

CHAPTER –III

PERFORMANCE AUDIT

DEPARTMENT OF HEALTH & FAMILY WELFARE

3.1 Health Care Services

The objective of health care services is to provide basic health services to the people at their doorstep to improve the standard of public health. The findings of the performance audit revealed that the objective of providing improved health care services to the people could not be achieved due to non-adherence of the prescribed purchase policy for procurement of medicines, non-testing of quality of medicines purchased, purchase of equipment without commensurate infrastructure, inadequate infrastructure and absence of monitoring and evaluation. Further a large number of health care centres continued working in dilapidated buildings, without adequate accommodation and basic facilities like water supply, labour rooms and laboratories.

Highlights

Drugs (Prices control) Order 1995 provides for 16 per cent discount on retail price of medicines procured from manufacturer or authorised distributor/dealer. Failure to purchase medicines from authorised firms/suppliers, resulted in loss of discount of Rs.2.43 crore.

(Paragraph 3.1.9)

Medicines were distributed/utilised by district hospitals and other health care centres without carrying out any quality testing.

(Paragraph 3.1.11.1)

Equipment procured at a cost of Rs.1.47 crore remained idle as infrastructure for its installation was not available.

(Paragraph 3.1.17)

Payment of Rs.4.80 crore was made for purchase of equipment without receipt of equipment.

(Paragraph 3.1.18)

Expenditure of Rs.0.50 crore was infructuous as the building for up-gradation and strengthening of emergency facilities at Medziphema CHC was not handed over by the contractor to the Department.

(Paragraph 3.1.29)

Expenditure of Rs.11.17 crore was unfruitful due to non completion of Regional Diagnostic Centre (Tuensang) and up-gradation of Naga Hospital, Kohima.

(Paragraph 3.1.30)

Expenditure of Rs.1.32 crore incurred on implementation of Central Scheme for Waste Management did not benefit to two hospitals as the amount was shown as spent without resultant benefits.

(Paragraph 3.1.32)

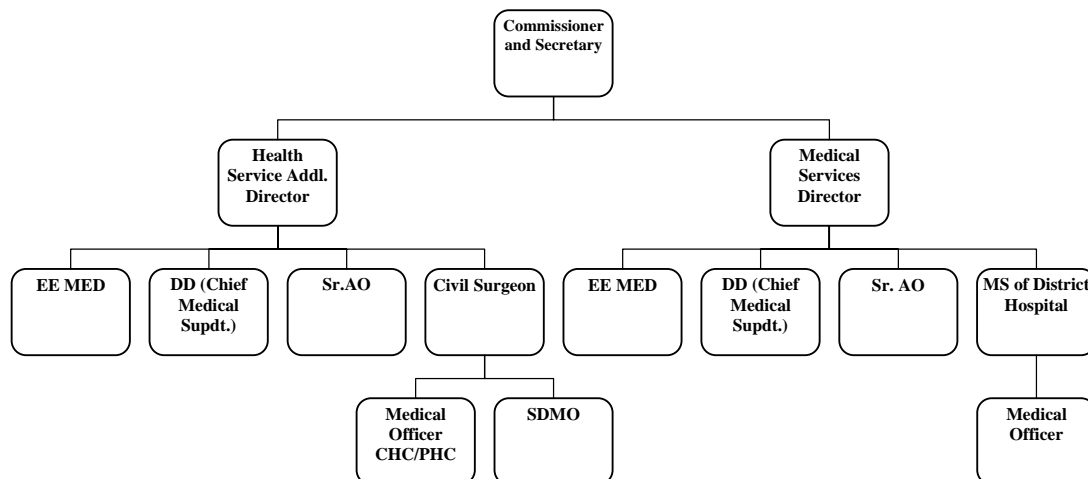
3.1.1 Introduction

Health is defined as not merely the absence of disease or infirmity but complete physical, mental and social well being. The main objective of health care services is to provide basic health services to the people at their doorstep. The State Government provides “Health Care Service” as a preventive and curative measure to the people through a network of 10 Hospitals, one Naga Hospital Authority, Kohima, 20 Community Health Centres (CHCs), 87 Primary Health Centres (PHCs), 397 Sub-Centres (SCs), 27 Subsidiary Health Centres (SHCs) and 15 Dispensaries.

3.1.2 Organisational set-up

The Health and Family Welfare Department, Government of Nagaland is headed by a Commissioner and Secretary to the Government. The implementation of the policies of the Department is entrusted to the Director, Medical Services (DMS) and the Director, Health Services (DHS). They are assisted by the Civil Surgeons, Medical Superintendent, Medical Officers and Committees of Centres which are communitised. The Medical Engineering Division (MED) at Kohima headed by an Executive Engineer oversees the construction and maintenance of buildings. The Nagaland State Drugs Control Authority is headed by a Director of Medical Services as Ex-officio Drug Controller for monitoring the quality of drugs.

The organisational structure of the Department is given below:



3.1.3 Scope of audit

The records of the two Directorates, Medical Engineering Division and three districts for the period 2001-02 to 2005-06 were test-checked in performance audit during April-August 2006. Out of the total expenditure of Rs.106.75 crore (upto March 2006), an expenditure of Rs.43.55 crore (41 *per cent*) was covered in the test check. Apart from Civil Hospitals and Health Centres, the relevant records maintained by the Civil Surgeons of three districts and Sub Divisional Medical Officer, Tseminyu were also examined.

3.1.4 Audit objective

The main objectives of the performance audit were to examine:

- The economy, efficiency and effectiveness of the procedure for procurement and distribution of medicines and equipment.
- The quality control system of the medicines procured.
- The system of installation and maintenance of equipment/machineries.
- The adequacy of infrastructure of Health Care Centres.
- The effectiveness of the monitoring and evaluation system.

3.1.5 Audit criteria

The following sources of criteria were used.

- Rules and instructions governing acquisition/purchase of medicines/equipment.
- Provisions of Drugs (Prices control) order 1995.
- Norms for repair/replacement of equipment/machineries.
- Norms laid down by Government of India (GOI) for infrastructure development.
- Norms for evaluation and monitoring.

3.1.6 Audit Methodology

The performance audit began with an ‘entry conference’ (12 April 2006) attended by the Joint Directors, Health Services and Medical Services, and other officers wherein the audit objectives, scope and audit criteria were discussed and the inputs of the Department were obtained. The information/data collected from the Department was analysed on the basis of the audit criteria and the audit observations are then incorporated in the report. At the conclusion of audit, an exit conference was held (16 October 2006) which was attended by the Secretary, and subordinate officers responsible for implementation of the policies of the Department. The performance audit was finalised incorporating the replies of the Department during the exit conference.

There are 11 districts including the three newly created (2004-05) districts¹ in the State. Except the capital district, the selection of the other two districts, viz., Dimapur and Mokokchung was done on the basis of Probability Proportional to Size With Replacement (PPSWR). While hospitals at selected district headquarter were chosen for detailed testing, the selection of Health Centres in selected districts was done on the basis of Simple Random Sampling Without Replacement (SRSWR).

The results of the analysis are brought out in the form of audit findings in the subsequent paragraphs.

¹ Kiphire, Longleng, and Peren.

3.1.7 Procurement of Medicines

3.1.7.1 System for procurement of medicines and equipment

The Government had approved 114 manufacturing firms (November 1994) for procurement of medicines and medical equipment. However, the Department set up a purchase committee only in June 2003 to decide the policies relating to purchases of medicines and medical equipment. In Nagaland, the procurement of medicines and equipment is being done centrally. The purchases were to be made through the authorized dealers/distributors of the approved manufacturers. The Finance Department issued (August 2002) an order prescribing that all supply orders shall be made only after following the codal formalities like floating of tenders, constitution of purchase boards and adopting open tender system in all cases in which the value of the order is Rs.0.50 lakh and above. Single tender system is to be adopted only in cases of articles which are specifically certified to be of proprietary nature or in cases where only a particular firm is the sole manufacturer. The receipt of the material from the suppliers is to be accounted for only after verification by the consignment board constituted for the purpose.

3.1.7.2 Budget provision and expenditure

The DMS and the DHS purchased medicines valued at Rs.15.18 crore during the period from April 2001 to March 2006 as given below:

Table 3.1.1

(Rupees in crore)

Year	Name of the Directorate	Budget Provision	Fund Released	Expenditure
2001-02	DMS	1.25	1.25	1.25
	DHS	2.17	2.17	2.17
2002-03	DMS	0.71	0.71	0.71
	DHS	3.03	3.03	3.03
2003-04	DMS	1.79	1.79	1.79
	DHS	1.77	1.77	1.77
2004-05	DMS	1.90	1.90	1.90
	DHS	1.63	1.63	1.63
2005-06	DMS	0.19	0.19	0.19
	DHS	0.74	0.74	0.74
Total	DMS	5.84	5.84	5.84
	DHS	9.34	9.34	9.34
Grand Total		15.18	15.18	15.18

(Source: Departmental figures)

The following was observed regarding procurement of medicines:

3.1.8 System of assessing the requirement

There was no system in place for assessing the quarterly/annual quantity of medicines required to be purchased. In the absence of any assessment and justification of quantity to be purchased, it is not clear on what basis the

Department incurred an expenditure of Rs.15.18 crore on procurement of medicines. It resulted in purchase of medicines without requirement as detailed in para 3.1.11.2 below.

3.1.9 Non adherence to the provision of Drugs (Prices Control) order 1995 and purchase procedures

Paragraph 19 of the Drugs (Prices Control) Order 1995 provides that a manufacturer, distributor or wholesaler shall sell formulation (medicines) to a retailer at a discount of 16 *per cent* thereof in the case of schedule drugs. The Department instead of purchasing through the authorised distributors of the approved manufacturers, procured medicines valued at Rs.15.18 crore during 2001-06 from various unauthorised local firms/suppliers without observing codal formalities resulting in non availment of discount of Rs.2.43 crore. Reasons though asked (October 2006) for were not provided by the Department except that it was done on the instructions of the Minister of Health and Family Welfare.

3.1.10 Inadmissible payment

Central Sales Tax (CST) is payable to the local supplier or authorised agent of the manufacturer if the supplier is registered under the CST Act and necessary 'C' form in support of payment of CST is produced. The Department paid CST of Rs.17.93 lakh² to the local suppliers who were neither registered under the CST Act nor authorised distributor/agent of the manufacturer. This resulted in inadmissible payment of Rs.17.93 lakh.

3.1.11 Distribution of Medicines

3.1.11.1 Quality test of Drugs

To ensure supply of quality medicines, testing is mandatory. No Drugs Testing Laboratory was established by the State by this purpose. Therefore, all categories of drug samples were to be sent to Central Drugs Laboratory (CDL), Kolkata, Regional Drugs Laboratory (RDL), Guwahati and Pharmacopeia Drugs Laboratory, Ghaziabad for quality testing. It was noticed that during the period covered by audit, no drug samples were sent for testing. It was also noticed that the stock registers maintained at Central Medical Stores, Kohima did not indicate the crucial details like batch number, manufacturing and expiry dates of medicines purchased etc. Therefore, the possibility of exposing the patients to the risk of consuming substandard/spurious drugs cannot be ruled out.

² 2002-03 :Rs.6.16 lakh (6 suppliers); 2003-04: Rs.5.29 lakh (3 suppliers); 2004-05: Rs.5.94 lakh (7 suppliers) and 2005-06: Rs.0.54 lakh (4 suppliers).

3.1.11.2 Medicines issued to field units without requirement

Medicines procured centrally were issued to different field units from the Central Medical Stores of DMS and DHS at Kohima. The DHS issued medicines worth Rs.29.88 lakh to field units (Civil Surgeons, Kohima and Mokokchung) between September 2003 and July 2005 (*Appendix-XXIV*) without receiving any demand/indent from them. The Government stated (October 2006) that the medicines were issued in a routine manner. The reply clearly indicated that, no system of assessment of requirement and distributions exists in the Department.

3.1.12 Non/Short receipts of medicines by the fields units

Cross verification of records of the field units regarding issue/receipt of medicines with the Central Medical Stores of DMS and DHS revealed that medicines issued by Central Medical Store of DMS (Rs.25.29 lakh) and DHS (Rs.20.04 lakh) between July 2001 and March 2006 were found not/short received to the extent of Rs.31.85 lakh (70.26 per cent) in the books of five field units as shown below.

Table 3.1.2

(Rupees in lakh)

Name of the field units to whom medicines issued	Value of medicines issued to each field unit by the central medical store of		Value of medicines received by each field unit from the central medical store of		Value of medicines short received by each field unit from the central medical store of	
	DMS	DHS	DMS	DHS	DMS	DHS
Civil Surgeon, Mokokchung	5.55	10.15	0.10	1.53	5.45	8.62
Medical Superintendent, Civil Hospital, Mokokchung	16.72	7.30	8.13	3.65	8.59	3.65
SDMO, Tseminyu	1.24	1.17	Nil	Nil	1.24	1.17
Civil Surgeon, Dimapur	0.96	0.99	0.04	Nil	0.92	0.99
Medical Superintendent, Civil Hospital, Dimapur	0.82	0.43	0.03	Nil	0.79	0.43
Total:	25.29	20.04	8.30	5.18	16.99	14.86

(Source: Departmental records)

The possibility of fraud and embezzlement cannot be ruled out, as uptill 5 field units had not received the stated quantity of medicines. No reply was received from the Department (November 2006). Audit observations also revealed that the Department did not have a system of reconciliation or internal control mechanism.

3.1.13 Procurement of Equipment

3.1.13.1 System of assessing the requirement

It was noticed in audit that there was no co-ordination between assessing the requirement of equipment and availability of existing infrastructure for

installation of equipment. In the absence of such co-ordination, procurement was done on ad-hoc basis, resulting in nugatory and unproductive expenditure as discussed in the succeeding paragraphs.

3.1.14 Irregular release of advance resulting in undue benefit to contractor

To provide treatment to the road accident victims, GOI sanctioned (January 2003) Rs.1.44 crore³ for upgradation and strengthening of emergency facilities at CHC, Medziphema. The Executive Engineer (EE), Medical Engineering Division, Kohima drew Rs.1.28 crore (March 2003) and transferred Rs.0.65 crore (July 2003) to DHS for procurement of equipment, furniture, ambulance etc., (utilisation of balance amount of Rs.0.63 crore is discussed in Para 3.1.29). The DHS issued supply order (September 2003) to a local supplier⁴ for procurement of equipment and furniture (Rs.0.60 crore) with a stipulation to complete the supply within 45 days. The DHS extended undue benefit to the supplier and paid (September 2003) Rs.0.20 crore as mobilisation advance though the supply order did not envisage the same. As the supplier failed to supply the material, the DHS finally cancelled (March 2006) the supply order with a direction to refund Rs.0.20 crore by 30 March 2006. However, the supplier had refunded the amount (October 2006). The balance amount of Rs.0.45 crore remained unutilised (March 2006).

Irregular release of mobilisation advance in contravention of codal provisions and eventual non supply of material for over two years resulted in avoidable and undue benefit to supplier. Meanwhile the purpose of strengthening of emergency facilities for road accident victims was defeated. The shortage of medicine also resulted in a negative impact on the health care programme of the Department. The supply order issued by the Department did not contain any clause regarding the bank guarantee provided by the suppliers. In the absence of such provision and failure to obtain bank guarantee, the Department had not safeguarded its interest in the event of non supply of equipment as per the terms of the supply order.

3.1.15 Supply of equipment

The DMS placed (March 2004 and August 2004) supply orders on local suppliers X⁵ and Y⁶ for supply of equipment valuing Rs.44.41 lakh within 45/60 days under Pradhan Mantri Gramodaya Yojana (PMGY) during the year 2003-04. The suppliers were paid an advance of Rs.26.47 lakh (Rs.18.47 lakh and Rs.8 lakh respectively) between March 2004 and February 2005. However, equipment worth Rs.17.28 lakh only was supplied between January 2005 and May 2006 and the balance equipment worth Rs.27.13 lakh was not

³ Civil works (Rs.0.60 crore), equipment and furniture (Rs.0.60 crore), ambulance (Rs.0.18 crore) and others (Rs.0.06 crore).

⁴ M/s Vililie Khamo, Kohima

⁵ M/s Global Enterprises, Kohima

⁶ M/s Anyimi, Kohima.

supplied as of June 2006. Out of the equipment received, material worth Rs.11.48 lakh was not taken into stock ledger due to non-verification by the consignment board. The entire equipment of Rs.17.28 lakh was also lying idle in the store (June 2006). Thus, failure of the DMS to exercise effective control resulted in non-utilisation of equipment of Rs.17.28 lakh already received and undue benefit of Rs.9.19 lakh to the suppliers. No efforts were also made to utilise the balance amount of Rs.17.94 lakh as of June 2006. The Department had not safeguarded its interest and had also failed to incorporate bank guarantee clause in the supply order. Since the equipment was lying unattended, the warrantee period of the equipment has also expired resulting in the Department being exposed to the risk of carrying out repairs and maintenance at its own cost.

3.1.16 Purchase of equipment without requirement

To combat communicable disease “Severe Acute Respiratory Syndrome (SARS)” in the State, the Planning Commission provided Rs.1.00 crore during 2003-04 as a one time Additional Central Assistance. Accordingly, the Department framed an “Action Plan” listing out the vital medicines and equipment required for combating the disease. The Action Plan also emphasised public awareness campaigns.

Test check of records revealed that 31 items valued at Rs.44.25 lakh⁷ of equipment not included in the action plan were purchased (between April 2004 and March 2005) by DHS and DMS. 23 essential items (***Appendix-XXV***) included in the action plan were not purchased. It was also noticed that no public awareness campaign as envisaged in the action plan was carried out.

The above action resulted in unauthorised expenditure of Rs.44.25 lakh besides, denial of the intended benefits to the people.

3.1.17 Procurement of equipment without available infrastructure

Under the Prime Minister’s package for upgradation of District Hospitals, GOI (DONER) sanctioned (February 2004) Rs.5.12 crore⁸. The State Government sanctioned and released (March 2005) Rs.4.05 crore for civil works (Rs.2.15 crore) and equipment (Rs.1.90 crore). The civil works for upgradation of 10 District Hospitals were taken up for execution in 2005-06 for completion during 2006-07. The “Purchase Committee” headed by the Chief Secretary recommended (October 2004) that the procurement of equipment under Prime Minister’s package for upgradation of District Hospitals should be made after ensuring the availability of adequate rooms/building for installation of equipment. The DMS purchased and issued machinery and equipment to 10

⁷ Rs.5.94 lakh + Rs.34.56 lakh + Rs.3.75 lakh

⁸ civil works (Rs.3.22 crore) and equipment (Rs.1.90 crore)

Districts Hospitals during 2005-06 without assessing the availability of infrastructure for installation of equipment valued at Rs.1.31 crore. The machinery/equipment though received in the districts (June 2005) could not be installed for want of necessary infrastructure. The equipment valued at Rs.0.43 crore was purchased and issued (July 2005) to Naga Hospital, Kohima and equipment valued at Rs.0.16 crore was lying in the central store.

Thus, procurement of equipment without any planning/assessing the available infrastructure for installation resulted in unproductive expenditure of Rs.1.47 crore (Rs.1.31 crore + Rs.0.16 crore).

3.1.18 Payment made without receipt of equipment

For procurement of equipment, DMS issued (between May 2004 and December 2004) two supply orders to a local supplier⁹ valuing Rs.10.99 lakh and four supply orders to a Chennai based firm¹⁰ valuing Rs.18.57 lakh under the funds provided by Planning Commission for up-gradation of District Hospitals. Scrutiny of stock registers revealed that, the suppliers did not supply the equipment (June 2006) whereas full payment of Rs.29.56 lakh was made to the suppliers (July 2004 to March 2005) by the Department. The Department had not taken any bank guarantee to secure the performance from the supplier.

The State Government awarded (May 1999) the work “Up-gradation of Naga Hospital, Kohima” to a New Delhi based firm¹¹ on turnkey basis in three phases at a cost of Rs.25 crore without ascertaining the probable cost of equipment and furniture. The contract provided for supply and installation of equipment and furniture (219 items) and training at a cost of Rs.8.75 crore and upgradation of Hospital building at a cost of Rs.16.25 crore (discussed in paragraph 3.1.32.2). As per ‘Agreement’ (22 May 1999), DMS paid (between May 2000 and December 2002) Rs.5 crore to the firm for supply of equipment and furniture before completion of the hospital building. Against the payment of Rs.5 crore, the firm supplied equipment/furniture including EPBX Unit, X-Ray Viewing Boxes, Incinerator etc., worth Rs.0.50 crore (March 2004). The firm stopped the work due to non-extension of contract beyond March 2004. The Department had not taken any bank guarantee to secure the performance from the supplier.

The firm neither refunded the balance of Rs.4.50 crore nor supplied the equipment as per the contract as of June 2006. The Department had not initiated any action against the firm. Thus Rs.4.80 crore (Rs.0.30 crore + Rs.4.50 crore) has been paid to suppliers without receipt of equipment. The

⁹ M/s Pele Khiezhe, Kohima.

¹⁰ M/s Vishal Surgical Equipment Pvt. Ltd., Chennai.

¹¹ M/s Sir Edward Dunlop Hospitals (I) Ltd., New Delhi.

Government had incurred a loss of interest since it has resorted to borrowings to finance expenditure on purchase of equipment.

3.1.19 Overpayment to suppliers

The DMS issued supply order to three suppliers¹² between March 2004 and December 2004 for supply of equipment for Rs.1.10 crore under PMGY (Rs.0.45 crore) and upgradation of districts hospitals (Rs.0.65 crore). The suppliers supplied (between January 2005 and May 2006) equipment valuing Rs.63.65 lakh. Scrutiny however revealed that payment was made for Rs.79.43 lakh during March 2004 to August 2005 resulting in over payment of Rs.15.78 lakh¹³.

This indicates the failure of the DMS to exercise effective control over the receipt of materials and payments made against them.

The Department stated that it will reconcile the payments with receipts.

3.1.20 Non installation of X-Ray machines and Cobalt Therapy Machine

The supply orders for supply of two 500 MA X-Ray machines (Heliophos D) with generator were issued by DHS (March 2004) and DMS (April 2005) to a Kolkata based firm¹⁴ and a local supplier¹⁵ at a cost of Rs.8.28 lakh and Rs.8.85 lakh respectively without call of tender, with a stipulation to complete supply within 60 days. The DHS and DMS directed the concerned suppliers in February 2005 and November 2005 to supply and install the X-Ray machines in hospitals at Pfutsero and Wokha respectively. Scrutiny of records revealed that payments were made to the suppliers in April 2004 and December 2005. However, there was nothing on record regarding the receipt and installation of these machines. No reply has been received in this regard. Thus, the authenticity of supply and installation of X-Ray machines in the hospitals could not be vouched in audit (April-August 2006).

The Government of India sanctioned (March 2005) and released (April 2005) Rs.2.21.crore through draft in favour of DMS for setting up cobalt therapy unit in Civil Hospital at Mokokchung. The State Government entered (August 2005) into contract with a New Delhi based firm¹⁶ for importing the 780 E 80 cobalt 60 Tele therapy unit from Canada. The contract provided for supply, installation and commissioning of cobalt therapy unit in Civil Hospital, Mokokchung at a total cost of Rs.2.20 crore (equivalent to 628014 CDN\$, 1 CDN\$=Rs.35.00) within 150 days from the date of receipt of mobilisation

¹² M/s Global Enterprises, Kohima, M/s Anyimi, Kohima, M/s Global Enterprises, Kohima.

¹³ Rs.15.78 lakh = Rs.5.22.lakh + Rs.3.97 lakh + 6.59 lakh

¹⁴ M/s Siemens Ltd., Kolkata.

¹⁵ M/s Global Enterprises, Kohima

¹⁶ M/s Kirlosker Theratronics (P) Ltd., New Delhi.

charges and acceptable irrevocable letter of credit (LOC). The DMS issued (August 2005) the purchase order to the New Delhi based firm for the same and paid (August 2005) Rs.0.55 crore as advance. The LOC was also issued (March 2006) in favour of Canada based firm. Despite these, the cobalt therapy unit could not be supplied/installed due to non completion of construction of building and non issue of 'No Objection Certificate' by Atomic Energy Research Bureau (AERB) for importing the equipment from Canada.

Thus, the expenditure of Rs.0.55 crore was unproductive due to non-installation of equipment and resulted in denial of intended benefits to the people in addition to loss of interest due to blockage of GON funds.

3.1.21 Mobile Medical Units (MMUs)

The Planning Commission provided Rs.1 crore in August 2003 for procurement of MMUs. Accordingly, the DMS moved (October 2003) a proposal for Rs.80.00 lakh for obtaining the sanction of the Government for procuring (i) Vehicles (Rs.35.00 lakh), (ii) medicines (Rs.30.00 lakh), (iii) Nursing sundries (Rs.3.00 lakh), (iv) Hospital linens (Rs.2.00 lakh) and (v) Equipment (Rs.10.00 lakh). The State Government discarding the proposal, sanctioned (March 2004) Rs.79.55 lakh for procurement of four ambulance (Rs.71.00 lakh) and medicines (Rs.8.55 lakh). The Government also directed to award the supply order to a local supplier¹⁷ stated to be an authorised dealer of the firm for supply of four Swaraj Mazda Ambulances. Accordingly, the DMS placed (March 2004) the supply order for supply of four ambulances with accessories¹⁸ at a cost of Rs.17.75 lakh each with a stipulation to complete the supply within one month. The DMS paid (April 2004) Rs.71 lakh to the supplier on the basis of proforma bill. There was nothing on record regarding the receipt of the vehicles.

Thus, the entire expenditure of Rs.71 lakh remains doubtful besides denial of benefits to the people. Further, the Government also diverted a fund of Rs.20.45 lakh meant for MMUs (March 2004) for sewage treatment at Nagaland Hospital, Kohima without obtaining approval from the GOI.

3.1.22 Distribution of Equipment

3.1.22.1 Non/Short receipt of equipment by the field units

All equipment were centrally procured by both DHS and DMS during the period 2001-02 to 2005-06 for subsequent distributions to field units.

¹⁷ M/s V. Angami, Dimapur.

¹⁸ First Aid Box, Oxygen Cylinder, ECG Machine, Defrillator Monitor, B.P. Instrument, Medicine Cabinet, Water Filter, Fridge and Nebulizer.

Cross verification of records of six units with the records of Central Medical Store of DMS and DHS revealed that equipment issued by DMS (Rs.88.57 lakh) and DHS (Rs.22.65 lakh) between July 2001 and March 2006 were found short received to the extent of Rs.30.97 lakh as shown below in the stock accounts of the six field units.

Table 3.1.3

(Rupees in lakh)

Name of the field units to whom equipment issued	Value of equipment issued to each field unit by the central medical store		Value of equipment received by each field unit from the central medical store		Value of equipment short received by each field unit from the central medical store	
	SARS	PMGY	SARS	PMGY	SARS	PMGY
Civil Surgeon, Mokokchung	0.32	10.22	0.09	7.80	0.23	2.42
Medical Superintendent, Civil Hospital, Mokokchung	7.89	14.83	5.98	5.74	1.91	9.09
Civil Surgeon, Kohima	0.94	9.66	0.80	6.00	0.14	3.66
Naga Hospital Kohima	2.27	26.29	0.80	17.08	1.47	9.21
Civil Surgeon, Dimapur	---	6.62	---	6.52	---	0.10
Medical Superintendent, Civil Hospital, Dimapur	18.80	13.38	18.80	10.64	---	2.74
Total:	30.22	81.00	26.47	53.78	3.75	27.22

(Source: Departmental records)

The possibility of fraud and embezzlement cannot be ruled out as 6 field units had not received the stated value/number of equipment. No reply was received from the Department (November 2006). Audit observations also reveals that the Department did not have a system of reconciliation or internal control mechanism. The shortage of equipment also resulted in a negative impact on the health care programme of the Department.

3.1.23 Physical verification of stores

Under Rule 116 of General Financial Rules, annual stock taking and reconciliation is a mandatory requirement of any store management as the entire planning of procurement depends on existing stock level. The discrepancies between the actual holding and book balance are to be reconciled to make correct index of stock. However, it was noticed that the Department had not carried out any physical verification of stores during 2001-02 to 2005-06 (review period). This resulted in discrepancies as pointed out in the preceding paragraphs.

3.1.24 Infrastructure Development

3.1.24.1 Budget provision and expenditure

Budget provision and expenditure there against under Capital Section from 2001-02 to 2005-06 were as given below:

Table 3.1.4

(Rupees in crore)

Year	Budget Provision	Expenditure	Savings (-) Excess (+) (percentage in brackets)
2001-02	12.50	2.25	(-) 10.25 (82)
2002-03	12.81	8.29	(-) 4.52 (35)
2003-04	54.69	18.85	(-) 35.84 (66)
2004-05	55.16	42.43	(-) 12.73 (23)
2005-06	42.61	14.23	(-) 28.38 (67)
Total:	177.77	86.05	(-) 91.72 (52)

(Source: Appropriation Accounts)

Audit scrutiny revealed that:

- Against the provision of Rs.177.77 crore during the period of 2001-06, the Department spent Rs.86.05 crore (48 *per cent*). The reasons for savings of Rs.91.72 crore (52 *per cent*) were neither stated nor on record. This indicated that the budget provision was unrealistic.
- Rs.12.50 crore for civil works was provided in the budget under PMGY as Capital Outlay for the years 2001-2006. Against this, Rs.2.21 crore for civil works under PMGY pertaining to the year 2002-03 were kept in Civil Deposits (March 2003) at the instance of Finance Department due to financial constraints which remained unspent (June 2006). This not only resulted in blocking of Government money but also adversely affected the infrastructure development.
- Rs.1.72 crore out of PMGY fund (for civil works) was diverted during 2004-05 towards payment of salary (Rs.1.57 crore) and work charge salary (Rs.0.15 crore). The unauthorised diversion of fund hampered the development of infrastructure.

3.1.25 Inadequate infrastructure

According to the norms prescribed by the GOI for health care centres in hilly/tribal areas, there should be one SC for a population of 3,000, one PHC for a population of 20,000 and one CHC for a population of 80,000. The number of CHCs, PHCs and SCs as per National norms for the population of the State (19,90,036) as per 2001 census and the available CHCs, PHCs and SCs are shown below:

Table 3.1.5

Category of centres	Projected numbers to be set up as per norms (Target)	Numbers in position as per statement submitted by Director Health Services (DHS)	Shortfall	
			Numbers	Percentage
SCs	663	397	266	40
PHCs	100	87	13	13
CHCs	25	20	5	20

(Source: Information furnished by Department)

The position in the three test checked districts was as follows:

Table 3.1.6

District	Population	CHCs			PHCs			SCs		
		Required as per norm	Actual position	Shortfall (-)/ Excess (+)	Required as per norm	Actual position	Shortfall (-)/ Excess (+)	Required as per norm	Actual position	Shortfall (-)/ Excess (+)
Kohima	219318	3	3	--	11	12	(+) 1 (9)	73	39	(-) 34 (47)
Dimapur	309024	4	2	(-) 2 (50)*	15	6	(-) 9 (60)	103	47	(-) 56 (54)
Mokokchung	232085	3	3	--	12	11	(-) 1 (8)	77	51	(-) 26 (34)
Total	760427	10	8	(-) 2 (20)	38	29	(-) 9 (24)	253	137	(-) 116 (46)

(Source: Information furnished by Department. *Figures in bracket indicates the percentage.

Shortfall of health care centres as revealed from the above table indicated inadequacy of health care infrastructure in these three districts resulting in poor coverage of basic health care needs of the people.

3.1.26 Discrepancy in existing Centres

The Department provides health care services in the State through 87 PHCs, 397 SCs and 20 CHCs. The Department however was not aware of the accommodation of three PHCs and 42 SCs (*Appendix-XXVI*). As all these centres were not housed either in Government buildings, rented or buildings donated either by village community/Panchayat, the possibility of non existence of centres cannot be ruled out.

3.1.27 Centres in dilapidated buildings

Test check of three districts revealed that, 70 health care centres (56 SC, 12 PHC and two CHC) (*Appendix-XXVII*) were in dilapidated buildings. Out of these, 54 centres (43 SCs, nine PHCs and two CHCs) require major repairs and 16 centres (13 SCs and three PHCs) require new constructions. The Department has not carried out any repairs/construction works, despite availability of funds. Thus, the people of the State were denied proper and adequate health care facilities.

3.1.28 Non availability of basic facilities

Test-check of centres in three districts revealed that four PHCs and five CHCs were functioning without basic facilities like water supply, labour room,

laboratory etc. The absence of these basic facilities in the PHCs and the five CHCs indicate that there was little or no impact of the health care programme. The details are given below:

Table 3.1.7

Name of the district	Name of the centre	Water supply	Toilet	Labour room	Laboratory	Store room	Beds	
							Required as per norm	Available
Kohima	Sechu, PHC	NA ¹⁹	NA	NA	NA	NA	4-6	2
	Chiephobozou, CHC	NA	---	---	---	---	30	12
	Viswema, CHC	---	---	---	---	---	30	18
	Tesophenyu, CHC	NA	NA	NA	NA	NA	30	2
	Tesminyu, CHC	---	---	---	---	---	30	12
Mokokchung	Mangsenyimti, PHCs	NA	NA	NA	NA	NA	---	---
	Mengmetong, PHC	NA	NA	NA	NA	NA	---	---
Dimapur	Medziphema CHC	NA	---	---	---	---	30	12
	Kuhoboto PHC	---	---	NA	NA	---	4-6	1

(Source: Records of centres)

3.1.29 Irregular increase in scope of work

To provide treatment to accident victims, the GOI sanctioned (January 2003) Rs.1.44 crore for up-gradation and strengthening of emergency facilities at CHC, Medziphema. Out of the amount sanctioned Rs.0.63 crore was for civil works. The EE, Medical Engineering Division, Kohima awarded (April 2003) the work “construction of double storied RCC building including site leveling, electrification etc.” to a local contractor at a cost of Rs.0.67 crore to be completed by October 2004. The contractor²⁰ completed the work (April 2005) at higher cost (Rs.0.85 crore) due to increase in plinth area without the approval of the Government. Against Rs.0.85 crore, the Department paid Rs.0.50 crore to the contractor (September 2003). The building was not handed over to the Department by the contractor as of June 2006.

The Audit observation reveals that scope of work was irregularly increased by contractor due to EEs failure to monitor and measure work in progress as well as before making payments of running accounts bills. Thus even after a year of completion of the building the matter of taking over of the building has not been settled and the purpose for which it was constructed was defeated.

3.1.30 Unfruitful expenditure

Construction of two Regional Diagnostic Centres (RDCs) at Civil Hospitals, Mokokchung and Tuensang was taken up under the award of Eleventh Finance Commission (EFC) at a cost of Rs.6 crore (Rs.3 crore for each centre). The DMS signed the deed of agreement (February 2002) and awarded

¹⁹ Not available

²⁰ M/s Vililie Khamo, Kohima

(February 2002) the work to a Kolkata based contractor²¹ on turnkey basis. As contemplated in the deed of agreement, Rs.3 crore for each centre including civil works (electrification, sanitation etc.), supply and erection, commissioning of machineries and equipment etc., was scheduled to be completed by 2002-03.

Against the allocation of Rs.3 crore (comprising Rs.0.47 crore for civil works including electrification, sanitation, etc., and Rs.2.53 crore for supply and erection, commissioning, etc., of machineries and equipment) for each RDC. The RDC at Mokokchung was completed at a cost of Rs.3 crore and made functional (May2005). The contractor incurred an expenditure of Rs.1.89 crore for RDC at Tuensang on civil works and equipment. However, the contractor neither handed over the building for RDC at Tuensang nor installed machineries/equipment. There is also no possibility of making the RDC at Tuensang functional as the funds provided under the award of EFC lapsed in March 2005. Thus, failure on the part of the Department to utilise the funds provided under EFC within March 2005, rendered the RDC at Tuensang incomplete/non-functional after spending Rs.1.89 crore* (civil works and equipment) besides denying the people of the Tuensang of the benefits. This resulted in unfruitful expenditure of Rs.1.89 crore besides people were deprived of the benefits.

As part of the Prime Minister's special package to North Eastern States, the project "Upgradation of Naga Hospital, Kohima (NHK)[∇]" was taken up in three phases for execution under Non-lapsable Central Pool of Resources (NLCPR) with an estimated cost of Rs.25 crore for providing better health care to the people. The State Government awarded (May 1999) the work to a Delhi based firm²² on turnkey basis. Due to non completion of the work within the targeted date (May 2001), the contract was renewed (May 2002) and extended upto March 2004. The contractor could not complete the work except phase-I (office for hospital and a female ward) for Rs.9.28 crore by March 2004. The Department paid Rs.9.28 crore to the supplier in March 2004. The Technical Committee, NHK also objected (December 2003) to extending the contractual period beyond March 2004. The State Government neither rescinded the contract nor asked the contractor to complete the remaining work. Thus, non-completion of the work within the stipulated time frame resulted in unfruitful expenditure of Rs.9.28 crore and deprived the people of better health care facilities.

²¹ M/s Sarkar Diagnostic Research Centre, Kolkata.

* Rs.4.89 crore-Rs.3 crore.

[∇] 30 items of woks viz, construction of additional hospital buildings, male wards, additions & alterations of existing buildings and equipments etc.

²² M/s Sir Edward Dunlop Hospitals (I) Ltd., New Delhi.

3.1.31 Incomplete project

The project “Construction of 500 Bedded Referral Hospital at Dimapur” funded by Government of India (DONER/NEC) was taken up (1986-87) for execution in two phases at an estimated cost of Rs.34.30 crore. The project was targeted to be completed in 1992-93 (Phase-I) and in 1993-94 (Phase II). The project cost was subsequently (1995) revised to Rs.142.58 crore with a stipulation to complete the work by June 1998. This was later (1997) rerevised to Rs.192.40 crore with the due date of completion being 2000. But the project could not be completed till (March 2006), despite spending Rs.70.54 crore, due to funds constraint. The Department finally handed over (March 2006) the incomplete project to Christian Institute of Health Services and Research (CIHSR), Chennai on lease basis. The terms and conditions specified in the lease deed could not be verified in Audit (August 2006) due to non-submission of the same. It is not clear as to why the project was handed over to a private party after spending an amount of Rs.78.54 crore for upgradation of infrastructure at Referral Hospital, Dimapur. Thus, due to delay in implementation and eventual abandonment of the project, the State was deprived of a 500 bedded hospital and the purpose for which the project was started was also defeated.

3.1.32 Implementation of central scheme for Waste Management

To provide facilities for Hospital Waste Management in Naga Hospital, Kohima (NHK) and Civil Hospital, Dimapur, GOI sanctioned (March 2002) Rs.1.34 crore (Rs.0.67 crore each) for installation of incinerator, autoclave, shredder, wheel barrows for transportation of waste and other equipment like needle shredders, trolleys, protective gear for staff etc., including civil and electrical work (Rs.2.50 lakh each) and training of staff (Rs.1.00 lakh each). The works were taken up (October 2002) through two local contractors²³ without entering into any agreement. Hence the same could not be examined in Audit. The DMS stated (July 2006) that the works were completed in July 2004 (NHK) and in November 2004 (Civil Hospital, Dimapur). As provided in GOI guidelines regarding taking stock of equipment, it was observed that no stock register was maintained. The reply of the DMS could not be verified with reference to the equipment taken in stock, since no stock register was maintained. Also no progress report was sent to GOI despite repeated reminders (April 2005 and December 2005) by the GOI. The Director, Naga Hospital Authority, Kohima while confirming the facts stated (July 2006) that the hospital authority was not aware of the status of the equipment as they were not intimated anything in this regard. Thus, it is evident that the central scheme of waste management in these two hospitals did not take off and the entire expenditure of Rs.1.32 crore remains doubtful. Besides, no training was also imparted to the staff.

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M/s Premier Enterprises, Kohima (Civil Hospital, Dimapur) and M/s Athu-o Angami, Kohima (Naga Hospital, Kohima). Rs.66.20 lakh each including civil work as well as electrification and supply/installation of equipment

3.1.33 Monitoring and evaluation

There is no system or prescribed procedure of monitoring in the Department. No monitoring cell was created in the Directorate to monitor the activities of the Department. The non submission of progress reports to GOI; absence of periodical physical verification of stores; non-reconciliation of receipts and issue of materials from the Central Stores to the field units etc., indicated non-existence of any monitoring system. During the period covered in audit, no evaluation was carried out by the Department or other agency to gauge the performance of the Department in providing health care services to the people.

3.1.34 Conclusion

The aim of providing basic health services to the people at large at their doorstep remained a distant dream due to

- No system in place to judge the requirement of medicines, equipment/machinery to be purchased.
- Procurement of medicines/equipment from unauthorized suppliers.
- No mechanism for checking the quality of medicines procured.
- No reconciliation of records of the central depots and districts for the distribution of medicines.
- Infrastructure not in place for the installation of equipment/machinery.
- Shortage of health care centre when compared to norms set up by GOI.
- Dilapidated infrastructures at health care centres.

3.1.35 Recommendations

Based on the above audit observations, the Government may consider taking the following action:

- Drug purchase policy/purchase manual may be made and followed to regulate the purchase of medicines and equipment.
- Facilities for testing the medicines should be set up.
- Adequate number of health care centres with prescribed infrastructural facilities should be set up as per National Norms.
- Effective step to be taken to make the Trauma Centre at Medziphema operational immediately.
- Monitoring cell in the Directorate needs to be constituted to monitor the activities of the Department.
- There has to be a full proof system for distribution of right quantity of medicines and hospital equipment purchased.

**DEPARTMENT OF SOCIAL WELFARE AND WOMEN
DEVELOPMENT**

3.2 Integrated Child Development Services (ICDS) Scheme

The Integrated Child Development Services (ICDS), a Centrally Sponsored Scheme, was launched in the State in 1975. As of March 2006, only 79 per cent tribal population of the State could be covered under the ICDS scheme. 16 per cent children of the State in the under six years age group were yet to be covered under the scheme. The nutritional content of the foodstuff provided to the beneficiaries was not regularly tested in the recognized testing laboratory. Implementation of other components of the scheme such as immunisation, nutrition and health education, medical check-up and referral services as well as prevention of vitamin 'A' deficiency were virtually non-existent. The Government had entrusted the Nagaland University to conduct evaluation study of the scheme but no report was submitted by the University as of October 2006.

Highlights

Out of the total tribal population of 17,74,026, the Department covered only 13,94,268 tribal population (79 per cent) as of March 2006. Out of 2,89,678 children under six years age group in the State, the Department implemented the scheme amongst 2,43,014 children (84 per cent) during 2001-02 to 2005-06.

(Paragraph 3.2.9)

The Department failed to identify malnourished children in the under three years age group to be covered under PMGY component.

(Paragraph 3.2.9)

Creation of Anganwadi centres in excess of norms resulted in extra expenditure of Rs.3.67 crore towards payment of honorarium to Anganwadi workers and Helpers.

(Paragraph 3.2.10)

The total Additional Central Assistance of Rs.27.19 crore for nutrition meant exclusively for children below the age of three years under Pradhan Mantri Gramodaya Yojana was diverted for implementation of the State Plan Scheme of Supplementary Nutrition Programme under ICDS which covered children in the age group of zero to six years, pregnant women and nursing mothers.

(Paragraph 3.2.13)

An amount of Rs.0.59 crore was spent on civil works not covered under ICDS.

(Paragraph 3.2.14)

The Department distributed nutritional food without testing the calorie and protein content of foods.

(Paragraph 3.2.16)

Five CDPOs did not receive ICDS materials valued at Rs.0.70 crore against material worth Rs.0.74 crore issued by the Central Store, Dimapur.

(Paragraph 3.2.17)

The records relating to health check up and referral services were not maintained at Anganwadi Centres. In the absence of primary records, it was not possible to assess the benefits of immunization programme, health check up and referral service.

(Paragraph 3.2.19)

The Department made no efforts for preventing blindness caused by vitamin 'A' deficiency by administering vitamin 'A' solution to the children under six years of age.

(Paragraph 3.2.22)

3.2.1 Introduction

The Integrated Child Development Services (ICDS), a Centrally Sponsored Scheme, was launched in the State in 1975. The scheme envisaged delivery of an integrated package of services comprising:

- Supplementary Nutrition (SN);
- Immunization;
- Health Check-up;
- Referral Services;
- Nutrition and Health Education; and
- Non Formal Pre-School Education.

The objective of the scheme was to reduce the incidence of mortality, morbidity, malnutrition, school dropout, improve nutritional and health status of children in the under six years age group and enhancing the capacity of the mother to look after the normal health and nutritional needs of the child. The focal point of the scheme was Anganwadi, which was managed by honorary workers selected from local community at the project level. The immunisation, health check-up and referral services were to be delivered at the Anganwadi

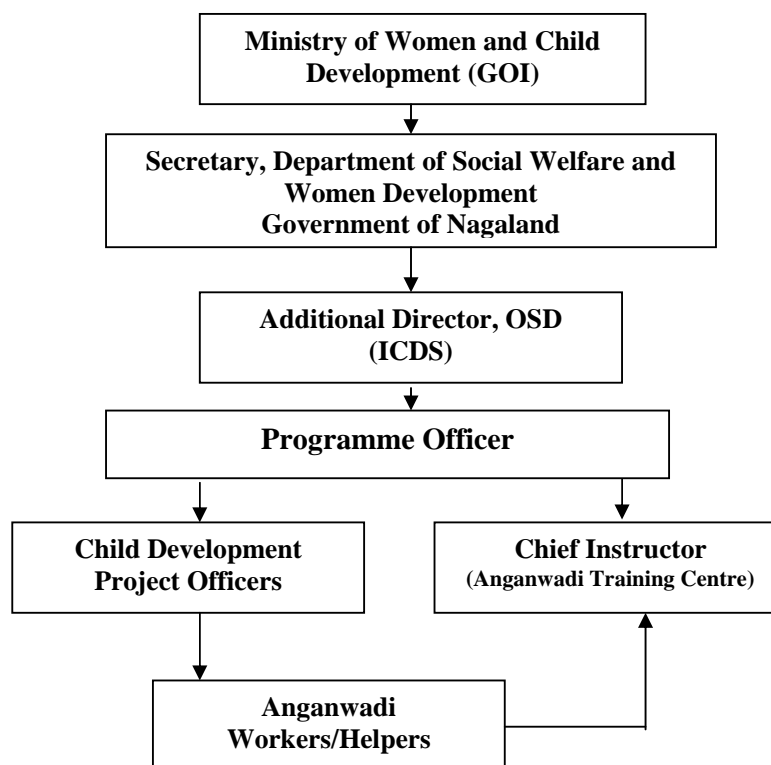
Centres through the network of health services at the Primary Health Centres (PHCs).

The ICDS scheme is also linked with nutrition component of Pradhan Mantri Gramodaya Yojana (PMGY) launched during 2000-01 as 100 per cent Centrally Sponsored Scheme (CSS) with the objective of achieving sustainable human development at the village level. The PMGY envisaged an Additional Central Assistance (ACA) for various components of Basic Minimum Services including nutrition. The nutrition component of the PMGY had been specifically outlined with the objective of eradicating malnutrition amongst children below three years by supplementary feeding.

In addition, the State is also implementing World Bank assisted ICDS training programme-Project UDISHA since April 1999 with a view to create awareness of ICDS activities to the various groups such as Village Council Members, Gaon Burahs and Women Organizations and to train the community as a whole to optimize their involvement in the scheme activities.

3.2.2 Organisational Setup

The Scheme is implemented by the Department of Social Welfare and Women Development. The Nodal Officer is the Secretary, assisted by an Additional Director, Programme Officer (ICDS) in the Directorate and 54 Child Development Project Officers (CDPOs) at the district level. The organisational set up of the Department is given below:



3.2.3 Scope of Audit

The performance audit of the scheme was carried out from April to July 2006 covering the period from 2001-02 to 2005-06. Three¹ out of 11 districts (three were created in 2004-05) were selected for test check (27 *per cent*) by applying the method of Probability Proportional to Size with Replacement (PPSWR). Anganwadi Centres in the sample districts were selected by using the method of Simple Random Sampling Without Replacement (SRSWR). Out of total expenditure of Rs.86.89 crore during 2001-02 to 2005-06, Rs.54.50 crore (63 *per cent*) was covered in the Performance Audit.

3.2.4 Audit objectives

The main objectives of the performance audit were to examine:

- the method for identification of the target group;
- the plan drawn up to achieve scheme objectives;
- the survey for identification of malnourished children, pregnant and nursing mothers and other women in the 15-45 age group years;
- the adequacy of training provided to the ICDS functionaries; and
- the effectiveness of monitoring, evaluation and assessment of the scheme.

3.2.5 Audit criteria

Audit examination was based on the following criteria:

- norms and guidelines prescribed by GOI;
- year-wise action plan;
- norms prescribed for infrastructure development;
- action plans for training under UDISHA programme; and,
- norms for monitoring, evaluation and impact assessment.

3.2.6 Audit methodology

The performance audit began with an entry conference (25 April 2006) with the Under Secretary, Director, and other officers of the Department. The audit objectives, criteria, methodology and scope of performance audit were discussed in detail in the meeting. At the end, an exit conference (13 October 2006) was held which was attended by the Secretary and other subordinate officers responsible for implementation of the scheme. The audit findings were discussed and were finalized after incorporating the views of the Government.

¹ Kohima (Capital), Dimapur and Mokokchung

3.2.7 Financial arrangement

The funds for implementation of the Scheme were made available by the GOI to the State Government which in turn releases it to the Department of Social Welfare and Women Development.

According to the scheme guidelines, the State Government was required to make provision for meeting supplementary nutrition requirements of children in the under 6 years age group age group, pregnant women and lactating mothers out of the State's own resources. However, since 2005-06 the GOI is providing support to the States/UTs at half the rate of the financial norms for various categories of beneficiaries or 50 *per cent* of the actual expenditure on supplementary nutrition, whichever is less.

3.2.8 Programme performance

3.2.8.1 Financial Performance

The central assistance released by the GOI and expenditure incurred during 2001-02 to 2005-06 are given below:

Table: 3.2.1

(Rupees in crore)

Year	Budget provision	Funds released by GOI	Funds released by State	Expenditure	Saving (-) Excess (+) (4-5)
1	2	3	4	5	6
2001-02	19.28	19.07	19.07	19.07	-
2002-03	21.66	23.76	23.76	23.76	-
2003-04	23.21	14.86	14.86	14.86	-
2004-05	19.92	13.59	13.59	13.59	-
2005-06	21.96	23.38	23.38	15.61	(-)7.77
Total	106.03	94.66	94.66	86.89	(-)7.77

Source: Information furnished by the Department.

Against the total budget provision of Rs.106.03 crore, the GOI released Rs.94.66 crore during 2001-02 to 2005-06. The Department had incurred an expenditure of only Rs.86.89 crore during the above period leaving an unspent balance of Rs.7.77 crore (8 *per cent*) as of March 2006. The Government stated (October 2006) that the amount will be utilized during 2006-07.

3.2.9 Coverage

As per 2001 census, the total population in Nagaland was 19,90,036 with the tribal population being 17,74,026 (89 *per cent*). Though the Department implemented the ICDS scheme in all the districts, only 13,94,268 (79 *per cent*) tribal and 2,16,009 non-tribal population was covered under the scheme as of March 2006.

There were 2,89,678 children in the age group of under six years age group in the State. The Department could cover 2,43,014 children (84 *per cent*) under the ICDS scheme upto March 2006. Further, the Department could not identify the children in the under three years age group to be covered under nutrition component of PMGY.

The Government stated (October 2006) that every effort would be made by the Department for 100 *per cent* coverage of all the eligible beneficiaries.

The number of beneficiaries identified and covered under the three major components of the scheme namely: supplementary nutrition, immunization and non-formal pre-school are given in **Appendix-XXVIII**. It would be seen that in each of the years 2001-02 to 2005-06, total beneficiaries identified were covered except with regard to immunization, where shortfall was 90 *per cent* during 2001-02 to 2003-04.

The correct identification of beneficiaries through survey and periodic updating of data is crucial for the success of the scheme. Records of the 35 Anganwadi centres test-checked revealed that none of the centres had maintained records relating to survey for identification and categorisation of beneficiaries for all the five years

Thus, due to non-maintenance of proper survey records by the Anganwadi centres, procedure followed for selection of beneficiaries could not be vouchsafed in audit and it could not be verified whether the people covered under the project were the targeted beneficiaries.

3.2.10 Anganwadi centre opened in disregard of norms

According to the scheme, one Anganwadi centre is to be created for every 1000 persons in the rural/urban areas and for 700 persons in tribal areas. As per the above criteria, 237 centers in urban/rural and 1992 centers in tribal areas were to be created. However, the Department had created 2770 Anganwadi centres (urban/rural: 253 centres and tribal area: 2517 centres) as of March 2005.

The creation of excess Anganwadi centres (ranging between 471 to 541) resulted in extra expenditure of Rs.3.67 crore towards payment of honorarium to Anganwadi Workers and Helpers during 2001-02 to 2004-05 as detailed below:

Table: 3.2.2

Year	AW centres created	AW centres should have been created	Excess creation	Honorarium paid (Rupees in crore)	Remarks
2001-02	2700	2229	471	0.85	Rate of Honorarium @Rs.1000.00 pm for AWWs and @Rs.500.00 for AW Helpers
2002-03	2720	2229	491	0.88	
2003-04	2770	2229	541	0.97	
2004-05	2770	2229	541	0.97	
Total				3.67²	

(Source: Departmental figures)

3.2.11 Construction of Anganwadi Centres

The GOI released Rs.12.75 crore³ to the State Government for construction of 1020 Anganwadi centres during 2001-02 to 2005-06 at the rate Rs.1.25 lakh per centre having a room not less than 5x5 metre area, one room of the size of 9 sqm, for storage, a child friendly toilet and provision for safe drinking water.

The Department constructed 865 centres* at a total cost of Rs.10.45 crore and 155 centres are under construction (physical progress 40 per cent as of March 2006).

In this regard, the following irregularities were noticed:

- Though the Department stated that construction of 865 centres was completed by March 2006, completion reports were received only in respect of 126 centres from the concerned CDPOs.
- Neither the concerned Executive Engineer (Housing Department, incharge of this construction works) nor the Junior Engineer (JE) of the Department ever carried out spot verification at any stage of the construction of the above centres.
- The JE in his verification statement on the completion of 126 centres pointed out that most of the centres were not constructed as per specifications, which was also corroborated from the photographs taken on the construction of those centres.

²

(Rupees in crore)		
471xRs.1000x12	0.57	0.85
471xRs.500x12	0.28	
491xRs.1000x12	0.59	0.88
491xRs.500x12	0.29	
541xRs.1000x12	0.65	0.97
541xRs.500x12	0.32	
541xRs.1000x12	0.65	0.97
541xRs.500x12	0.32	
Total		3.67

³ In 2001-02: Rs.2.50 crore; 2002-03: Rs.2.50 crore; 2003-04: Rs.3.87 crore and 2004-05: Rs.1.94 crore and 2005-06: Rs.1.94 crore=Rs.12.75 crore

* In 2001-02: 200 centres; 2002-03: 200 centres; 2003-04: 310 centres and 2004-05: 155 centres=865. **71**

- None of the centres constructed was provided with child friendly toilet and provision for safe drinking water as mentioned in each sanction order issued by the GOI.
- As per the work order issued to a contractor, 200 centres were to be constructed at a total cost of Rs.2.32 crore at the rate Rs.1.16 lakh (tendered rate). However, the Department paid Rs.2.50 crore to the contractor between September 2003 and December 2005. Thus, the Department made an excess payment of Rs.0.18 crore to the contractor.

The Department failed to ensure secured rooms for storage of foodstuff/ICDS materials in the newly constructed Anganwadi Centres, safe drinking water and proper hygiene to all the ICDS beneficiaries.

The Department stated (October 2006) that though toilet could not be provided within the Anganwadi Centres due to fund constraints, the villagers have been requested to construct toilets near the Anganwadi Centres in the form of community contribution. It was further stated that containers and water filters have been provided in every centre for storage of drinking water.

The reply is not tenable because the Government/Department did not take up the matter with the GOI at any stage for releasing more funds for providing toilet and safe drinking water facilities to the Anganwadi Centres.

3.2.12 Supplementary Nutrition

To improve the health and nutritional status of malnourished children, supplementary nutrition is provided for a period of 300 days in a year under the scheme to all the children below six years of age and to nursing and expectant mothers from low income families. The supplementary nutrition should contain 300 calories and 10 gm. of protein per child, 500 calories and 15-20 gm. of protein per pregnant woman and 600 calories and 20 gm. of protein for severely malnourished child. Weaning food weighing 75 gm. per beneficiary has also been prescribed for children in the age group of six months to one year.

The State Government discontinued* the supplementary nutrition programme from 2000-01 to 2004-05 due to fund constraints. However, the same programme had been revived under the State Plan from 2005-06.

3.2.13 Supplementary nutrition under PMGY

The allocation under PMGY was an additional central assistance (ACA) given specifically to prevent malnutrition among children in the under three age group.

* As noticed from the Administrative Reports of the Department 2001-02 onwards.

The year-wise allocation of ACA against 'Nutrition' under PMGY, provision made in the budget and expenditure incurred during 2001-02 to 2005-06 is given in the table below:

Table: 3.2.3

(Rupees in crore)

Year	Budget provision	GOI allocation	Fund released by GON against GOI allocation	Fund released by GON against SNP under State Plan	Total (4+5)	Expenditure			Remarks
						SNP under State Plan	Nutrition under PMGY	Total	
1	2	3	4	5	6	7	8	9	10
2001-02	6.79	6.79	6.79	Nil	6.79	Nil	12.79	12.79	Rs.6.00 pertained to previous year
2002-03	6.80	6.80	6.80	Nil	6.80	Nil	6.80	6.80	
2003-04	6.80	6.80	6.80	Nil	6.80	Nil	6.80	6.80	
2004-05	9.80	6.80	6.80	Nil	6.80	Nil	6.80	6.80	
2005-06	9.50	9.88	9.88	10.79	20.67	10.20	9.88	20.08	
Total	39.69	37.07	37.07	10.79	47.86	10.20	43.07	53.27	

Source: Information furnished by the Department

Scrutiny of records revealed that the State had utilised the ACA released by the GOI during 2001-02 to 2004-05 towards procurement of food items for all groups of children (under six years), pregnant women and lactating mothers for supplementary nutrition programme (SNP) under ICDS scheme. This indicated that the entire funds of Rs.27.19 crore received under PMGY during 2001-02 to 2004-05 were diverted for implementation of SNP. Thus, the objectives of eradicating malnutrition amongst children below three years by increased nutritional coverage of supplementary feeding under PMGY remained unachieved. GOI approval was not obtained (November 2006) for this diversion of funds.

3.2.14 Diversion of fund

An amount of Rs.0.59 crore was spent during 2003-04 for construction of CDPOs office buildings and purchase of fencing materials at Chazouba and Noksen which were not covered under the scheme. The Government stated (October 2006) that, the diversion was with the approval of the State Government. However, the scheme being centrally sponsored, the approval of the GOI was required.

3.2.15 Improper maintenance of foodstuff distribution registers

The scheme provided for distribution of food viz., soya biscuits, powder milk, extruded snacks, and processed food viz., 'Paushahar and Paustic Ahar' for 300 days in a year to identified beneficiaries. Scrutiny of records of the 35 Anganwadi centres test-checked revealed that none of the centres maintained the feeding registers for the past five years. In the absence of records, it was not possible for audit to assess the quantum of food stuff distributed and the

extent of benefits that accrued to the beneficiaries. On this being pointed out, the Government in October 2006 issued necessary instructions to all CDPOs/Supervisors to maintain the required records properly.

3.2.16 Purchase of foodstuff without quality assurance

The foodstuff (soya biscuits, powder milk, extruded snacks, and processed food viz., 'Paushahar and Paustic Ahar') purchased for consumption of the ICDS beneficiaries should contain specified calories and proteins and it should be ascertained through frequent analysis of food samples tested in a recognised food testing laboratory of the State Government or GOI.

It was however noticed that, during the entire period covered in audit, only seven food samples were tested (April 2003) by the Deputy Technical Advisor to the GOI, Ministry of Human Resources Development, Quality Control Laboratory, Food and Nutrition Board, Kolkata. Though the finding was satisfactory, the frequency of testing was not sufficient to provide a realistic view on the quality of foodstuff provided to the beneficiaries.

In the absence of regular testing by the Department, quality of food stuff procured under the programme, containing lesser calories and proteins could not be ruled out.

3.2.17 Non-receipt of material by the Child Development Project Officers (CDPOs)

The ICDS material viz., maps, phenyl, bound register, cooking pots, steel almirah, jigsaw puzzle, water colour tube, plastic chair etc., worth Rs.0.74 crore was issued to five CDPOs from the Central Store, Dimapur during 2001-02 to 2005-06. Cross check of the records revealed that material valued at Rs.0.70 crore were not received by the five CDPOs during the above period. The details of materials issued by Central Store, Dimapur and received by the above CDPOs are shown in the **Appendix-XXIX**. The absence of these materials with the CDPOs indicate that they were restricted in carrying out their duties and this in turn had a negative impact on child development programme. Thus the purpose of incurring an expenditure of Rs.0.74 crore was defeated.

3.2.18 Immunisation

Immunisation of all children below 6 years of age against diphtheria, whooping cough, tetanus, polio and tuberculosis and of expectant mothers against tetanus was to be carried out through the PHCs. The number of beneficiaries identified between 3,48,420 and 3,49,190 and covered between 34,700 and 34,180 during 2001-02 to 2003-04 under immunisation as claimed and reported by the Department (details in **Appendix-XXVIII**) indicated shortfall in achieving target between 87 per cent to 90 per cent during the above period.

Scrutiny of records in the test-checked centres revealed that, no records of immunization activities was maintained. In the absence of records for immunization, it could not be ascertained whether the benefits shown to have been provided to the beneficiaries were actually provided.

3.2.19 Health check-up and Referral Services

In addition to immunization, the package of services included health check-up and referral services which include (i) ante-natal care of expectant mothers, (ii) post-natal care of nursing mothers and care of new born babies and (iii) care of children under six years of age.

Routine checks are to be carried out by the Lady Health Visitor (LHV) and Auxiliary Nurse-cum-Midwife (ANM) attached to the PHC and records thereof are to be kept in an ante-natal card and maintained for post-natal care of nursing mothers. A minimum of two visits at their homes were required to be made within 10 days after the delivery, to check the general health of the mother and the infant and records of the deliveries were to be kept in the post-natal cards for watching post-natal care.

The total number of LHVs and ANMs and their visits could not be ascertained from records.

The Anganwadi workers were also required to identify expectant mothers and malnourished children with problems requiring specialized treatment and refer them to PHC or city hospital. A record of these cases was to be maintained at the Anganwadi centre with referral slips. These records were not maintained in any of the 35 centres test-checked. It was observed that Rs.21 lakh was paid as honorarium to the AWWs during 2001-06.

In the absence of these records the achievement of this objective of the scheme could not be verified in audit.

3.2.20 Nutrition and Health Education

Nutrition and health education was to be imparted to all the women in the age group of 15 to 45 years with priority to nursing and expectant mothers through publicity, special camps, home visits by Anganwadi workers, short courses, demonstration of cooking/feeding and utilization of programmes of the Ministries of Health and Family Welfare and Agriculture.

Such mass-media publicity, special campaign, short camps *etc.*, were not organized during 2001-02 to 2005-06. The Department had not laid down any norms with regard to home visits and demonstrations of cooking/feeding. 35 Anganwadi centres test-checked did not maintain any records of field visits relating to nutrition and health education. It was observed that Rs.21 lakh was paid as honorarium to the Anganwadi workers during 2001-06.

This indicated that the Department did not impart any awareness of nutrition and health education to the targeted beneficiaries.

3.2.21 Non-formal Pre-School Education

The scheme envisaged providing the benefit of non-formal pre-school education to children in the age group of 3-6 years through Anganwadi centres. In each Anganwadi, the strength of such children was to be 40. The Anganwadis were to establish links with elementary schools so that a child could move from Anganwadi to school with necessary emotional and mental preparation.

The year-wise identification of children and enrolment in the non-formal pre-school scheme during 2001-02 to 2005-06 as submitted by the Department were as under:

Table: 3.2.4

Year	No. of Anganwadi Centres	Children identified under pre-school category	Children actually enrolled under pre-school category	Shortfall in enrollment	Percentage of shortfall
2001-02	2700	130960	77188	53772	41
2002-03	2720	130500	81782	48718	37
2003-04	2770	131750	79813	51937	39
2004-05	2770	131900	82861	49039	37
2005-06	3035	133230	92049	41181	31

(Source: Data furnished by the Department)

It would be seen from the above that the shortfall in enrollment of children of 3-6 years of age in the pre-school education ranged between 31 to 41 *per cent* during 2001-02 to 2005-06. The Department's claim could not be substantiated as the records of the 35 Anganwadi centres test-checked did not indicate the actual number of children admitted in the elementary schools.

Thus due to non-maintenance of detailed records of the pre-school education by the Anganwadi centres, the number of drop out children could not be worked out and the impact of this aspect of the scheme could not be determined.

3.2.22 Supply of vitamin 'A' solution

According to the norms prescribed by the Department of Women and Child Development under National Prophylaxis Programme, one lakh International Units (IU) of Vitamin 'A' solution were to be administered to infants at nine months age under ICDS scheme. Children in the age group of one to five years were to receive two lakh IU Vitamin 'A' solution every six months, with priority in respect of children below three years of age.

The Anganwadi workers of the centres test-checked stated (April-July 2006) that they did not receive any Vitamin 'A' solution from their Department during 2001-02 to 2005-06. It was also stated that they procured the required quantity of Vitamin 'A' solution from the near by PHCs as and when required. However, they could not produce any record indicating requisition of Vitamin 'A' solution from the PHCs and administration of the same to the targeted beneficiaries.

Thus due to non-maintenance of records by the Anganwadi centres, it could not be ascertained in audit whether any Vitamin 'A' solution was administered to the ICDS beneficiaries.

3.2.23 Purchase of medicine kits in excess of requirement

The Department procured 15099 medicine kits at a total cost of Rs.0.90 crore during 2001-02 to 2005-06 against the actual requirement of 13995 medicine kits without proper assessment. Thus, there was an excess procurement of 1104 medicine kits valued Rs.6.62 lakh⁴.

The Government stated (October 2006) that additional medicine kits were procured for training purpose and for replacement of damaged kits during transportation to distant places over rough terrain. However, the number of 1104 medicine kits is much in excess for meeting the above requirements as seen in the case of 35 Anganwadi centres mentioned in Para 3.2.24.

3.2.24 Tardy distribution of medicine kits

The distribution of medicine kits to the Anganwadi centres test-checked during 2001-02 to 2005-06 was as under:

Table: 3.2.5

Name of CDPO	No. of AW Centres test checked	Actual requirement of medicine @ one kit each year	Actual distribution of medicine kits to AWCs					Total
			2001-02	2002-03	2003-04	2004-05	2005-06	
Jakhama	5	25	1	1	2	1	4	9
Nuiland	5	25	nil	nil	5	13	nil	18
Dimapur (U)	14	70	nil	11	11	12	3	37
Kobulong	6	30	nil	5	5	5	nil	15
Ongpangkong (S)	5	25	nil	5	5	5	nil	15
Total	35	175	1	22	28	36	7	94

(Source: Departmental figures)

The above table reveals that, against the actual requirement of 175 medicine kits for 35 centres, only 94 medicine kits were provided to the centres during 2001-02 to 2005-06. The inadequate supply of medicine kits to the Anganwadi

⁴ 1104 kits x Rs.600.00 per kit=Rs.6.62 lakh.

centres by the Department led to deprivation of the benefit of first aid services to the ICDS beneficiaries. The Government accepted the facts (October 2006).

3.2.25 Activities on Information, Education and Communication (IEC)

According to the scheme, an amount of Rs.25,000 per annum per project was to be earmarked for IEC activities for creating awareness of the ICDS scheme.

Scrutiny of records revealed that an amount of Rs.0.68 crore was spent on purchase of maps, fruit charts, vegetable charts, animal charts, transportation and translation of various topics into local dialects for distribution to CDPOs.

However, the records of CDPOs test-checked did not indicate receipt of any IEC materials during 2001-02 to 2005-06. The non-supply of these materials to the CDPOs indicate that they were restricted in carrying out their duties and this in turn had a negative impact on the child development programme. Thus the purpose for incurring an expenditure of Rs.0.68 crore was defeated.

3.2.26 ICDS training programme –Project UDISHA

For the success of the ICDS scheme, community participation is an essential ingredient. Thus, it is imperative to sensitise and train the community to optimize their involvement. The World Bank sponsored ICDS training programme-Project UDISHA was thus introduced in the State in April 1999 with a view to develop all the functionaries of ICDS into agents of social change, creating awareness on ICDS activities to various target groups such as Village Council Members, Gaon Burahs and Women Organisations and to sensitize and train the community to optimize their involvement.

The funds released by the GOI and expenditure incurred during 2001-02 to 2005-06 are given below:

Table: 3.2.6

(Rupees in lakh)

Year	Fund released by GOI	Amount sanctioned by GON against GOI release	Expenditure	Saving (-) Excess (+)	Remarks
2000-01	41.00	41.00	Nil	-	Entire amount transferred to Civil Deposit.
2001-02	10.00	10.00	51.00	-	Included Rs.41.00 lakh withdrawn from Civil Deposit.
2002-03	40.00	40.00	28.84	(-)11.16	
2003-04	23.07	23.07	23.07	-	
2004-05	40.00	40.00	40.00	-	20.00 transferred to Civil Deposit
2005-06	25.00	25.00	25.00	-	
Total	179.07	179.07	167.91		

Source: Information furnished by the Department.

It would be seen from the above table that there was a saving of Rs.11.16 lakh (28 *per cent*) during 2002-03. The reasons for savings were neither stated nor found on record.

The targets and achievements with regard to conducting training programmes of various ICDS functionaries during 2001-02 to 2005-06 are shown in **Appendix-XXX**.

While the target was to train 29 CDPOs on job and refresher courses during 2001-02 to 2005-06, no CDPOs was trained. Out of 73 Supervisors to be trained on the job and refresher courses during 2001-02 to 2005-06, only 35 supervisors were trained in 2003-04 and no target was fixed for training of CDPOs and Supervisors for job and refresher courses in 2002-03, 2004-05 and 2005-06. The target of 105 Anganwadi workers was fixed for job training during 2002-03 against which only 90 were trained and the shortfall in achieving the target was 14 *per cent*. Against the target of 240 (120 each year) Anganwadi workers to be imparted training on refresher course during 2002-03 and 2003-04, only 86 workers were trained during that period and the shortfall in achieving the target was 64 *per cent* in each year. The Department's claim of providing orientation training to 4325 Anganwadi helpers during 2001-02 to 2005-06 could not be verified in audit due to non-maintenance of records by the Anganwadi centres.

The non-training of the required number of CDPOs, Supervisors and Anganwadi workers on job and fresher courses during 2001-02 to 2005-06 and non-fixation of training targets during 2002-06 indicate the casual approach of the Department to the programme which eventually had a negative impact on the execution of the programme of integrated child development in the State.

3.2.27 Monitoring and evaluation

For ensuring effective programme planning, implementation and monitoring, the GOI prescribed the submission of periodical reports *viz.*, monthly progress reports by AWWs/Supervisors/CDPOs, monthly monitoring report, checklist of supervisor's visit, half early and quarterly progress report etc. The CDPOs/Supervisors are required to undertake field visits to the AW centres for at least 18 days in a month with 10 nights outside Headquarters. A Supervisor is expected to visit each AW centre at least once in a month and liaise with lady Health Visitors for a joint visit to one AW centre once a week, and make at least one night halt every week in a village located at a distance of more than 5 Kms. from the Circle Headquarters.

Except for submission of various reports to the State Government/GOI on the implementation of programme, other areas like, field visits by the Supervisors, ANM, CDPOs, health check-up and referral services, maintenance of vital records like immunisation etc were not monitored by the Department. The visitor's register maintained by the Anganwadi Centres test-checked revealed that the centres were never visited by any officer from the Directorate during

the period 2001-02 to 2005-06 except by the CDPOs and Supervisors of the concerned centres and the frequency of visits by them were also very negligible.

The evaluation of the scheme was entrusted to the Nagaland University, Kohima by the Department. However, no report has been submitted by them as of October 2006.

The monitoring system thus, remained ineffective and the over all impact of implementation of the scheme remained unevaluated.

3.2.28 Conclusion

The overall implementation of the scheme in the State was characterised by:

- Lack of quality control mechanism;
- Failure to provide adequate infrastructure for the programme;
- Absence of proper survey and lack of updated data for identifying beneficiaries;
- Poor record keeping; and
- Failure to provide benefits to the targeted groups as envisaged in the programme.

3.2.29 Recommendations

- The Department needs to carry out proper survey and update the data on a regular basis to identify the beneficiaries.
- Adequate steps should be taken to test the quality of supplementary nutrition items before distribution.
- Infrastructure requirement needs to be assessed and steps taken to plan and implement projects to upgrade it as per requirements.
- Records of Immunization, health check-up and referral services at Anganwadi centres should be maintained and monitored.
- Effective steps should be taken for monitoring and supervision as laid down in the guidelines of the scheme.

DEPARTMENT OF SCHOOL EDUCATION

3.3 Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan was launched all over the country from January 2001 onwards. However, in Nagaland, the programme started only in 2003-04. The basic data on educational indicators was available only from 2003-04. The Perspective Plans required for all the districts and the State for the period up to 2010 had not been prepared. The issues relating to out of school children, children with special needs and girls education are yet to be addressed by the State. The infrastructure facilities in the State were dismal and construction works were carried out without any technical inputs. The State Implementation Society (SIS) has also not framed any time-bound programme to train 65 per cent of untrained teachers and 45 per cent under-qualified teachers thus, making quality education a distant dream. With these basic inputs not in place, the objective of ensuring that all children complete five years of primary education by 2007 and eight years of elementary schooling by 2010 will be difficult.

Highlights

The State had not prepared a perspective plan for all the districts and the State for the period up to 2010.

(Paragraph 3.3.1)

The State Government did not release its matching share of Rs.4.93 crore in 2002-03, Rs.2.38 crore in 2003-04; Rs.2.81 crore in 2004-05 and Rs.5.46 crore in 2005-06 which led to non-release/short-release of central share in the subsequent years.

(Paragraph 3.3.7)

According to the survey in August 2003, the three districts test checked were grossly deficient in infrastructure as 76 per cent schools had no drinking water facilities, 94 per cent had no electricity, 55 per cent had no verandah, 97 per cent had no toilet for girls and 92 per cent of schools had no urinal and 86 per cent of school buildings had dilapidated wall, roof and floor.

(Paragraph 3.3.8.1)

43 per cent of the teachers were not adequately qualified for teaching purposes and 65 per cent of teachers were not trained to perform the job.

(Paragraph 3.3.11 & 3.3.12)

SSA funds of Rs.10.65 lakh were diverted for distribution of free text books in Kiphire under Tuensang district though the State was providing funds for the same purpose.

(Paragraph 3.3.15.1)

There were 192 habitations without primary schools within one kilometer. The State covered only 32 per cent of the 60,803 out of school children assessed in 2003-04 by arranging Alternative Education (AE) through two NGOs. Out of school children covered by Alternative Education (AE), only 75.55 per cent were brought into the mainstream upto 2005-06 in three test checked districts.

(Paragraph 3.3.17)

There were 72 upper primary schools eligible for Teaching Learning Equipment (TLE) grant of Rs.50, 000 as one time assistance. None of the Upper Primary schools were selected for the grant. Instead Rs.63 lakh was released to 126 Government High Schools and Higher Secondary Schools.

(Paragraph 3.3.22)

3.3.1 Introduction

Sarva Shiksha Abhiyan (SSA) aimed to provide useful and relevant elementary education to all children in the 6 to 14 age-group by 2010 with active participation of the community and school management committees in order to bridge social, regional and gender gaps. The main objectives of SSA are:

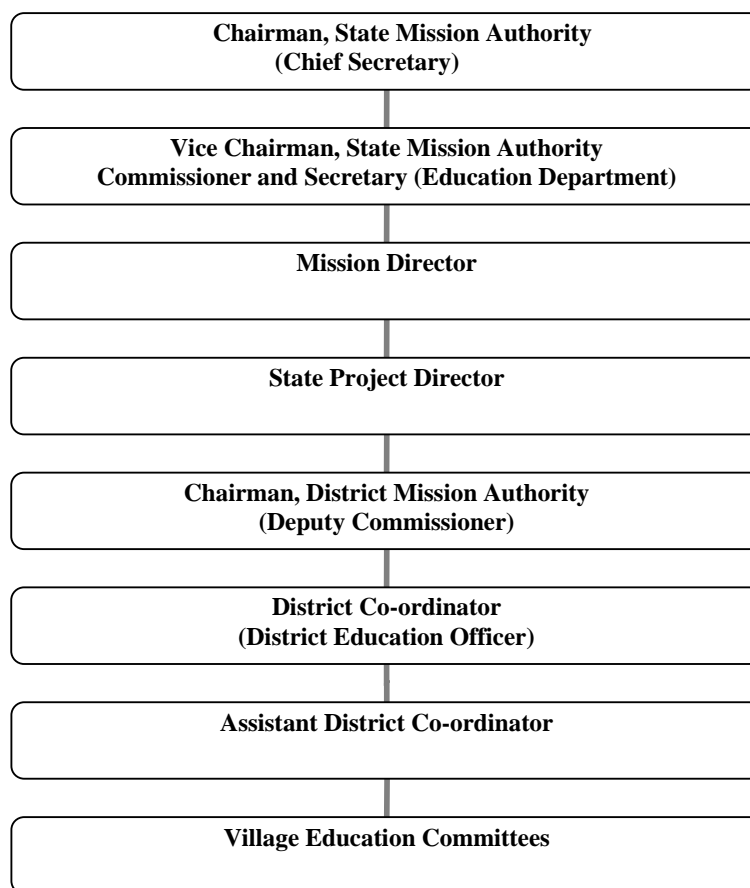
- to have all children in school by 2003, (revised to 2005 in March 2005 complete five years of primary schooling by 2007 and eight years of elementary schooling by 2010)
- to focus on quality elementary education with emphasis on education for life
- to bridge all gender and social category gaps at the primary stage by 2007 and at elementary level by 2010
- Universal retention by 2010.

Though the main focus of Sarva Shiksha Abhiyan is on capacity building through training, community based data collection and its analysis, the State did not have any basic data on educational indicators such as total child population, enrollment, drop out rate etc. up to 2003-04. As per data made available in 2003-04, there were 4,01,653 children in the age group of 6-14 years. Of this, 2,68,031 children (67 per cent) were enrolled. The data available during 2003-04 was also not updated in the subsequent years. In the absence of updated data, it was not possible to comment on the retention of children enrolled in the system. Perspective Plans for each district and the

State for the period upto 2010 have not been prepared. Audit scrutiny was carried out on the basis of Annual Plans.

3.3.2 Organisational set-up

The State Implementing Society (SIS) consists of the State Mission Authority (SMA) with the Chief Secretary as the Chairman and the Commissioner and Secretary, School Education, as the Vice Chairman. The Mission Director, an officer of the level of Deputy Secretary, acts as the Chief Executive, who is assisted by the State Project Director. The District Mission Authority (DMA) is headed by Deputy Commissioner as the Chairman and the District Education Officer as the District Coordinator who is also the chief executing officer assisted by one Assistant District Coordinator in each district. At the village level, the Village Education Committee (VEC) is the agency which co ordinates with the schools in implementing the activities of Sarva Shiksha Abhiyan. The organisational set-up of the programme is given below:



3.3.3 Scope of Audit

The performance audit covered the progress of various activities of SSA for the period 2000-06 in the State of Nagaland in general and the three districts

(Kohima, Phek and Dimapur) in particular. Out of the total expenditure of Rs.68.68 crore, Rs.20.28 crore was covered (30 *per cent*) in audit.

Random Sampling method was adopted for selection of samples for test check. Records of the State Mission Authority, three selected District Mission Authorities out of eight, nine Educational Block Resource Centres (EBRC) (one urban and two rural blocks in each selected district) out of 41 in the State and 53 schools (two primary, middle and high schools from each selected block) out of 1724 in the State were test checked.

3.3.4 Audit objectives

The audit objectives were to see whether:

- the programme was planned and executed properly in line with the overall objectives at the State and district level.
- adequate infrastructure was in place.
- the technical inputs envisaged in the guidelines for civil works were followed.
- the teachers were adequately qualified and trained to impart quality education.
- the problem relating to 'out of school children' and 'children with special needs' were addressed properly to achieve the objective of 100 *per cent* retention by 2010.
- the performance was effectively monitored to plug any loopholes in the implementation of the scheme.

3.3.5 Audit criteria

In order to assess the extent of achievement of the programme with respect to economy, efficiency, and effectiveness, the main criteria used were;

- plans prepared to achieve the objectives of SSA.
- norms/standards prescribed for infrastructure development.
- norms prescribed for training of teachers and teaching and learning equipment grants.
- norms for distribution of free text books and other innovative learning activities.
- norms for evaluation and monitoring.

3.3.6 *Audit Methodology*

The performance audit began with an entry conference (7 July 2005) attended by the Secretary, School Education Department besides other implementing officers wherein, the audit objectives, scope and audit criteria were discussed. This was supplemented by discussions between the senior officers of the Department and the Accountant General (Audit). At the end, an exit conference was held (27 September 2005) which was attended by the Secretary and other subordinate officers responsible for implementation of the scheme. The review was finalised after taking into account the points put forth by the department during the exit conference.

The Social and Rural Research Institute (SRI), a specialist unit of Indian Market Research Bureau International (IMRB) was commissioned by Audit for assessing the impact of SSA from the perspective of the beneficiaries and their parents.

The audit observations on the basis of analysis of data of selected samples in comparison with the criteria set for achieving the objectives are incorporated in the succeeding paragraphs.

3.3.7 *Financial Arrangements*

The details of the funds released by the Government of India and the State Government during 2000-01 to 2005-06 were as under:

Table 3.3.1

(Rupees in crore)

Year	Project Approval Board Approved	Fund Released			Expenditure
		GOI	State Share	Total	
2000-01	Nil	0.30	0.02	0.32	Nil
2001-02	Nil	0.81	Nil	0.81	0.20
2002-03	19.71	9.73	Nil	9.73	2.03
2003-04	29.51	Nil	5.00	5.00	10.15
2004-05	34.40	20.88	5.79	26.67	27.51
2005-06	33.85	23.23	3.00	26.23	28.79
Total	117.47	54.95	13.81	68.76	68.68

(Source: Financial statement furnished by State Mission Authority)

From the above table, it can be seen that the funds received were less than the total approved outlay. Despite the short receipt, the State was unable to utilise the whole amount, indicating that it was not adequately prepared to utilise the funds released.

As per the financial norms of SSA, cost of implementation of the programme was to be shared by the central and the State Governments in the ratio of 85:15 during the IXth Plan and 75:25 during the Xth Plan (2002-07). The table below

shows that the State Government did not release its matching share of Rs.4.93 crore, Rs.2.38 crore; Rs.2.81 crore and Rs.5.46 crore during the years 2002-03, 2003-04, 2004-05 and 2005-06 respectively. This adversely affected the fund flow from the Centre and subsequent release to the districts during 2003-04 and 2004-05.

Table 3.3.2

(Rupees in crore)

Year	Funds to be released by		Funds actually released		Amount of Short release	
	GOI (75%)	State (25%)	GOI	State	GOI	State
2000-01	Nil	Nil	0.30	0.02	Nil	Nil
2001-02	Nil	Nil	0.81	Nil	Nil	Nil
2002-03	14.78	4.93	9.73	Nil	5.05	4.93
2003-04	22.13	7.38	Nil	5.00	22.13	2.38
2004-05	25.80	8.60	20.88	5.79	4.92	2.81
2005-06	25.38	8.46	23.23	3.00	2.15	5.46
Total	88.09	29.37	54.95	13.81	34.25	15.58

(Source: Appraisal report of the Department)

3.3.8 Civil works

3.3.8.1 Infrastructure Survey

In the three selected districts (Kohima, Dimapur and Phek) there were 682 schools. The State had conducted an infrastructure survey (August 2003) only in 500 schools. The reasons for shortfall in survey were not stated to Audit. A summary of the survey findings are given below:

Table 3.3.3

District	Total No. of schools	Total No. of schools where survey was conducted	No. of schools with no drinking water facility	No. of schools with no electricity	No. of schools with no boundary wall	No. of schools with no verandah	No. of schools with no toilet for girls	No. of schools with no urinal	No. of school building with dilapidated wall, roof and floor
Kohima	270	217	162	202	204	111	208	198	181
Dimapur	238	143	125	136	138	81	139	133	129
Phek	174	140	95	131	139	81	137	127	119
Total	682	500	382	469	481	273	484	458	429
Percentage			76	94	96	55	97	92	86

(Source: School Survey Reports 2003-04)

The survey report gives a dismal picture of the infrastructure facilities existing in the State, as 76 per cent of schools had no drinking water facility, 94 per cent had no electricity, 55 per cent had no verandah, 96 per cent had no boundary wall, 97 per cent had no toilet for girls, 92 per cent had no urinal and 86 per cent school buildings had dilapidated walls/roofs and floors. The SIS did not take up infrastructure components found deficient as discussed above, except construction of 10 school buildings (Kohima: 3; Dimapur: 5;

Phek: 2) 19 one room extension; (Kohima: 3; Dimapur: 8; Phek: 8) 11 two room extension (Kohima: 5; Dimapur: 4; Phek: 2) and 307 boundary wall construction (Kohima: 142; Dimapur: 78; Phek: 87) during 2002-03.

As per the SRI Report, about 42.20 *per cent* of Government Primary Schools and 33.30 *per cent* of upper primary schools (UPS) had constructed new buildings. About 9.6 *per cent* of primary schools (PS) and 4.30 *per cent* of UPS had utilised the fund for drinking water facility. 71.30 *per cent* of PS, 93.60 *per cent* of UPs and 98.90 *per cent* of High Schools with UPS did not have electricity. 12.80 *per cent* of PS, 5.30 *per cent* of UPS Primary schools and 1.10 *per cent* of Higher Secondary with UPS had constructed separate toilets for girls. 38.30 *per cent* of PS, 14.90 *per cent* of UPS and 1.10 *per cent* of Higher Secondary Schools with UPS had constructed urinals. 12.50 *per cent* of PS had dilapidated/unstable structures.

The SRI had covered all the eleven districts of the State and their report depicts the entire picture of implementation of SSA in the State. Audit has covered only three districts and hence there are some differences in the conclusions. The differences are also due to different methodology adopted in collection and analysis of data.

In reply, the State Mission Authority while admitting the facts stated (October 2005) that the year-wise activities were taken up on the basis of funds made available for the purpose.

3.3.9 Shortfall in achievement of targets

The GOI issued from time to time, guidelines for management structures for civil works such as preparation of infrastructure plans, designs, specifications and technologies, barrier free construction for children with special needs, and quality construction and quality control measures etc. In compliance with the above guidelines, the SMA had issued instructions to the District Mission Authority that the estimates for construction and repair of School buildings were to be prepared by the engineering wing of the Education Department or any competent technical personnel. For all practical purposes, the engineering wing of the Education department was to supervise and issue completion certificates of all the works. The district-wise civil works taken up for the entire State at a cost of Rs.18.20 crore are detailed in **Appendix-XXXI**.

Test check revealed that the estimates were neither prepared by the designated competent agencies nor were the works supervised. The works stated to have been completed, were also not supported by completion certificates from the competent authority, but were based on the utilisation certificates submitted by the VEC in the three selected districts. In the absence of any report on supervision by technical personnel, Audit could not verify the authenticity and effectiveness of the implementation.

The target of civil works for the year 2002-03 as provided in the annual work plan and achievement for the three districts test checked are given below.

Table 3.3.4

Item	Physical target				Achievement				Shortfall
	Kohima	Dimapur	Phek	Total	Kohima	Dimapur	Phek	Total	
One Room	3	8	8	19	2	7	8	17	2
Two room	5	4	2	11	3	3	2	8	3
Full Government Primary School	2	4	1	7	Nil	2	1	3	4
Full Government Middle School	1	1	1	3	Nil	1	1	2	1
Boundary Wall	142	78	87	307	26	65	18	109	198
Educational Block Resource Centre construction	1	2	1	4	Nil	2	1	3	1
	Total target			351	Total achievement			142 (40%)	209

(Source: Statement furnished by the District Mission Authority¹)

The above table reveals that only 40 per cent civil works taken up during 2002-2003 could be completed. The expenditure on civil works for the three districts during that year was Rs.2.32 crore (Kohima: Rs.0.89 crore; Dimapur: Rs.0.80 crore; Phek: Rs.0.63 crore). The SMA stated that the delay in completion of the civil works was due to delay in release of funds by the GOI and the subsequent release by the SMA and District Mission Authorities to the VEC. The civil works targeted during 2004-05 and 2005-06 could not be completed due to late release of funds to the District Mission Authorities.

In reply, the SMA stated (October 2005) that the technical inputs and supervision of the civil works as per the guidelines is now being complied with.

3.3.10 Construction of Boundary Wall

The GOI had issued guidelines (October 2002), emphasizing the technical inputs as an essential ingredient for achieving quality construction, which should also conform to the best standards available in the area having least possible cost of maintenance. The technical inputs were to be for proper planning, designing, proper technical training of the community, adopting sound cost effective construction technologies/techniques and adequate supervision.

The SMA spent an amount of Rs.1.23 crore for construction of boundary walls in 307 schools in the three districts during 2002-03, details of which are shown below:

¹ Expenditure for the year 2002-03 in respect of Dimapur: Rs.79.45 lakh/ Kohima: Rs.89.30 lakh/ Phek: Rs. 62.25 lakh.

Table 3.3.5

Name of the district	Physical target	Expenditure (Rs.)	Number of works claimed to be completed	Shortfall	Date of fund release by State Mission Authority	Date of fund release by District Mission Authority
Kohima	142	56,80,000	26	116 (82 %)	(a) 09-04-2003 Ist Installment	(a) .(i) 09-02-04 Ist Installment
					(b) 21-07-2004 IInd Installment	ii) 16-03-04 IInd Installment b) NA
Dimapur	78	31,20,000	65	13 (17 %)	(a) 09-04-2003 Ist Installment	(a).(i) 04-12-03 Ist Installment
					(b) 21-07-2004 IInd Installment	(ii) 15-03-04 IInd Installment
						(iii) 09-09-04 IIIrd Installment (b) NA
Phek	87	34,80,000	18	69 (79 %)	(a) 09-04-2003 Ist Installment (b) 21-07-2004 IInd Installment	Oct-Dec 2003
Total	307	1,22,80,000	109	198 (64%)		

(Source: Departmental figure)

Note: The funds are shown to have been spent when the money is released to the VECs for carrying out construction works. However the completed works are on the basis of Utilisation Certificates (UCs) received from the VEC.

Out of 87 schools in Phek district, only 18 schools/VECs submitted UCs. Scrutiny of these UCs revealed that the construction of boundary walls were certified by the VECs to have been completed within the amount of Rs.12, 000 each released as the first installment. The District Mission Authority, however, released the subsequent installment of Rs.5.04 lakh to the same schools during October and November 2003. The reason for release of second installment when the work was completed with the amount released in the first installment by 18 schools was not on record. The State and District authority also did not verify the authenticity of the claim and the quality of the work claimed to have been completed with Rs.12,000 against Rs.40,000 as estimated on an average. The second installment (Rs.18.20 lakh) was also released to 69 other schools though UCs were not submitted by them.

All the 78 schools in Dimapur district submitted the UCs. Scrutiny revealed that 13 schools had diverted an amount of Rs.2.93 lakh out of Rs.31.20 lakh, towards items other than the construction of boundary walls. There was no record to substantiate the compliance of the technical inputs envisaged in the guidelines issued by the GOI. In the absence of any system for monitoring and evaluation of the construction works, the effectiveness and efficiency of the works could not be assessed in audit.

As per SRI report, 86.20 per cent of PS and 92.50 per cent of UPS and 98.90 per cent of high schools had not carried out construction of boundary wall.

In reply, the Authority stated (October 2005) that the funds diverted for repair and maintenance would be adjusted in the subsequent allotment for the same purpose.

In respect of Kohima district, the Utilisation Certificates were not produced to Audit.

3.3.11 Under-qualified teachers

As per the norms prescribed by the GON, the minimum qualification for a primary teacher in the State is Higher Secondary. Test check of records in the three selected districts revealed that, on an average, the qualification of 43 *per cent* of the primary teachers was below the prescribed norm as detailed below:

Table 3.3.6

Name of the District	Total number of primary teachers	Total no. of teachers in upper primary schools having primary section	Total Primary and Upper Primary teachers	Number of teachers having qualification less than the prescribed norm	Percentage of under qualified teachers to total primary and upper primary teachers
Kohima	925	227	1152	506	44
Phek	496	155	651	314	48
Dimapur	934	84	1018	404	40
Total	2,355	466	2,821	1,224	43

(Source: Survey Report 2003-04)

The above table shows that, a large number of under qualified teachers are deployed to teach students of the primary level. The National Institute of Education Planning and Administration report published in 2004 also confirms the presence of 43 *per cent* of under qualified teachers in primary and upper primary level in the State.

Due to absence of any time bound programme to train these under qualified teachers the objective of imparting quality education at the elementary level was compromised.

3.3.12 Teachers training

According to Para 1.8 of the framework for implementation of SSA, provision was made for 20 days in-service course for all teachers, 60 days refresher course for untrained teachers already employed as teachers and 30 days orientation for freshly trained recruits every year.

The total number of untrained teachers vis-à-vis the total teachers in Government Primary and Middle Schools prior to 2003-2004 was not available on record. The number of teachers trained during 2002-06 as reported by the Department is as under:

Table 3.3.7

Type of training	2002-03		2003-04		2004-05		2005-06	
	Total teachers	Teachers trained	Total teachers	Teachers trained	Total teachers	Teachers trained	Total teachers	Teachers trained
20 days	NA	752	10583	2986	10215	8174	11333	7308
30 days	NA	NIL	513	NIL	496	Nil	685	Nil
60 days	NA	231	2100	2030	5642	300	2690	728

(Source: Statements furnished by the State Mission authority)

During the years 2002-03 to 2003-04, teachers training was entrusted to the State Council of Educational Research and Training (SCERT) for which, an amount of Rs.1 crore was released on different occasions during 2002-04. Out of the above amount, Rs.98.38 lakh was utilised for training of 3,673 teachers by the SCERT. The balance amount of Rs.1.62 lakh was not returned. An amount of Rs.47.06 lakh was also released (November 2003 to March 2004) to the Director of School Education for imparting training to five categories of teachers (Physical Education, Carpentry, Knitting, Hindi and Language teachers). Teachers training entrusted to SCERT was discontinued due to non-submission of UCs in time. Thereafter the Educational Block Resource Centres (EBRCs) were entrusted with imparting 20 days training to in-service teachers from 2004-05.

Thus, an amount of Rs.2.67 crore was incurred by the SCERT/DSE on teachers training during 2002-03 and 2003-04. However, according to the Appraisal Report of SMA for the year 2003-04, 65 *per cent* of teachers in the State still remained untrained against the National Council of Teacher Education norms even after incurring an expenditure of Rs.2.67 crore during 2002-03 to 2003-04. Audit observed that the Department did not prepare any time bound programme to train the untrained teachers.

The SRI report did not make a specific comment on teachers training, but admitted that only 38.40 *per cent* of the parents were satisfied with the quality of education.

In reply, the SMA stated (October 2005) that as a result of the audit observation, a Committee had been constituted (November 2005) by the State with the Commissioner and Secretary of the Education Department as Chairman to look into the matter relating to teachers training.

3.3.13 Excess expenditure on training

As per norms, the unit cost of Rs.70 per day per teacher and the number of days for each type of training should be strictly adhered to, which includes the cost of development of training modules and teachers' guides.

The SMA incurred an expenditure of Rs.1.47 crore during 2002-03 and 2003-04 for imparting training to 5,183 teachers against the target of 10,177 teachers during the period. Out of 5,183 teachers claimed to have been trained,

1,395 teachers were imparted training for 4 days and 10 days against the target of 20 days training during 2003-04 after incurring an expenditure of Rs.19.53 lakh. The actual expenditure on training for 1395 teachers during 2003-04 as calculated in audit comes to Rs.4.99 lakh* only on the basis of Rs.70 per day. Thus, there was an excess expenditure of Rs.14.54 lakh when calculated with reference to the actual number of training days. By shortening the duration of training, the SMA compromised the imparting of required teaching skills to the teachers.

In reply, the State Mission Authority stated (October 2005) that, though the expenditure was booked for the whole 20 days training, the duration of the training was reduced to meet other contingent expenses. The reply is not tenable, as the overall ceiling of Rs.70 per day per teacher and the number of training days was to be strictly adhered to in terms of the scheme.

3.3.14 *Overstatement of expenditure under Teachers Training*

Scrutiny of records revealed that during the year 2003-04, against the target of 3,050 in-service teachers and 2,100 refresher/untrained teachers training, the SMA reported imparting training to 2,986 in-service teachers and 2,030 refresher/untrained teachers.

Scrutiny of the report submitted by the State Council of Educational Research and Training and the Education Department revealed that training was actually imparted only to 2,824 in-service and 1,401 refresher/untrained teachers. The above fact revealed that the number of teachers actually trained was inflated by 162 (in-service teacher) and 629 (refresher/untrained teachers) which has resulted in overstatement of expenditure by Rs.11.07 lakh*.

The reason for the difference in the figure of teachers actually trained and claimed to have been trained was not furnished to Audit. The defective and incorrect reporting indicates ineffective control and lack of monitoring of expenditure.

3.3.15 *Free Text Books*

3.3.15.1 *Diversion of funds*

According to Para 25.6 of Financial Management and Procurement, it should be ensured that the State was not already providing free text books to any class

* 774 X 4 X 70 =Rs.	2,16,720.00
300 X 4 X 70 =Rs.	84,000.00
133 X 10 X 70 =Rs.	93,100.00
188 X 8 X 70 =Rs.	1,05,280.00
	Rs. 4,99,100.00
* 162 X 20 X 70 = Rs.	2,26,800.00
629 X 20 X 70 = Rs.	8,80,600.00
	Rs. 11,07,400.00

of children. In cases where the text books were provided by the State, it should not be provided under SSA.

The Government of Nagaland has a State scheme of providing free text books to all students from class I to IV and from classes I to VIII in two districts *viz*, Tuensang and Mon. The funds released from the State plan for distribution of free text books for the two districts (Tuensang and Mon) and the actual expenditure incurred by these districts during the year 2003-04 were Rs.70.49 lakh and Rs.68.64 lakh respectively.

A test check revealed that, an amount of Rs.10.65 lakh was released to the Deputy Inspector of Schools, Kiphire under Tuensang District in March 2004 from SSA funds for distribution of free text books, which was not permissible under SSA norms, as the State Government was providing free text books to the students of classes I to VIII in that district.

As per SRI report, 75 per cent of primary schools and 81.50 per cent of upper primary schools were provided free text books. Altogether 13 per cent of students did not receive free text books.

In reply, the SMA, while admitting the facts stated (October 2005) that ex-post-facto sanction was sought (September 2004) from the GOI to regularise the diversion, but the response to this from GOI had not been received (October 2005).

3.3.16 Distribution of cash instead of Text books

Test check revealed that during 2003-04 and 2004-05, except in a few schools, Rs.150 was disbursed to each student in cash instead of providing text books, as detailed below:

Table 3.3.8

Name of the district	Year of receipt of fund	No. of Schools test checked	No. of Schools issued free test books	No. of schools where cash payment was made	No. of schools which could not produce the records	No. of schools where the amount was not utilized
Dimapur	2004	11	2	9	-	-
Phek	2004	12	12	-	-	-
Kohima	2004	12	5	1	6	-
Dimapur	2005	11	1	10	-	-
Phek	2005	12	8	4	-	-
Kohima	2005	12	1	3	6	2

(Source: Departmental figures)

Further scrutiny revealed that the money was released to the schools only in the month of April, whereas the school session begins in the month of February in the State. In Kohima district, six schools out of the 12 schools test checked, could not produce any records relating to distribution of free text books or payment of cash to students.

In reply, the Authority accepted the facts. It was also stated (October 2005) that disbursement of cash was considered to be a reimbursement of the cost of books already purchased by the students. The reply is not tenable, as the disbursement of cash in lieu of text books was against the GOI guidelines, besides this amount is not sufficient to meet the cost of text books and may not be utilised for the purpose by the intended poor beneficiaries.

Due to distribution of cash the Department suffered a loss on account of rebate and royalty on text books. The same could not be assessed due to non production of records.

3.3.17 Alternative and Innovative Education (AIE)/Education Guarantee Scheme (EGS)

One of the major objectives of SSA was to bring all children in school by 2003, either through formal schools or Education Guarantee Centres (EGC), Alternate Schools (AS), back to school camps, etc.

There were 192 habitations in 2003-04 and 111 habitations in 2005-06, which did not have primary schools within one kilometer. These areas were proposed to be covered under Alternative and Innovative Education/Educational Guarantee Schools (AIE/EGS). There were 60,803 out of school children in the State as per a survey conducted by the SMA in 2003-04, constituting 14 per cent of the total child population of 4,21,593. To cover the out of school children, the SMA released Rs.2.68 crore to two Non-Governmental Organisations (NGOs) i.e., Nagaland Baptist Church Council; Rs.2.67 crore and BOSCOM: Rs.1.39 lakh. Against 60,803 children the NGOs covered only 19,585 children at a cost of Rs.2.68 crore under AIE, by conducting residential and non-residential camps, which constituted only 32 per cent of the total out of school children assessed in 2003-04 leaving a balance of 41,218 children. No action was taken by the Department against the NGOs for excess expenditure of Rs.1.82 crore[©].

Details of out of school children covered in the three test checked districts during the period of implementation were as under:

Table 3.3.9

District	No. of out of school children	No. of children targeted to be covered by NGOs	Actually covered	Percentage of achievement	Actual no. of children enrolled in mainstream	Percentage of achievement to actually covered children
Kohima	11,901	4,515	3,420	75.74	3041	88.92
Dimapur	13,230	5,118	5,227	102.13	3599	68.85
Phek	4,093	1,877	1,782	94.93	1239	69.53
Total	29,224	11,510	10,429	90.60	7879	75.55

(Source: Departmental figure)

[©] Rs.2,68,00,000 ÷ 60,803 children = Rs.440.76 per child x 41,218 children = Rs.1.82 crore

The information furnished by the two District Mission Authorities (Kohima and Phek) in respect of Alternative and Innovative Education undertaken by Nagaland Baptist Church Council, revealed that only 4,280 students (82 per cent) out of 5,202 children in two districts were enrolled in the regular schools. No records were furnished to Audit in respect of the NGOs (BOSCOM), which was engaged to cover the out of school children in Dimapur. To cover the balance out of school children in the State, arrangements were made with 25 NGOs, incurring an expenditure of Rs.5.91 crore during 2005-06. The basis of calculation was not made available to audit. No action was taken by the Department against the NGOs for excess expenditure.

However, the SMA could enroll only 7879 children (75.55 per cent) in the above districts in the mainstream.

In reply, the SMA stated (October 2005) that the uncovered habitations and the unattended out of school children would be covered during the next year.

3.3.18 Drop out rate

The SMA had not prepared any plan or conducted any survey to assess the drop out rate in the State. Therefore, basic data on dropouts was not made available to Audit.

3.3.19 Up-gradation of Primary Schools to Upper primary Schools.

As per norms, new UPS were to be opened with a ceiling of one UPS for every two PS. The State required upgradation of 723 PS. However, the State could not upgrade any of these to UPS. The State, despite maintaining a very healthy teacher pupil ratio (1:25) as compared to the national level (1:40), 38 PS were still with a single teacher. No effective steps had been taken to address these areas.

3.3.20 Computer Education

Computer education is an important component of the SSA, which planned to provide Rs.15 lakh to each district annually for the purpose under innovative activities with estimated budget provision of Rs.2.25 crore (Rs.1.20 in 2003-04 crore and Rs.1.05 crore in 2004-05). The main objectives of computer based education at elementary level were to create computer awareness among the children at elementary level, make teaching and learning more effective and interesting, and also to empower the teachers to generate supplementary material in digitised form and improve the quality of education.

Computer education was launched in the State only in 2004-05. The reason for delay was stated to be non-approval of the innovative component by the Project Approval Board in 2002-03 and non-release of funds in 2003-04.

As per SRI report, only 12.80 *per cent* PS and 4.30 *per cent* UPS were provided computers. And only 8.50 *per cent* of PS and 3.20 *per cent* of UPS were given computer training.

3.3.21 Training of teachers on Computer Aided Learning

During the first phase, a target was fixed to impart training to 80 teachers (5 teachers from each school) with 10 nodal officers and 256 teachers in the second phase. Against the target of 80 teachers in the first phase, only 52 teachers were trained (November 2004) in computer aided learning after incurring an expenditure of Rs.1.12 crore till the date of audit, resulting in a short fall of 35 *per cent*. No time frame was prescribed for imparting training in the second phase. No assessment/evaluation of the impact of the training was conducted.

In reply, the Authority stated (October 2005) that the teachers training for the first phase has been completed. The reply is not tenable, as audit scrutiny revealed that only 65 *per cent* teachers were trained.

3.3.22 Irregular release of Teaching and Learning Equipment grant

As per the Manual on Financial Management and Procurement under SSA, an one time grant of Rs.50,000 for procurement of Teaching and Learning Equipment (TLE) is admissible for upgradation of EGS to regular schools, setting up of new primary schools and for primary schools which are not covered under Operation Black Board (OBB).

According to the Survey 2003-04, there were 72 UPS not covered under OBB, out of which, 21 UPS fall under the three districts test checked (Dimapur-11, Kohima -1, and Phek-9). Instead of providing the grant to new, upgraded and existing UPS not covered under OBB, grants amounting to Rs.63 lakh were released to 126 Government High and Higher Secondary Schools against the GOI norms. Test check of records in three districts revealed that, out of Rs.9 lakh released to 18 Government High Schools, only one school could fully utilise the funds (6 *per cent*); the remaining seventeen schools diverted Rs.6.83 lakh (76 *per cent*) for other purposes such as construction, repair and renovation of schools, etc.

As per SRI report, only 28.70 *per cent* of primary schools and 8.50 *per cent* of upper primary schools and 1.10 *per cent* of High schools utilised the TLE grant.

In reply, the SMA stated (October 2005) that the grant was also admissible to High Schools as the middle section was also attached to those schools. The contention is not tenable as the grant was meant for providing TLE to new Middle Schools and not to the High Schools which is expected to be equipped with the basic TLE required for the Middle Section.

3.3.23 Monitoring and Evaluation

As per Scheme guidelines, there is a three tier system of supervision and monitoring viz., National level, State level and District level. The National Level Team having a representative from the GOI is to conduct two supervisions in a year. At the State level, the SIS is to evolve a monitoring format indicating the process and quality indicators in order to track the quality of programme implementation. At the district level, there was no specific reporting norm/standard on monitoring by the nodal officer in-charge of elementary education. However, Coordinators of the EBRCs in each block was to visit at least two schools every month and submit report to the SMA. The Nagaland University was also entrusted with the responsibility of monitoring the implementation of the scheme on a quarterly basis.

During the years 2002-05, the National Level Team conducted supervision only once in each year. The SIS did not evolve a monitoring format indicating the process and quality indicators in order to track the quality of programme implementation. The reports of the Coordinators of EBRCs were never submitted to the SMA. It was reported that the Nagaland University had submitted (April 2004) one report as of September 2005. However, the report was not produced to audit.

3.3.24 Conclusion

The implementation of SSA in the State could not make the desired impact due to:

- Non-availability of basic data on educational indicators such as dropouts, children with special needs, etc.
- Educational Management Information System (EMIS) not being functional.
- Non-preparation of perspective plan.
- Majority of teachers remaining untrained and under qualified.
- Poor quality of infrastructure.
- Non-redressal of issues relating to out of school children and children with special needs.

3.3.25 Recommendations

The following recommendations are made:

- Perspective Plan up to 2010 needs to be prepared and annual operational plans should be derived from the perspective plan. Special

intervention in the areas of shortfall need to be identified and remedial action taken accordingly.

- Effective planning and implementation is required to impart training to all the untrained teachers and upgrade the qualifications of the under-qualified teachers to achieve the objective of quality elementary education.
- Considering the poor infrastructure in the State, the basic facilities need to be given priority. The technical inputs as envisaged in the guidelines needs to be provided for ensuring proper and quality construction.
- Specific need-based training of community leaders and field functionaries needs to be carried out in order to achieve the objective of the programme.
- Efforts should be made to address the issues relating to out of school children and children with special needs.

POWER DEPARTMENT

3.4 Billing and collection of revenue in Power Department with specific emphasis on Transmission & Distribution Losses

Performance review of Billing and collection of revenue in Power Department revealed T&D losses in excess of norms, non-revision of tariff, short billing and inadequate efforts in collection of arrears, etc.

Highlights

The State Government had not set up Regulatory Commission. Fixation of tariff at rates lower than the purchase cost (average) resulted in loss of potential revenue of Rs.153.64 crore.

(Paragraph 3.4.7 & 3.4.8)

Transmission and Distribution losses in excess of the prescribed norms resulted in loss of potential revenue of Rs.100.50 crore.

(Paragraph 3.4.10)

Short billing of 100.38 MU resulted in loss of potential revenue of Rs.17.83 crore.

(Paragraph 3.4.12)

Out of Rs.34.50 crore being arrears of revenue, Rs.14.63 crore was treated as bad debts by the concerned divisions without the approval of the Government.

(Paragraphs 3.4.15 & 3.4.17)

Non-installation of 'Digital Energy Meters' led to blocking of funds amounting to Rs.37.01 lakh.

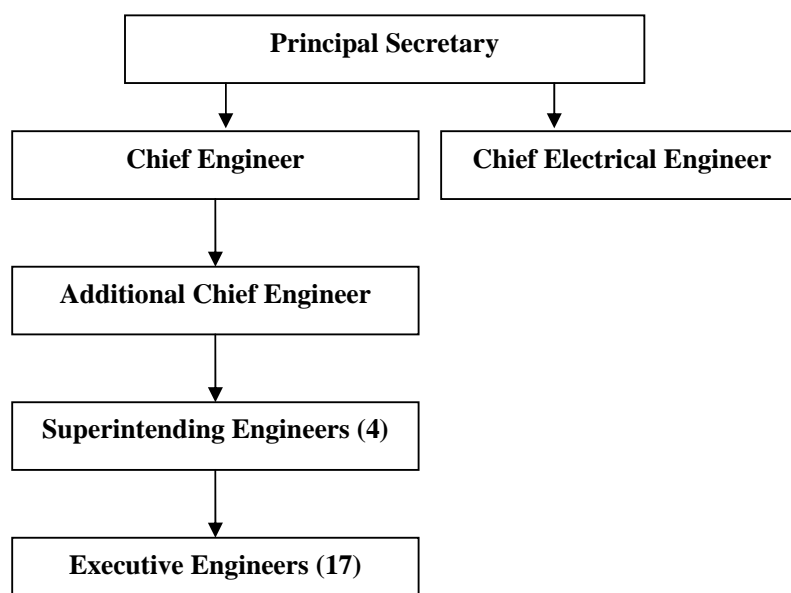
(Paragraph 3.4.18)

3.4.1 Introduction

The Department of Power, Nagaland, was established in 1964 to provide power supply to public, industry and agriculture sectors in the State. Power generation being very negligible in the State (about one *per cent* of the total requirement of power of the State), the major requirement (about 99 *per cent*) is being met by purchasing power from the Central PSUs such as North Eastern Electric Power Corporation Ltd. (NEEPCO), National Hydroelectric Power Corporation Ltd. (NHPC) and Power Grid Corporation of India Ltd. (PGCIL). The Department is responsible for transmission, distribution of power and maintenance of transmission and distribution network in the State.

3.4.2 Organisational setup

The Department is headed by the Principal Secretary to the Government of Nagaland who is assisted by one Chief Engineer, one Chief Electrical Inspector in the rank of Chief Engineer, one Additional Chief Engineer, four Superintending Engineers and 17 Engineers. The organisational structure of the Department is given below:



3.4.3 Scope of audit

The performance review conducted during the period April 2006 to June 2006 covers examination of overall efficiency of the Department in billing of all categories of consumers for energy sold, collection of revenue and its accountal with specific emphasis on Transmission and Distribution loss during 2001-02 to 2005-06. Out of 11 districts having 11 electrical divisions, two transmission divisions, three districts covering five divisions (38 *per cent* of the total number of divisions) were selected for test check in audit.

3.4.4 Audit objectives

The audit objectives were to ascertain whether:

- the fixation/revision of tariff was efficient and effective and conforms to the norms fixed by the Department;
- billing process was carried out efficiently and effectively;
- collection of revenue was prompt and accountal of the same was appropriate;
- T&D losses were identified and steps taken to limit them within the norms prescribed by the Central Electricity Authority; and
- internal control system was efficient and effective.

3.4.5 Audit criteria

The following Audit criteria were adopted for assessing the achievement of audit objectives:

- Provisions of the Electricity Act, 2003;
- Guidelines/ instructions issued by the State Government;
- Tariff orders and instructions issued by the Department for billing for power supplied to consumers;
- guidelines issued by the Department regarding collection of revenue and its accountal; and
- norms for T&D losses as prescribed by the Central Electricity Authority.

3.4.6 Audit methodology

The following mix of audit methodologies were adopted for achievement of the audit objectives:

- orders/distribution codes and commercial and revenue manual/orders and tariff structure;
- annual reports, performance reports etc.;
- agreements executed with consumers, billing files of consumers;
- targets and achievements of revenue and effectiveness in recovery of revenue from consumers and T&D losses;

Audit findings

Audit findings arising from the performance review were reported to the Department/ Government in October 2006 and also discussed in the exit conference with the officers of the Department held on 17 October 2006 which was attended by the Addl. Chief Engineers and other officers of the Department. The views expressed in the meeting have been taken into consideration while finalising the Performance review.

Audit findings are discussed in the succeeding paragraphs.

3.4.7 Purchase and Sale of Power

The table below shows the power purchased by the Department from outside agencies, power generated in the State, total power available for sale and power actually sold during the period 2001-02 to 2005-06.

Table 3.4.1

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
Purchase of Power (in MU)	239.80	257.50	280.93	271.08	325.14
Generation of Power in the State (in MU)	8.06	23.65	3.50	3.50	3.75
Total Power available for sale (in MU)	247.86	281.15	284.43	274.58	328.89
Units sold (in MU) ²	104.10	125.62	135.56	139.15	161.67
Number of consumers	137389	140000	149634	149634	161604
Revenue realised per unit (in paise)	196	165	194	167	175
Average cost per unit (in paise)	367	332	404	285	282
Loss per unit (in paise)	171	167	210	118	107
Loss of revenue (Rs. in crore)	17.80	21.13	28.47	16.42	17.30

(Source- Departmental figures)

² The difference between the units available for sale and units actually sold is due to transmission and distribution losses as detailed in para 6.2.9.

Despite increase in number of consumers and units sold, the loss per unit persisted (total loss suffered during 2001-02 to 2005-06 amounted to Rs.153.64 crore) which was mainly due to fixation of tariff below the purchase cost, non-revision of tariff, excessive transmission and distribution losses and deficiencies in billing and collection of revenue.

3.4.8 Tariff

The State Government had not set up the State Electricity Regulatory Commission as envisaged under Section 82(1) of the Electricity Act, 2003. In the absence of the Commission, the State Government is fixing and regulating the tariff under the provisions of Electricity Act. The Department had not revised the tariff to reduce revenue losses during the period covered by audit. The tariff was, however, revised in April 2006.

3.4.9 Deficit between expenditure and revenue realised on sale of power

The difference between the revenue expenditure and revenue realised was very high. The year-wise position of deficit is shown below:

Table 3.4.2

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue expenditure	59.38	58.37	80.90	94.52	99.43
Revenue realized	20.36	20.86	26.30	39.49	39.74
Deficit	39.02	37.51	54.60	55.10	59.69
Percentage of deficit to expenditure	66	64	67	58	60

It would be seen from the above table that the percentage of deficit ranged between 58 and 67 per cent. No remedial action i.e., fixation of a rational and realistic tariff, reduction of transmission and distribution losses, modern metering, billing and collection system, replacement of equipment etc., was taken by the Department to address this issue.

3.4.10 Transmission and distribution losses

Against the norm of 15.5 per cent of transmission and distribution (T&D) losses as prescribed by the Central Electricity Authority (CEA), T&D losses during the period from 2001-02 to 2005-06 ranged between 49.32 and 58 per cent of the total power available for sale as detailed below:

Table 3.4.3

	2001-02	2002-03	2003-04	2004-05	2005-06
Total power available for sale (MU)	247.86	281.15	284.43	274.58	328.89
Power sold (MU)	104.10	125.62	135.56	139.15	161.67
Transmission & Distribution losses (MU)	143.76	155.63	148.87	135.43	167.22
Percentage of T&D losses to total power available for sale	58.00	55.32	52.34	49.32	50.84
T&D losses in excess of 15.5 per cent (MU)	105.34	111.95	104.78	92.87	116.24
Loss (Rupees in crore)	19.17	18.80	21.38	18.48	22.67

(Source- Departmental figures)

Out of the total losses, the Department considers losses ranging between 16.50 and 23 *per cent* as technical losses on account of resistance, thermal, inductance and corona losses. The balance T & D losses are considered as commercial losses which are attributed to theft of energy, defective meters, tampering of meters, by-passing meters, billing problems, etc.

Due to higher T&D losses over and above the CEA norms of 15.5 *per cent*, the Department suffered loss of potential revenue of Rs.100.50 crore on account of loss of 531.18 MU power during the period from 2001-02 to 2005-06. Considering that 99 *per cent* of total power requirement of the State was purchased from outside the State during 2001-06 at an average cost per unit between Rs.2.82-Rs.4.04, the State cannot afford to have such high T&D losses.

Audit could not also assess the impact of the annual increase in the cost of establishment on the loss of revenue since the information relating to cost of establishment was not furnished.

3.4.11 Billing and collection

As per the procedure prescribed in the Commercial and Revenue manuals, billing is done monthly on the basis of consumption recorded in the meter installed at the premises of the consumers. Computerised billing system has been introduced only in two divisions (Kohima and Dimapur) out of 11 divisions.

3.4.12 Loss of revenue due to short billing of energy charges

Test check of the records of the divisions by Audit where computerised billing system has been introduced (Dimapur and Kohima) revealed that there was loss of revenue of Rs.17.83 crore due to short billing of 100.38 MU against 353.07 MU sold to the consumers of different categories during the period 2001-02 to 2005-06 (*Appendix-XXXII*). The Department stated (October 2006) that short billing was due to incorrect meter reading, average billing due to defective meters and tampering of meters by the consumers. It was noticed in audit that the Department has not initiated any corrective measures to reduce losses and increase revenue.

3.4.13 Defective/inoperative meters

As per the conditions of supply of Electrical Energy, if a meter is faulty, assessment is to be made on the basis of average consumption for the previous three months.

Test check of four selected Divisions (Kohima, Dimapur, Dimapur Transmission and Mokokchung) by Audit revealed that, out of 83904 meters installed in the premises of different types of consumers, 28320 meters (33.75 *per cent*) remained out of order during the last five years as detailed below:

Table 3.4.4

Name of Division	Total No. of meters installed as on March 2006	No. of defective meters (cumulative figure)				
		2001-02	2002-03	2003-04	2004-05	2005-06
Kohima Electrical Division	26488	5334	5834	6232	6515	6989
Dimapur Electrical Division	32126	7544	7596	8565	8556	9370
Dimapur Transmission Division	9676	3256	3293	3357	3502	3502
Mokokchung Electrical Division	15614	7994	8123	8279	8438	8459
Total	83904	24128	24846	26433	27011	28320

(Source- Departmental figure)

The Department did not replace the defective meters but continued to bill the consumers on average basis. The Department in reply stated (October 2006) that the defective meters could not be replaced/repared due to non-availability of new meters/accessories. The Department, however, did not initiate any action to analyse/segregate the amount collected against working meters and on average basis against defective meters to assess the losses. Under these circumstances, the actual loss could not be quantified in audit.

3.4.14 Collection and remittance of revenue

3.4.14.1 Target and achievement

The target fixed for collection of revenue and achievement thereof during the period for 2001-02 to 2005-06 is shown below:

Table 3.4.5

Year	Target	Achievement	(Rupees in crore)
			Excess (+) Shortfall (-)
2001-02	19.00	20.36	(+) 1.36
2002-03	22.73	20.86	(-) 1.87
2003-04	25.00	26.30	(+) 1.30
2004-05	32.00	39.49	(+) 7.49
2005-06	38.00	39.74	(+) 1.74

(Source- Departmental figure)

The Finance Department of the State Government sets the target for collection of revenue by the Department and accordingly the Department further sets the target for revenue earning Divisions on the basis of (i) number of consumers, (ii) connected load, (iii) approximate energy to be supplied to the consumers under a Division and (iv) extent of the revenue arrears of the Divisions. It was noticed in Audit that the targets fixed were not realistic as the Government while fixing the targets did not take into account the actual outstanding arrears due for collection. The achievement was more than the targets in four out of five years as figures of power supplied to other states were also included in the achievements. Thus, the figures of achievement as shown above were not realistic.

3.4.15 Arrears of revenue

The amount of revenue recoverable from different categories of consumers remaining unrealised at the end of each year during 2001-02 to 2005-06 is detailed below:

Table 3.4.6

(Rupees in crore)

Year	Amount of Arrears
2001-02	28.42
2002-03	27.57
2003-04	30.07
2004-05	32.37
2005-06	34.50

From the above table, it would be seen that arrears of revenue due for collection increased from Rs.28.42 crore in 2001-02 to Rs.34.50 crore in 2005-06. The Department had not taken any concrete action to streamline the system of collection of the arrears of revenue.

3.4.16 Disconnection of power supply

Under Section 56 of the Electricity Act, 2003 if the consumer fails to pay the arrears within 15 days after receipt of notice, power supply is to be disconnected. Test check of records of Electrical Division, Kohima revealed that the arrears of revenue increased from Rs.4.22 crore in 2001-02 to Rs.6.04 crore at the end of March 2006. The Division had, however, not issued notice to any consumer for disconnection of power supply. As a result, there was no deterrent effect on the consumer to pay his electricity bills in time.

3.4.17 Bad debts

Test check of records revealed that arrears of revenue amounting to Rs.14.63 crore were declared as bad debts by the following Divisions:

Table 3.4.7

Division	Revenue (Rupees in crore)
Kohima	2.26
Dimapur	6.72
Mokokchung	0.42
Changtongia	3.72
Tuensang	0.24
Wokha	0.06
Phek	0.95
Chumukedima	0.26
Total	14.63

(Source- Departmental figure)

It was noticed in Audit that the Divisions declared the above arrears of revenue as bad debts without the approval of the State Government. Effective

steps were not taken to realize/reduce revenue arrears. This was especially necessary because the State's own generation of power reduced from 8.06 MU in 2001-02 to 3.75 MU in 2005-06 and purchase of power from outside increased from 239.80 MU in 2001-02 to 325.14 MU in 2005-06. No criteria was fixed to determine the bad debts.

3.4.18 Non-utilisation of Digital Energy Meters

For reliable, accurate energy reading and improved collection of revenue, the Department proposed to replace the old electro-mechanical meters by installing digital energy meter (electronic) both for LT/HT consumers. Accordingly, 11178 digital energy meters of different capacities were procured during 1999-2000 and 2000-01 out of which, only 9318 meters (August 2004) were installed in different divisions and the remaining 1860 meters valued at Rs.37.01 lakh were lying idle in Electrical Store Division, Dimapur (March 2006). Procurement of digital energy meters (electronic) without proper planning resulted in idle investment of Government funds.

3.4.19 Excess expenditure due to non-availing of rebate

An amount of Rs.6.06 crore was offered as rebate by the Central PSUs for payment of the bills within due date for purchase of 1499.02 MU (2001-02 to 2005-06) of energy. Against this, the Department could avail of rebate of Rs.5.62 crore by making timely payments and balance rebate of Rs.44 lakh could not be availed as the payments were delayed. Thus, failure on the part of the Department for timely payment resulted in non-availing of rebate of Rs.44 lakh.

3.4.20 Misappropriation of cash

According to Rule 6 of Receipts and Payment Rules, all money received by or tendered to the Government officers on account of revenue or receipts or dues of the Government shall without undue delay be deposited in full in the accredited bank for inclusion in the Government account.

Analysis of cash book in two Divisions (Kohima Electrical Division and Dimapur Transmission Division) revealed that revenue of Rs.16.46 lakh³ was misappropriated in three cases during 2001 and 2005, out of which, Rs.0.46 lakh was recovered and Rs.16 lakh remained un-recovered till March 2006. This indicates lack of proper financial control at the Division/Sub-division level.

³ Kohima Electrical Division, Rs.4.53 lakh + Rs.6.42 lakh and Dimapur Transmission Division Rs.5.51 lakh = Rs.16.46 lakh – Rs.0.46 lakh = Rs.16 lakh.

3.4.21 Delay in deposit/remittance

Test check of four selected divisions (Kohima, Dimapur, Mokokchung Electrical Divisions and Dimapur Transmission Division) revealed that revenue of energy charges ranging from Rs.4.61 lakh to Rs. 52.43 lakh were retained in cash by the Divisions at the end of each month (**Appendix-XXXIII**). Retention of money in cash and delay in deposit into Government account not only amounts to financial irregularity but also leaves scope for misappropriation.

3.4.22 Internal control and Monitoring

Effective internal control mechanism, monitoring system and evaluation of performance are essential for smooth running of the Department. The Department of Power had not streamlined the internal controls and monitoring mechanism which has resulted in huge accumulation of arrears of revenue, meters lying defective, not repaired or replaced for years together, delay in deposit of revenue, misappropriation of revenue, etc.

The Department had constituted Meter Inspection Testing Cell (MITC) in all the Divisions to carry out surprise inspection of meters and report to the office of the Chief Engineer. The MITC detected 1411 cases of pilferage of energy and imposed a fine of Rs.11.88 lakh in two divisions (Dimapur and Kohima) out of the three Divisions test checked. It was observed by Audit that no norms or targets have been fixed for the MITC's. In the absence of any norms or targets, there was no basis for monitoring the performance of these MITC's.

3.4.23 Conclusion

The performance of the Department for generation, transmission and distribution of power in the State was found to be deficient due to non-setting up of State Electricity Regulatory Commission, non-revision of tariff on time, ineffective billing system, non repair of faulty meters, T&D losses in excess of norms, and ineffective collection of revenue. Also due to higher T&D losses over and above the CEA norms of 15.5 *per cent*, the Department suffered loss of potential revenue of Rs.100.50 crore on account of loss of 531.18 MU power during the period from 2001-02 to 2005-06.

3.4.24 Recommendations

- Timely revision of tariff needs to be carried out keeping in view the rising cost of purchase of power.
- Effective steps need to be taken for timely repair and replacement of defective meters.
- Effective measures should be taken to reduce the T&D losses.

- Effective steps should be taken for collection and accountal of revenue with special emphasis on collection of arrears of revenue.
- Internal control and monitoring system needs to be strengthened/streamlined and made more effective.