total fund of ₹5.01 crore, ₹4.03 crore<sup>28</sup> was earmarked for implementation of SLWM including drainage. It was observed that the Department constructed 6,540 metre (m) of drainage with bricks in 35 villages<sup>29</sup> involving an amount ₹2.53 crore as a departmental work.

Scrutiny of the Cash Books, Work Orders, Running Account Bills (RA Bills), MBs etc. of 21 villages<sup>30</sup>, out of 35 villages, revealed that 4,665 m of drainage (with bricks) was constructed and certified as complete (March 2019) by the Junior Engineer (JE), PHED in the MBs and an expenditure of ₹1.81 crore was incurred (March 2019). The completion of the work was also countersigned by the SDO, PHED and the Executive Engineer.

Joint Physical Verification (JPV) (February 2021) by Audit along with the departmental officials, Village Council Chairman/ WATSAN (Water and Sanitation) committee members and beneficiaries of 21 villages found that in three out of 21 villages construction of 600 m drainage with bricks with an expenditure of ₹23.23 lakh<sup>31</sup> was done as per work order. While in the remaining 18 villages, JPV revealed that against the reported construction of 4,065 m drainage with an expenditure of ₹1.57 crore, only 1,727 m with an expenditure of ₹66.87 lakh<sup>32</sup>, was actually constructed. This had resulted in short/ non-executions of 2,338 m

<sup>27</sup> Not implemented

<sup>28</sup> 6,540 m of drainage (with brick) for ₹2.53 crore, 821 nos. of Waste Collection Depot for ₹0.47 crore, 11,072 nos. of dustbins for ₹0.97 crore and 69 nos. of wheel carts for ₹0.06 crore

<sup>29</sup> (100 m x 6 villages) + (180 m x 18 villages) + (200 m x 6 villages) + (300 m x 5 villages) = 6,540 m in 35 villages

<sup>30</sup> Aoyimkum (150 + 55 m), Aoyimti (150 + 150 m), Chekiye (150 + 150 m), Chumukedima (55 + 150 m), Darogajan (150 + 55 m), Diphupar B (150 + 150 m), Domokhia (100 m), Dubagaon (55 + 150 m), Eralibil (150 + 55 m), Kashiram (150 + 55 m), Kushiabil (55 + 150 m), Naharbari (150 + 50 m), Padumpukhri (150 + 150 m), Phai pijang (150 + 55 m), Purana Bazar A (150 + 55 m), Senjum (150 + 55 m), Signal Angami (150 + 55 m), Sodzulhou (55 + 150 m), Tenyiphie-II (55 + 150 m), Thahekhru (150 + 150 m), Toluvi (150 + 50 m)

<sup>31</sup> ₹3,87,200 (100 m drainage at Domokhia) + ₹11,61,600 (300 m drainage at Thahekhru) + ₹7,74,600 (200 m drainage at Toluvi)

<sup>32</sup> 1,727 m x ₹3,872/- = ₹ 66.87 lakh

(Short-execution: 783 m and Non-execution: 1,555 m) of drainage with bricks valued at ₹90.54 lakh<sup>33</sup>. Voucher-wise and work-wise details are given in **Appendix 2.3.1**.

Thus, the EE, PHED (Urban) Dimapur Division did not exercise due diligence to check the correctness of the quantities executed before passing the bill for payment as envisaged in the Receipt and Payment Rules. This also indicates that the lapse of monitoring on the part of the EE for checking the MBs before passing the bills. These had resulted in fraudulent payment of ₹90.54 lakh without actual execution of 2,338 m of drainage works in 18 villages.

**Photographic evidences of existence of drainage in four villages**

	
<p>Drainage constructed at Aoyimti village</p>	<p>Drainage constructed at Aoyimkum village</p>
	
<p>Drainage constructed at Senjum village</p>	<p>Drainage constructed at Signal Angami village</p>

In reply, the Government stated (January 2022) that the shortfall in drainage length was due to flash flood/ natural calamity which had washed off certain portion of the drainage and in some villages drainage work was underway at the time of verification. In regard to non-construction of drainage, the Department stated that the drainage works were delayed and was underway at the time of verification. However, the works for both the shortfall and non-construction of drainage are completed.

The reply is not acceptable as the works were certified by the JE PHED as completed (March 2019) and was also countersigned by the SDO and EE. Moreover, the villages in Dimapur are located in plain areas which is not hilly and there is no sign of wash away or landslides. The Department also did not specify either the quantity or location of wash off area. Furthermore, no sign of wash off or work underway was seen and revealed during JPV.

<sup>33</sup> ₹30,33,789.44 (Short executed) + ₹60,21,010.00 (Not executed)

**Recommendation:** *The State Government may fix responsibility for fraudulent payment made on short/ non-construction of drainage. The State Government may also introduce Geotagging in order to monitor future works to ascertain factual correctness. The matter may be handed over to the investigative agencies for investigation.*

#### **2.4 Excess payment under Swachh Bharat Mission (Gramin)**

**The Public Health Engineering Department made excess payment of ₹1.23 crore to the contractor by allowing higher rate over the State Government approved rate (Action Plan) for construction of Community Sanitary Complexes and deviated from the approved action plans and specifications during actual implementation.**

Para 6.8 of the Swachh Bharat Mission (Gramin) guidelines (October 2017) states that Community Sanitary Complexes (CSC) comprising of an appropriate number of toilet seats, bathing cubicles, washing platforms, wash basins, etc. can be set up in the village at a location acceptable and accessible to all. Ordinarily, such complexes shall be constructed only when there is lack of land in the village for construction of household toilets and the Community/ GP owns up to the responsibility of their operation and maintenance and raises a specific demand for the same. Water supply to these CSCs will have to be assured under the National Rural Drinking Water Program (NRDWP) before a CSC is sanctioned.

The Ministry of Drinking Water and Sanitation, GoI sanctioned (October 2017) an amount of ₹35.13 crore as its share (1<sup>st</sup> instalment) for implementation of SBM (Gramin) during 2017-18. GoN released (December 2017) ₹39.03 crore<sup>34</sup> (including State share<sup>35</sup>) to the Chief Engineer-cum-Director, Water and Sanitation Support Organisation (WSSO), PHED.

Baseline Survey (BLS) was conducted only during 2012 for implementation of SBM (G) in Nagaland. Except in Viswema village, the rate of ₹1,80,000 for construction of CSC and ₹10,800 for IHHL were allowed for all the remaining 43 villages under EE, PHED (Rural), Kohima as per the GoN approved Action Plan. However, reasons for providing CSCs at higher rates *i.e.* @ of ₹2.48 lakh per CSC in Viswema village was not available in records.

The Director, WSSO released (December 2017) the fund (₹39.03 crore) to 12 PHED divisions, out of which an amount of ₹11.13 crore was allocated to EE, PHED (Rural), Kohima as shown in **Table 2.4.1**.

<sup>34</sup> First instalment of Central share of ₹3,512.77 lakh and State share of ₹390.31 lakh

<sup>35</sup> Fund sharing between GoI and GoN - 90:10

**Table 2.4.1 Details of allocation of SBM (G) Fund to EE PHED (Rural) Kohima**

(Amount in ₹)				
Sl. No.	Description	Quantity	Rate	Amount
1.	Individual Household Latrine (IHHL)	9,457	10,800	10,21,35,600
2.	Community Sanitary Complex (CSC)	10	1,80,000	18,00,000
3.	Solid and Liquid Waste Management (SLWM)	5	6,30,000	31,50,000
		2	10,75,000	21,50,000
<b>Sub-Total</b>				<b>53,00,000</b>
4.	Information, Education, Communication (IEC)			14,00,000
5.	Administrative charges			4,72,000
6.	Admissible State Share			2,00,000
<b>Grand Total</b>				<b>11,13,08,000</b>

Source: Department records

As seen from the table above, out of the allocated amount of ₹11.13 crore, an amount of ₹10.21 crore was earmarked for construction of 9,457 IHHLs. Out of which, ₹9.36 crore was earmarked for construction of 8,664 IHHLs in 44 villages under EE, PHED (Rural), Kohima during 2017-18.

Out of the 44 villages, Viswema village (under Jakhama Block) was allocated ₹1.84 crore<sup>36</sup> for construction of 1,700 IHHLs.

The village was declared as Open Defecation Free (ODF) village with effect from the month of June 2018.

Scrutiny of records (August 2019) revealed that the Chairman, Viswema Village Council requested the Department (January 2018) to construct 200 CSCs in lieu of the allocated 1,700 IHHLs as the construction of IHHL in the previous years were not successful due to non-availability of land. Accordingly, the Director (WSSO) approved construction of 74 CSCs at the rate of ₹2.48 lakh per unit instead of ₹1.80 lakh approved by GoN for implementation of CSC in the State.

The work was awarded (January 2018) to M/s CONSURV, Kohima, Nagaland on the basis of recommendation submitted by the Viswema Village Council and the work order was issued (January 2018) by the EE to the firm. The Divisional Officers<sup>37</sup> certified in the MBs and RA Bills that the work was completed (March 2018) and the contractor was paid ₹1.84 crore.

However, the Director, WSSO, PHED arbitrarily allowed higher rate of ₹2.48 lakh per CSC for Viswema Village which is in violation to the State Government approved Action Plan for implementation of SBM (G). This resulted in excess payment of ₹50.32 lakh<sup>38</sup>.

It was also observed that despite allowing a higher rate of ₹2.48 lakh per CSC, the CSCs lacked sanitation facilities as provisions for washing basin, urinal pan, water sintex with stand, etc., were not constructed/ provided.

<sup>36</sup> ₹10,800 x ₹1,700 = ₹1,83,60,000

<sup>37</sup> Executive Engineer, Divisional Accountant, Sub divisional Officer and Junior Engineer of the Division

<sup>38</sup> ₹68,000 x 74 CSC = ₹50,32,000



JPV (July 2019) of six out of 74 CSCs conducted with the departmental officials, WATSAN committee members and the Village Council revealed deviations from the approved drawing/ specifications<sup>39</sup>. It was also noticed that provision for water supply connection was not made in all the CSCs inspected. The departmental officials, WATSAN committee members and the Village Council also certified that out of the 74 CSCs constructed, 40 CSCs have single toilet and the remaining 34 CSCs have either single toilet with attached bathroom or two toilets without any other facilities.

The approved design and photographs of actual constructions are shown below.

**Photographic evidence of approved design and CSC constructed in Viswema village**

<p>Approved drawing for construction of CSC in Viswema village</p>	
<p>Photographs showing the actual construction of single latrines with attached bathrooms at Viswema village with incomplete specifications</p>	

The deviations from approved design and specifications resulted in reduction of quantities in certain item of works viz. woodwork for roofing and doors, vent pipes, wash closet pan, etc., resulting in excess payment to the contractor to the tune of ₹72.70 lakh (*Details are shown in Appendix 2.4.1*) became wasteful expenditure.

Thus, the Department arbitrarily allowed higher rate over the approved rate in Viswema village resulting in excess expenditure of ₹50.32 lakh. Further, based on the actual execution, excess payment of ₹72.70 lakh was made to the contractor after deviating from the approved design/ specifications became wasted of public money.

<sup>39</sup> The approved drawing (Action Plan) for two seated CSC consists of two toilets, two urinals, water tanks (300 litres capacity), tile flooring, washing basins, etc.

The matter was reported to the State Government in August 2021. The reply is awaited as of May 2022.

***Recommendation: The State Government should initiate departmental inquiry and fix responsibility against officers/ officials of the division responsible for allowing higher rate and failure to exercise due diligence to check the correctness of the quantities executed before passing the bills for payment. The matter may be handed over to the investigative agencies for investigation.***

## MUNICIPAL AFFAIRS DEPARTMENT

### 2.5 Short collection of Wagon and Cement Toll Tax

**The Administrator, Dimapur Municipal Council (DMC) did not take any step to monitor and cross verify the actual quantities of railway wagons which transported cement from the Goods Office, Dimapur Railway Station, as a result, an amount of ₹30.07 lakh toll was not collected and resulted in short collection of revenue.**

Sub-section (1) of Section 120 of the Nagaland Municipal Act, 2001 states that a municipality may with the previous sanction of the Government, in order to raise revenue for its duties and performing its functions, levy certain<sup>40</sup> taxes, fees and toll or any of them within its limits of municipality.

Further, as per sub-section 10 of Section 121 of the Nagaland Municipal Act 2001, notification of the imposition of a tax under this Act shall be conclusive evidence that the tax has been imposed in accordance with the provisions of this Act.

As per the notification<sup>41</sup> issued (2012) by the Administrator, Dimapur Municipal Council (DMC), toll tax shall be collected on Railway Wagon and Cement received at Dimapur Railway Station as per the provision of the Act on items at the various entry Gates/ Railway and Market. The rates for Railway wagon and cement were ₹1,000 per wagon and ₹2.50 per bag. Duty assignment orders were issued from time to time by the DMC for collection of toll tax by its employees at various places within its jurisdiction.

Scrutiny of Receipt Books and Deposit Register maintained by DMC revealed that an amount of ₹120.09 lakh<sup>42</sup> was collected and deposited as Toll tax by the employees of the DMC from Railway Wagon and Cement bags received at Dimapur Railway Station during the period from January 2016 to March 2019.

Cross verification from records with Goods Office, Dimapur Railway Station revealed that 11,942 wagons containing 12,29,538 cement bags were unloaded at Dimapur. As

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<sup>40</sup> (a) A tax on land and buildings, (b) An octroi, (c) Toll and fees, (d) scavenging tax, (e) tax on advertisement other than advertisement published in newspapers, (f) show tax, (g) fire tax and (h) tax on the vehicles and animals

<sup>41</sup> Notification No. UDD/MAC-13/2009 dated 26 October 2012

<sup>42</sup> ₹91.38 lakh from wagon + ₹28.71 lakh from cement bags

per the prevailing rate toll of DMC, an amount of ₹119.42 lakh was to be collected from 11,942 wagons and ₹30.74 lakh from 12,29,538 cement bags as shown in **Table 2.5.1**.

Table 2.5.1: Short-collection of toll taxes

(in ₹)

Period	Wagons Toll				Cement bags Toll			
	No. of wagons	Toll realisable	Toll collected & deposited	Difference	No. of cement bags	Toll realisable	Toll collected & deposited	Difference
1	2	3 (Col. 2 * ₹1,000)	4	5 (3-4)	6	7 (Col. 6 * ₹2.50)	8	9 (7-8)
2015-16 (01/2016 to 03/2016)	749	7,49,000	5,83,000	1,66,000	0	0	0	0
2016-17	3,560	35,60,000	32,22,700	3,37,300	53,076	1,32,690	0	1,32,690
2017-18	4,084	40,84,000	30,35,500	10,48,500	4,95,240	12,38,100	12,94,310	-56,210
2018-19	3,549	35,49,000	22,97,000	12,52,000	6,81,222	17,03,055	15,76,615	1,26,440
<b>Total</b>	<b>11,942</b>	<b>1,19,42,000</b>	<b>91,38,200</b>	<b>28,03,800</b>	<b>12,29,538</b>	<b>30,73,845</b>	<b>28,70,925</b>	<b>2,02,920</b>
<b>Total revenue loss from Wagon and Cement toll</b>								<b>30,06,720</b>

Source: Departmental records and Goods Office, Dimapur Railway Station records

As can be seen from the table above, the actual toll to be collected for transportation of cement by railway wagon was ₹119.42 lakh whereas the DMC employees who were assigned for collection of the tax from the Railway Station collected and deposited only ₹91.38 lakh. Similarly, the toll to be collected for cement bags transported by railway was ₹30.74 lakh whereas the collector recorded deposit of only ₹28.71 lakh. Thus, an amount of ₹30.07 lakh<sup>43</sup> was not collected by the collector resulting in short collection of revenue.

The Administrator did not take any step to monitor and cross verify the actual quantities of wagons and cement bags transported from the Goods Office, Dimapur Railway Station in order to prevent occurrence of such malpractice.

The State Government in reply (August 2021) stated that DMC has taken note of the same for enquiry. However, the final outcome of the enquiry was not intimated as of May 2022.

**Recommendations: The State Government may-**

- (i) *take appropriate action to fix the responsibility of DMC officials involved in dereliction of duty and also take steps to recover the short collected toll from the consignees of the wagons/ cement bags.*
- (ii) *strengthen monitoring mechanism by periodic cross verification of records with the Goods Office, Dimapur Railway Station to prevent recurrence of such omissions.*

<sup>43</sup> Wagon toll (₹28.04 lakh) + Cement bags toll (₹2.03 lakh)