

# NAGALAND LEGISLATIVE ASSEMBLY



**PUBLIC ACCOUNTS COMMITTEE  
(2015-2016)**

**TWELFTH ASSEMBLY**

**115<sup>th</sup> REPORT**

of

**the Committee on Public Accounts (2015-2016) on the Examination of the  
Report of the Comptroller & Auditor General of India for the year 2011-  
2012 and relevant Appropriation and Finance Accounts**

Adopted by the Committee on 12 August 2015

Presented to the House on 18/03/16

**NAGALAND LEGISLATIVE ASSEMBLY SECRETARIAT  
NAGALAND : KOHIMA**

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**Composition of the Committee on Public Accounts  
(2015 – 2016)**

**Constituted on 27<sup>th</sup> July, 2015.**

**Chairman**

1. Shri C.M. Chang, MLA

**Members**

2. Shri Merentoshi, MLA - Member
3. Dr. Neiphrezo, MLA - Member
4. Dr. Longrineken, MLA - Member
5. Shri T.Torechu, MLA - Member
6. Shri Naiba Konyak, MLA - Member
7. Shri Tovihoto Ayemi, MLA - Member

**Assembly Secretariat**

1. Shri. N.Benjamin Newmai - Commissioner & Secretary
2. Shri. K. Sekhose - Additional Secretary
4. Smt. Aosenla - Joint Secretary
5. Smt. Razoulenuo - Deputy Secretary
6. Shri. T.Noksang Jamir - Under Secretary
7. Shri. T. Nzanbemo Lotha - Section Officer

## INTRODUCTION

I, the Chairman, of the Committee on Public Accounts (2015 -2016) having been authorized by the Committee to present the Report on their behalf, do present this 115<sup>th</sup> Main Report of the PAC (12<sup>th</sup> Assembly) on the Report of the Comptroller and Auditor General of India for the year 2011-2012, to the Nagaland Legislative Assembly.

The Report of the Comptroller and Auditor General of India and the Appropriation Accounts and Finance Accounts for the year 2011-2012 was laid on the table of the House on 18<sup>th</sup> July 2013 and consequently, the Committee on Public Accounts 2012-2013 had taken up the examination of the paras reflected therein and held oral evidence with the Departmental Representatives on 6<sup>th</sup> to 7<sup>th</sup> March 2014.

The present Committee on Public Accounts was constituted on 27<sup>th</sup> July 2015 under the Rule 326 of the Rules of Procedure and Conduct of Business in the Nagaland Legislative Assembly.

The Report was considered and adopted by the Committee in its meeting held on 12<sup>th</sup> August 2015.

The Committee place on record their appreciation of the assistance rendered in the examination of these Accounts and Audit Report by the Accountant General, Nagaland and his Officers and Staffs.

The Committee is thankful to all the Senior Government Officers of Nagaland, the Commissioner & Secretary, Nagaland Legislative Assembly and the concerned Officers and staff in the examination and preparation of this Report.

Kohima the 12<sup>th</sup> August 2015

Sd/-  
**C.M. CHANG**  
CHAIRMAN  
PUBLIC ACCOUNTS COMMITTEE

## CHAPTER-1

### Excess Expenditure

#### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE REVEALED IN THE C&AG OF INDIA FOR THE YEAR 2011-2012

##### 1.1.1 Excess over provision during 2011-2012 requiring regularisation (Para 2.3.5 of AR)

Mention has been made in para 2.3.5 of the Comptroller and Auditor General Report of India for the year ended 31<sup>st</sup> March 2012 that an excess in 13 grants amounting to ₹ 54.94 crore over authorisation from the Consolidated Fund of the State during 2011-2012 requiring regularisation under Article 205 of the Constitution.

(₹ in crore)

Sl. No	Number and title of grant/appropriation Revenue (Voted)	Total grant appropriation	Expenditure	Excess
1	18 Pensions & Other Retirement benefits	581.59	586.68	5.09
2	34 Art & Culture & Gazetteers Unit	14.25	14.27	0.02
3	35 Medical, Public Health & Family Welfare	235.15	239.41	4.26
4	42 Rural Development	120.82	122.20	1.38
5	51 Fisheries	26.27	27.88	1.61
6	55 Power	293.34	294.32	0.98
7	58 Roads & Bridges	146.80	173.77	26.97
8	78 Technical education	9.27	9.32	0.05
	<b>Total- Revenue (Voted)</b>	<b>1427.49</b>	<b>1467.85</b>	<b>40.36</b>

**Capital (Voted)**

9	31	School Education	22.56	26.04	3.48
10	33	Youth Resources and Sports	62.96	63.51	0.55
11	50	Animal Husbandry & Dairy Development	17.29	26.55	9.26
12	54	Mineral Development	13.43	14.12	0.69
13	67	Home Guard	1.90	2.50	0.60
		<b>Total-capital (Voted)</b>	<b>118.14</b>	<b>132.72</b>	<b>14.58</b>
		<b>Grand Total</b>	<b>1545.63</b>	<b>1600.57</b>	<b>54.94</b>

- a) Revenue Section Voted - ₹ 40.36 Crore  
Charged - ₹ Nil
- b) Capital Section Voted - ₹ 14.58 Crore  
Charged - ₹ Nil  
Total - ₹ 54.94 Crore

1.1.2 *Excess expenditure over the grants allocated by the Legislature under the provisions of the Constitution have been incurring year after year. The explanation given by the Department indicates that the matter has been dealt within the routine manner. The question of excess expenditure beyond the allocated budget could have been avoided if the Department had prepared a realistic assessment of fund required and confined within the Grants Voted. The Department should also have acted judiciously in obtaining the unforeseen expenditures as additional grants in the Supplementary Demands.*

1.1.3 *During the course of oral evidence, the Committee observed that most of the Departments have failed to reconcile the figures of*

*excess/ savings with the concerned authority as reflected in the Audit Report inspite of sufficient time and reminders given by the Accountant General, Nagaland.*

1.1.4 *The Committee, therefore, once again urge the defaulting Departments to adhere to financial rules and recommends that the excess, both under voted, grants and charged appropriations during the year under review may be regularized under Article 205 of the Constitution of India. The Committee desire the implementation Report to be submitted within 3 (three) months from the date of laying this Report in the House.*

## CHAPTER II

### RURAL DEVELOPMENT

#### **2.1.1 State Employment Guarantee Council (SEGC) (Para 1.3.8.1 of AR)**

Under Section 4 of the Act, State Government has to formulate Rules for implementation of the scheme. GOI fixed a time frame upto August 2006 for framing of rules for implementation of the scheme in the State. The GON framed the Rules only in August 2008 after a lapsed of 2 (two) years. The Audit observed that the Rules were framed without incorporating procedure on financial management system and redressal mechanism to be followed at Blocks and Districts for smooth functioning of the scheme. The Act, further, stipulates that every State Government should set up a State Employment Guarantee Council (SEGC) under Section 12 of MGNREGA. As per the rules framed by the SEGC, the general body shall meet once in six months and was to prepare Annual report on MGNREGA to be presented to the State Legislature but the SEGC did not prepare any Annual Report on MGNREGA for presentation to State Legislature though the Committee met thrice after the setting up of the Council. Hence the work proposals were recommended to the Central Government without evaluation and proper monitoring of preferred works proposed by the DPCs.

The department in its written reply stated that "State NREGS Rules approved by Cabinet vide OM.CAB-2/2003 dated 18/01/2006 and in operation. Grievances redressal mechanism was also framed as per the Guidelines. The Annual Report of RD Programmes including MGNREGA are tabled in the State Legislative Assembly though frequent SEGC meetings as stipulated in guidelines was not held, regular monitoring on the scheme

implementation is being carried out periodically with DPCs at State level. However, the same is noted for future compliance. For information, every year at least one SEGC meeting is held, the last SEGC meeting being on 20<sup>th</sup> Nov. 2012. The VDBs frame all proposals which are routed through the POs and DPCs. On scrutiny of the proposal submitted by the Districts, the same are put up to the competent authority and forwarded by the Department to GOI".

During the Evidence meeting the Departmental representative stated that "due to communication gap the framed Rules which is in operation was not informed to the C&AG audit party. The annual report of the SEGC was included along with the parent RD department but will prepare a separate Annual report for SEGC as per the Guidelines of the MGNREGA. Chief Minister being the Chairman of the SEGC, regular meeting of the SEGC as per the guideline could not be held therefore, the department will try its best in the future to hold the meeting. The selection of the Scheme involves the grass roots level (VDBs Secretaries) and without information input at this level preparation of the data base on perspective plan or labour budget could not be prepared. Involvement of the village functionaries on number of job of a particular village is required for verification and preparation of labour budget, moreover due to creation of 22 blocks totalling 52+22= 74 block, the department is having problem in collection of information/ data for submission at PAC and Assembly".

***2.1.2 As assured during the evidence meeting, the Committee recommends the Department to submit the separate Annual Report of SEGC to the Committee within 3 (three) months from the date of laying this Report in the House.***

### 2.2.1 Training (Para 1.3.8.5 of AR)

VDBs, District and State level Department personnel involved in implementation of MGNREGA were required to be trained in discharging their responsibilities under the Act. State Institute for Rural Development (SIRD) was assigned the task of imparting training to all personnel involved in the scheme implementation. However, it was noticed in audit that training programmes were not conducted at regular intervals to train the supporting staff and stake holders. Out of 34 training programmes planned by SIRD as per the Calendar of training programmes (2008-12) only 13 programmes were conducted during 2008-12, thus achieving only 38% of target.

The SIRD proposed for organizing 11 training programmes to the Officers and Stakeholders during 2008-09 to train 318 officials and 3242 non-officials at an estimated cost of ₹ 32.42 lakhs. However, the SIRD conducted 12 training programmes involving 159 officials and 1157 non-officials against which GOI released ₹29.10 lakhs based on the proposal sent by the SIRD. When asked as to why only 159 officials and 1157 non-officials could be trained as against 318 officials and 3242 non-officials originally proposed, the department in written stated that, "the proposal of SIRD was to organize 11 training programmes for Officers and Stakeholders 2008-09 at the cost of ₹32.42 lakhs to train 3560 persons (@₹250 and ₹300 per person) as only ₹29.10 lakhs was released by MoRD, the SIRD could conduct 12 training programmes by modification and trained only 1316 persons as per the availability of fund and on basis of timely released of fund".

When asked why the training was limited to only 2008-09 and no initiatives were taken to conduct training as planned in their calendar of training programme in the years 2009-10 to 2011-2012. The department

replied that "the training programmes were contemplated during 2009-10 to 2011-12 also, however necessary funds for the same were not forthcoming. Under State Plan, training on some of the flagship programme was taken care of. As for the training on MGNREGA activities, the pace of training was due to limited fund for the purpose".

In reply to the reasons for non-accountal of ₹ 4.50 lakh in the annual accounts of SIRD, the department stated that, "DPC, Dimapur, Mon and Peren contributed ₹1.50 lakhs each for conduct of training on Social Audit for VDBs during 2008, which the SIRD successfully conducted the trainings and submitted the Completion/ Utilization Certificates to the DRDAs concerned. Records are available with the department".

While tendering evidence, the Committee wanted to know the feedbacks and impact of officers/VDB Secretaries after attending trainings besides the recommendation of Nagaland University for providing human resources trainings. The department tendered that they conduct least Officers at the campus trainings as it involves more expenditures and hence most of the trainings are conducted inside the classroom. The Committee also requested the department to provide copies of feedbacks of the trainings so far conducted.

***2.2.2 During the course of evidence the Departmental representatives assured to submit feedbacks of the training conducted by the Department of SIRD within a week time but the department has failed to do so. The Committee therefore, would like to recommend the Department to furnish the information within 3 (three) months from the date of laying this Report in the House.***

### 2.3.1 Fund Flow (Para 1.3.10.1 of AR)

As per Operational Guidelines of MGNREGA, 2008 a State Employment Guarantee Fund (SEGF) is to be established as a revolving fund for receipt of Central and State funds for implementation of the Scheme. It was observed that the SEGF was established by Government of Nagaland in August 2008, by notification. However, the SEGF could not be made operational till March 2009 due to delay in setting up of State Employment Guarantee Council (SEGC). As a result, GoI released the scheme funds to the bank accounts of DPCs (DRDAs) directly for implementing the scheme.

The following Audit queries were put before the Department in management of funds:

- To State the reason as to why the total funds availability was never brought into a single umbrella in the state to analyze the required matching share for programme implementation.
- Why the financial management system at State level failed to monitor payment of wages and unemployment allowances.
- Unspent balances were reported by the DPCs through Annual approved accounts duly certified by Chartered Accountants whereas; all unspent balances with nine test-checked POs and 71 test-checked VDBs remained undisclosed. Department to explain the reason.

The Department in their written reply to the above queries stated that, “(i) the fund availability with the Districts is taken into account by the Department and basing on which the State matching share requirement is worked out and taken up with the State Government. (ii) So far the MIS does not indicate un-employment allowance dues. Any indication of non-

payment of wages could be due to delay in data entry only. (iii) At the time of audit, all transaction records like Bank Passbook, Bank Statement and Cash Book are produced to the audit party basing on which audit were conducted”.

During the course of evidence, the Committee enquired on the mode of fund transfer to PDs (DRDA) since 2009-10 till date. To furnish total release of fund by GoI and matching grant released by Government of Nagaland under MGNREGS during 2012-13.

The Departmental representatives at the Committee meeting stated that the funding pattern of the major flagship programme goes directly to the societies or the agencies without routing through the State Government or the Department. Therefore, it was difficult for the department to monitor the entire flow of funds against the agencies as there is different sanctioning authority headed by the Deputy Commissioner.

**2.3.2 The Committee recommend the Department to work out certain mechanism to monitor the flow of funds and to submit a copy of the funds transfer to PDs (DRDA) since 2009-2010 till date within 3 (three) months from the date of laying this Report in the House.**

**2.4.1 Non-permissible expenditure out of Administrative contingency fund (Para 1.3.10.7)**

- a) Procurement of Vehicles
- b) Civil works
- c) Procurement of Computers for VDBs

As per the Operational Guidelines (March 2007) MoRD categorised the permissible and non-permissible expenditure under administrative expenses to include, *inter alia* the IEC activities, training, MIS maintenance, quality supervision setting up grievances redressal system, engaging professional services, operational expenses, salary and allowance of additional staff dedicated to MGNREGA under permissible category. Item of expenditure such as purchase of new vehicle and repair of old vehicle and civil works were not permitted through funding of MGNREGA. However, in all the four test-checked DPCs, it was observed that the expenditure charged to Administrative Expenses had been diverted for several non-permissible items such as purchase of vehicles, civil works and procurement of Computers for VDBs.

The Audit raised the following points:

- (i) Who authorised the DPCs to procure vehicles out of the Administrative fund in violation of the provision of the Operational Guidelines.
- (ii) To state the Utilization of ₹0.27 crore for civil works by DPC Dimapur against the purview of Operational Scheme Guidelines.
- (iii) DPC Mon and Tuensang utilized ₹0.13 crore and ₹0.19 crore respectively (March 2012) for construction of building for Ombudsman out of scheme administrative funds. However, the physical verification revealed that the Office was accommodated within the building of DRDA (DPC) Mon and Tuensang. Why the

departments had shown two contradictory reports. Was it not a case of Mis-utilisation of funds?

- (iv) Computer and accessories worth ₹1.70 crore were procured and issued by the DPC Dimapur and Peren although there were no computer assistants and without imparting basic training. The reasons for incurring unfruitful expenditure of ₹1.70 crore may be stated.
- (v) Who authorized the department to divert ₹5.17 crore from administrative funds towards procurement of non-permissible items?

In written reply the department has stated that, "the expenditure on purchase of vehicles was incurred with approval of the government due to extreme exigency requirement for supervision of the project and to ensure successful implementation of the programme is not hampered. The procurement of Computer and accessories were made on the administrative approval of Government based on request of VDBs to provide and all items procured were issued to the VDBs of the Districts for data entries and maintenance of records at VDBs level. For imparting training to VDB Secretaries, the matter was taken up with SIRD for the effective and optimum use of the Computers. As stated in the above replies all procurement was made with the Administrative Approval of the Government based on exigency need to ensure successful implementation of the Programme.

During the course of evidence, the Committee commented that the MGNREGS guidelines does not recommend the purchase of the above mentioned vehicles and computers etc., even though the department claimed to have taken the approval of the State authorities and moreover, the guidelines are given by GoI and not by the State. Therefore, it is questionable

whether, the department have had any approval from the GoI since funding are been made to them directly by GoI. Justification by the department on procurement of non-permissible items from administrative funds based on exigency needs does not suffice the objective of the MGNREGA; the government Officers has been benefited with facilities because of this scheme rather than on the purpose for which it was provided for, as the actual objective of the scheme was for the rural poor people. The Government of Nagaland should provide vehicle to BDOs if at all required but not through MGNREGA Funds.

**2.4.2** *The Committee is not satisfied by the explanation given by the Department in this regard. The Committee observed that the MGNREGA fund in four DPCs were not properly utilised for the purpose for which it was sanctioned. It was noticed that project officers were benefited with facilities actually meant for the welfare of the rural poor. The Committee expressed dismay over the misuse of central fund which has raised doubt about the genuineness of the expenditure. The Committee therefore, recommend that all project officers/Assessing authorities should be given training/refresher courses once in a year so that they are fully conversant with the rules and regulations of the projects. The Committee desire that a complete report on the present status of MGNREGA works and how the Department intends to do away with such mis-utilisation of funds in future may be sent to the committee within 3 (three) months from the date of laying of the Report in the House.*

### **2.5.1 Complaints reported by Village Executives (Para 1.3.10.9 of AR)**

Three Villages under Tuensang district lodged a complaint to the District Administration regarding non-receipt of wages and material components under MGNREGA programme under Thonoknyu block. The district administration, Tuensang forwarded the copy of the complaint to the audit during the audit coverage of sample district (Tuensang). Upon scrutiny of payment register and Actual Payment Receipt furnished by PO Thonoknyu revealed that only ₹24.67 lakh against the actual allocation of ₹ 46.57 lakh was credited into the account of VDB Chilliso, ₹28.44 lakh only against the actual allocation of ₹62.84 lakh into VDB Pang and ₹45.36 lakh against allocation of ₹82.73 lakh into VDB Thonoknyu as wage component during 2008-09 to 2011-12.

When asked as to who is responsible for short release of funds to a tune of ₹93.67 lakh against these three VDBs? The failure on the part of the management's to observed financial transparency during the scheme implementation. The department in their written reply stated that, "the Deputy Commissioner, Tuensang vide its Order No. CON-122/2012-13/1156 dated 5/6/2012 directed SDC(C) Thonoknyu to look into complain submitted by the villagers. The verification report submitted by the Officer was enclosed. And all efforts are made by the Department to ensure financial transparency in implementation of the scheme through intensive monitoring, supervision and conduct of Social Audit at VDB level".

During the course of evidence, the following queries were put before the Department:-

1. 4 villages under Thonoknyu RD Block (2011-12) Complaint for absence of spot verifications, duplication of MGNREGA with DUDA and LADF Projects and payment of 39 days mandays.

2. PO, RD Block Thonoknyu stated, verification monitoring done; 79.86 mandays allocated, complaint being politically motivated.
3. During audit, it detected that ₹93.67 lakh was misappropriated at RD Block Thonoknyu.
4. During PAC visit to Tuensang (DC's investigation report) it was learnt that complainants have withdrawn their complaint letter. Bribing complainants is obvious. The Committee wanted the Department to Comment. In reply to the queries, the Departmental representative tendered that they are looking into the matter as to why the D.C. did not report the matter to the Department nor any letter on the matter was sent to the Department.

**2.5.2** *During the course of evidence the Committee was informed that the Department was looking into the complaints reported by Village executives and on the reason for non submission of report on the matter by the D.C. In this regard, the Department was given 1(one) week time to investigate into the matter and to submit a report to the Committee. However, the investigation report could not be furnished to the committee till the time of finalisation of the Report. The Committee has taken a serious note over the lackadaisical attitude of the Department for undermining the August Committee. The Committee therefore, recommend to take immediate action in this matter and intimate the Committee within 3 (three) months from the date of laying this Report in the House.*

#### **2.6.1 Deviation from Plan made in Perspective Plan (Para 1.3.13.2)**

Scrutiny of perspective plan approved in respect of 71 VDBs under nine test-checked blocks in four test-checked districts revealed that 1116 number of works were planned for five years to cover six sectors at a total estimated cost of ₹159.68 crore. Only 1007 numbers of works were reported as completed against 1116 projects planned in the perspective plan. This indicates a faulty preparation of Perspective Plan by the expert agency. As per the perspective plan, 158 afforestation and plantation works were planned. However, 71 test-checked VDBs shows that only 59 could be completed, the reason for the shortfall and non-achievement of 99 planned projects even though more labourers were engaged to avail wage/ material components out of the scheme funds by executing the afforestation and plantation works at unidentified areas outside the perspective plan. Against planned 140 projects of Flood Control and Soil Conservation projects costing ₹36.59 crore, 119 projects were completed for ₹8.17 crore which was completed at lower cost on actual execution which was 1/5 of the projection made in perspective plan therefore, this shows the failure in preparation of proper estimates in the Perspective plan.

In Department's written reply it was stated that, the reason for short execution of planned works is because some works, as and when necessity arise, were executed by VDBs outside the plan works through the resolution by the Village Council, VDB and the General Public.

During the course of evidence meeting, the Committee asked the reasons on deviation from the perspective plan and also to state the original plan. The Department was questioned whether they maintain any register/ document on the deviation plans/projects etc. The Departmental representative replied that, instead of taking the Government approved Action

Plan, projects works are carried out according to the needs and requirement of villages and as per the resolution passed by the respective Village Council. The Department also give them planning process and bring to the notice of the Ministry. No proper guideline is issued in such kind of works provided it is properly planned by the villagers. Therefore, in such kind of situation the Department have no option but to give freedom to the villagers.

*2.6.2 After examining the written as well as oral reply of the Department, the Committee observed that the deviation in Perspective Plan was carried out without proper approval from the Competent Authority and moreover the Department had not maintained any register or record on the deviation of Plan. Just by passing a resolution one cannot change a plan approved by the Government concern. Therefore, the Committee recommends that in future before diverting any project the Assessing Authority should take approval from a competent authority to allow the deviation. The Committee also recommends the Department to maintain a register on the deviation of plans/projects etc., so as to avert such kind of irregularities in future projects. Compliance on the matter may be intimated to the Committee within 3 (three) months from the date of laying this Report in the House.*

#### **2.7.1 Social Audit (Para 1.3.17.5 of AR)**

MGNREGA Operational Guidelines, 2008 featured an innovative role to Social Audit as means of continuous public vigilance (NREGA, Section 17). The Basic objective of the Social Audit was to ensure public accountability in the implementation of the projects, laws and policies. The Social Audits were intended to promote transparency, participation, consultation and consent, accountability and redressal mechanism of the

scheme. But the State Government failed to constitute any independent/organization/directorate/society at State level for facilitation for Social Audit. And the reason for failure on the part of the State Government to undertake any Social Audit on pilot basis in few blocks as decided in the national workshop on Social Audit.

The Committee asked as to why the State Government failed to constitute any independent/organisation, Directorate/society at State level for facilitation for social audit and the reason for the failure on the part of the State Government to undertake any social audit on pilot basis in few blocks. The department in their written reply stated, Social Audit at Directorate has since been constituted. SIRD has been earmarked by the State Government for Social Audit.

During the oral evidence, when the Committee queried on the role of SIRD Department in carrying out the social audit or the mechanism the department will device in the social audit, the Department tendered that, during the MGNREGA scheme implementation training a subject on the social audit was also taken up. On the issue of monitoring the Department during the course of evidence submitted a copy of booklet to the august House. Social Auditing is done on national level and the GOI sends area officers to all district twice a year and in that the officers from Nagaland also go and verify the programmes and monitor the scheme.

When asked what action has been taken by the Department on the observation made by the NLMs, to which the Department replied that, it will try to provide the Committee with the Action Taken Report where observations are made by the NLMs during their inspections to various schemes.

2.7.2 *The Committee is of the view that the overall performance of Social Audit in four test-checked districts as mentioned in the C&AG Report is far from satisfactory. It was noticed that provisions under MGNREGA guidelines were not followed while conducting the Social Audit. The Committee observed that still there are number of Social Audit meetings which are required to be conducted by the Department. Therefore, the Department needs to revamp their Social Audit system in order to do away with the deficiencies noticed in the social audit conducted in the above mentioned blocks. The Committee recommends that the Assessing Authorities be fully conversant with the provisions and regulations of social audit so as to ensure transparency and public accountability in the implementation of projects and schemes. As assured during the evidence meeting held on 12.3.2014, the Department have also failed to provide the Action Taken Report on the observations made by the NLMs on various schemes. Therefore, Compliance on the present status of social audit and observations of NLMs as well as the measures taken up by the Department in improving the system be furnished to the Committee within 3 (three) months from the date of laying this Report in the House.*

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 2.8.1 Fraudulent drawal (Para 1.4 of AR)

Failure of the Drawing & Distributing Officer and Treasury Officer to exercise statutory checks envisaged in receipts & Payment Rules resulted in fraudulent drawal of ₹ 30.65 lakh.

Sub-clause 3 of Rule 66 of the Receipts and Payments Rules, 1983 stipulates that entries in all money columns of the pay bills are to be totalled separately under each section and part to arrive at the total entitlements as well as net payable after the statutory deductions in red ink. Section wise totalling of the pay bills must be checked by the Drawing Officer himself or by some responsible official other than the person preparing the bill. Treasury Rules further prescribe various checks to be exercised by the Treasury Officer before accepting the claim and to record the omission or correction and to limit the payment admissible in respect of each bill presented by the Drawing and Disbursing Officers of the establishments.

Scrutiny (April 2012) of paid vouchers in respect of the Chief Medical Officer, Zunheboto for the period from November 2010 to October-2011 revealed that the establishment drew ₹ 509.56 lakh in 40 pay bills against the admissible net salary of ₹ 478.91 lakh by inflating the total of the pay bills resulting in fraudulent drawal of ₹ 30.65 lakh.

Thus, failure of the Drawing Officer in checking the pay bill and the Treasury Officer in exercising the prescribed checks resulted in fraudulent drawal of ₹ 30.65 lakh.

While accepting the facts (July 2012), the Government stated that the excess amount drawn would be recovered in installments from the concerned officials. The Department also recovered/deposited (June/July 2012) ₹ 8 lakh in two installments and the balance amount of ₹22.65 lakh had not been recovered (October 2012).

The Committee queried the Department to state the failure on the part of the Drawal Officer in checking the pay bill and the Treasury Officer in particular in exercising the prescribed checks resulting in fraudulent drawal of pay and allowances to the tune of ₹ 40.65 lakh by CMO, Zunheboto may be stated. The Department replied that the failure on the part of DDO in checking the pay bill and the error committed by the CMO Zunheboto were admitted. Hence, recovery was initiated.

Further, asked the Department, whether the Department / Government has initiated any actions against the Official/officers involved in the case, the Department stated that directions to the CMO have been issued, Zunheboto to warn the erring Officials.

Further, the Committee queried the Department, whether the balance amount of ₹22.65 lakh which remained un-recovered as of October 2012 have been recovered? If, recovered details of recovery may be furnished. If not, steps may be taken to recover the balance amount.

Department replied that out of the total amount of ₹ 30.65 lakh so far the CMO, Zunheboto has recovered ₹14.50 lakh. Direction have been issued to recover the balance amount of ₹ 16.15 lakh

The Committee questioned the Department as to what steps has been taken to check the occurrences of such frauds? The Department replied

stating that the direction to the DDO have been given to issue timely check on such errors.

The Committee informed the Department during evidence meeting that in the C&AG Report of India 2011-2012 it is clearly mentioned that out of ₹30.65 lakh only ₹8 lakh vide Challan, dtd 11/06/12 and 13/07/12 were recovered but the Department claims that they have recovered ₹14.50 lakh, hence urged to provide the details of the recovery challan and measures been taken by the Department to recover the remaining amount (i.e) ₹16.15 lakh. Department replied that they have recovered ₹15.00 lakhs out ₹30.65 lakhs. Recovery Challans are enclosed for reference. A balance of ₹15.65 lakhs is yet to be recovered. Reminders have been sent to the C.M.O to recover the balance amount at the earliest.

**2.8.2** *The Committee therefore, recommended that as per the assurance given by the Department, recovery to furnish the detail amount of ₹15.65 lakhs be recovered by the Department within 3(Three) months from the date of presentation of this Report to the House and furnish the challan to the Committee.*

## SCHOOL EDUCATION

### 2.9.1 Fraudulent Drawal (Para.8 of AR)

Scrutiny (November 2011 and April 2012) of the pay bill vouchers of the Deputy Inspector of Schools (DIS), Niuland for the period from 03/2010 to 06/2011 revealed that the DIS drew ₹764.83 lakh in 60 pay bills against the admissible net salary of ₹738.84 lakh by inflating the totals of the pay bills. This resulted in fraudulent drawal of ₹25.99 lakh. Thus, failure

of the drawing Officer in checking the pay bill and the Treasury Officer in exercising the prescribed checks resulted in fraudulent drawal of ₹25.99 lakh. The matter was reported to the Government (May 2012). Reply had not been received (February 2013).

The Committee during the course of oral evidence meeting asked the Department the reason for the failure on the part of the Drawing Officer in the checking the pay bill and by the Treasury Officer in exercising the prescribed checks resulting in fraudulent drawal of pay and allowances to the tune of ₹25.99 lakh. The Department replied that due to the size and extent of the Department, no system is in place to actively monitor the activities of individual Drawing Officer. As such, the Department is made aware of such activities only when it is pointed out by Audit.

The Committee also inquired whether any action has been initiated by the Department to fix responsibility and to recover the amount fraudulently drawn from Government treasury. The Department stated that action has been taken against the erring officers and the establishment by recovering the fraudulently drawn amount in full, though, no disciplinary action was initiated against the officials as they have already retired.

**2.9.2 In view of the Departmental reply, the Committee appreciated the fraudulent recovery as detected by the Audit, however, caution the School Education Department not to blame the retiring officials and inexperienced teacher appointed DIS/SEDOs in future. Blaming and firing of responsibilities for fraudulent drawal shall not be cast upon DIS/SDEOs but their administration should revolve under the direct control of the Directorate.**

## CHAPTER III

### ECONOMIC SECTOR

#### VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT

##### 3.1.1 Planning (Para 2.3.7 of AR)

Para 2.3.7 of the Report of the Comptroller & Auditor General of India for 2011-2012 states that the Department did not have any long term perspective plan other than the Five Year Plan for the 11<sup>th</sup> Plan period (2007-2012). As per the plan, the Department had envisioned achievement of 25 per cent annual growth in State Domestic Product during the 11<sup>th</sup> Plan period by increasing productivity and production of livestock and poultry. The vision of the Department included (i) self sufficiency in Animal Husbandry products: milk, meat and eggs; (ii) mass production through peoples participation; (iii) focus on white revolution in the State; (iv) creation of employment avenues through livestock and poultry farming; (v) creating marketing network for the rural producers; (vi) provision of intensive health care services at the farmers doorstep; (vii) genetic improvement of livestock and poultry breeds through selective breeding; (viii) enhanced feed and fodder production and (ix) conservation and propagation of indigenous breeds of the State. In order to achieve the above vision, the Department had formulated approach, objectives and strategies. Annual Plans were also prepared during the period. However, scrutiny revealed that the annual plans were not consistent with the five year plan and were not aimed at achieving the set targets. While some activities in the five year plan were abandoned, new activities were included in the annual plans. It was further seen that the budget provisions were also not made with a view to take up activities outlined in the five year plan or the annual plans. It was seen that while the

proposed outlay for the 11<sup>th</sup> Plan was ₹ 64 crore, the total agreed outlay during the period as per the annual plans was ₹ 114.90 crore, total budget provision made during the period was ₹ 140.83 crore and the actual expenditure was ₹ 149.99 crore.

When the Department was questioned on their inconsistent plans and non-achieving of targets, the department in written stated, "The Annual Plans were in consonance with the five year plan in terms of target achievement. The focus for enhancing Milk, Meat & Eggs was maintained during the entire Five Year Plan without deviation. However, new programme like construction of New Directorate Building, setting up of Veterinary College, Nagaland Composite Pig Project and Mithun Development were taken up which were initially not indicated in the Five Year Plan which resulted in non-consistency. In terms of target, the Department could achieve 67% against its target in milk production, 74% in meat and 50% in egg. Thus, an average of 63% was achieved in the 11<sup>th</sup> Plan."

During the oral evidence, the Department was asked to highlight the production of 74% meat and 50% of egg to which they replied, "The Department had targeted for production of 560 MT of milk, 424 MT of meat and 7078 lakh nos. of eggs during the 11<sup>th</sup> Plan Period i.e., 2007 to 2012. Out of these targets the Department could achieve 375.2 MT of milk, 316 MT of meat and 3539 lakh nos. of eggs. The percentage of achievement works out to be 67%, 74% and 50% respectively and the overall percentage is 63%. The bench mark for calculating the target of 11<sup>th</sup> Five Year Plan was based on the total production level of 10<sup>th</sup> Five Year Plan i.e., 312 MT of milk, 241 MT of meat and 3705 lakh nos. of eggs and percentage of achievement was calculated based on sample survey report. Reduction of egg production in the 11<sup>th</sup> Plan was due to outbreak of Avian Influenza in the country."

The Committee also asked the Department to state the poultry farms' status District wise i.e., chick rearing, buildings and staff. The Department furnished the details as given at **Table A (P.18)**.

The Department had incurred an expenditure of ₹ 149.99 crore against the proposed outlay of ₹ 64 crore and was asked to explain the reasons during the oral evidence. To this, the Department stated that the proposed budgeted outlay of the Department for 11<sup>th</sup> Plan was ₹ 64 crores, however, the final allocation and amount spent as per Final Expenditure statement was ₹ 119.26 crores. The increased expenditure was mainly due to the following programme:

1. Mithun Development	-	₹ 13.00 crores
2. Nagaland Composite Pig Project	-	₹ 12.59 crores
3. Feed procurement	-	₹ 05.92 crores
4. Dairy Development	-	₹ 07.50 crores
5. Veterinary College	-	₹ 12.25 crores
6. Directorate Building	=	₹ 07.00 crores
<b>Total</b>	-	<b>₹ 58.26 crores</b>

Thus, a total ₹ 58.26 crores was spent in addition to the proposed budgeted outlay and out of this ₹ 31.84 crores was spent on Capital Outlay and ₹ 26.42 crores was on Revenue.

The Department was also asked why some activities in the five year plan were abandoned and new activities included in the annual plans. To this their written reply stated, "Programme like Year of Farmers & Marketing was proposed to continue in 11<sup>th</sup> Five Year Plan, but was abandoned since Govt. of Nagaland discontinued Year of Farmer, and for marketing, the Department initiated its Meat Sale Counter in New Secretariat Complex,

but was discontinued since there was no profit because the Department sells the meat only at no loss no gain basis. Other programmes like Clean Milk Production & Assistance to Cooperative Societies were transferred to Dairy Federation. New activities like construction of New Directorate Building, Setting up of Veterinary College, Nagaland Composite Pig Project and Mithun Development were included because it was found pertinent for implementation as a holistic long term approach in achieving self sufficiency in meat, egg and milk production in the state,”

During the oral evidence, the Department was asked to state the status of construction of Directorate building and they replied that the construction of the Directorate building is in active progress, site levelling, columns and RCC slab casting of the ground floor is completed and slab casting of 1<sup>st</sup> Floor is in progress. Beside, cutting of road and construction of retaining wall of the road is in progress.

The Committee wanted to know whether the Nagaland Composite Pig Project was abandoned. The Department replied that it has not been abandoned except that the DPR which was submitted by the Department to Govt. of India was not approved by the Planning Commission for sanctioning. However under State Plan, the Department had already drawn fund for setting up of 100 pigs capacity per shift which will be expandable to 150 pigs. Accordingly, estimates along with detail diagram is being prepared and submitted to the Chief Engineer's Office and Technical Estimate Approval is awaited.

The Committee then asked the Department to state the village-wise Mithun Development sponsored targeted year and after. The Department replied that the project is implemented under the Planning Commission SPA / State Plan Sanction. Upto 2011-12, 93 villages have been targeted

and achieved out of the total an approximate 300 Mithuns rearing villages in the state.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-17
No of village targeted	27	25	41	44	45	163
No of village sponsored	27	25	41	44	Sanction not accorded	Under projection

The Department was also asked to state the status of veterinary college to which they replied that setting up of Veterinary College in Nagaland is in active progress after being approved by the State Cabinet. The College is being proposed to be set up under the ambit of Central Agriculture University, ICAR, Govt. of India. Accordingly, ICAR, Govt. of India assured the State to set up one Veterinary College in Nagaland during its 19<sup>th</sup> Meeting of the ICAR Regional Committee No. III held at Chintan Bhawan, Gangtok, Sikkim on 23-34 October 2009 which was again reiterated in its 21<sup>st</sup> ICAR Regional Committee No. III held at AAU, Jorhat on 17<sup>th</sup> & 18<sup>th</sup> April 2013. In view of this, the 2<sup>nd</sup> site selection committee under the Chairmanship of Dr. M. P. Yadav, Former VC, SBPUAT, Meerut visited the State on 28<sup>th</sup> May 2013. Accordingly, Shri. Sharad Pawar, Hon'ble Union Minister for Agriculture, Food Processing Industries, Government of India, in his D.O. letter No. Edn. 20/1/2013-EQR 24<sup>th</sup> October 2013 informed the recommendation of the Site Selection Committee that Veterinary College shall be set up in Nagaland. At present, action from Govt. of India, ICAR is being awaited.

When asked why the budget provisions were not made with a view to take up activities outlined in the five year plan or the annual plans, the Department replied. "Budget provision could not be taken up as per Five

Year Plan because the new activities like New Directorate Building & Setting up of Veterinary College requires more fund for implementation.”

The Department was also questioned as to how they could propose for the Directorate building and veterinary college without DPR to which they replied that the DPR for both Directorate building and Veterinary College was prepared and submitted to Government of release of fund.

**3.1.2 The Committee observes that the Department lacks a proper planning system for financial management and in accordance with the C & AG of India recommends that the activities of the Department should be realistically planned after proper analysis and should also be consistent with the overall Five Year Plans of the Department. The Committee also observes that the Department is still a long way off from being self-sufficient and recommends that proper study should be done for creating a few viable customised projects which can become self-sufficient and therefore enable the Department to achieve its targets.**

Table A (Infrastructure of Poultry Farms) 3.1.3

Sl No	Name of the farm	Location	Status	Staff	Building	Remarks
1	State Poultry Farm	Kohima	Chick Rearing Centre	Total strength - 18 1. Senior Farm Manager - 1 2. VAS - 1 3. VAS - 1 4. Sr. VFA - 1 5. VFA - 1 6. Poultry Attendant - 8 7. Store Attendant - 1 8. Office Peon - 1 9. Generator - 1 10. Electrician - 1	A) Office building - 1 B) Hatchery building - 1 C) Feed godown - 1 D) Store - 1 E) Generator Shed - 1 F) Isolation Shed - 1 G) Poultry shed - 9	1 needs 1 needs
2	Chick Rearing Centre	Mediphema	Chick Rearing & Hatchery Unit	Total strength - 15 1. Farm Manager - 1 2. Field staff - 4 3. Poultry Attendant - 8 4. Chowkidar - 1 5. Electrician - 1	A. Office - 1 B. Hatchery - 1 C. Godown - 1 D. Store - 1 E. Isolation - 1 F. Generator room - 1 G. Staff quarter - 3 H. Poultry house - 13	Functional
3	Hatchery Unit	Mokokchung	Chick rearing & Hatchery Unit	Total strength - 15 1. Farm Manager - 1 2. VFA - 2 3. Electrician - 1 4. Poultry Attendant - 10 5. Night Chowkidar - 1	A. Poultry shed - 8 B. Manager quarter - 1 C. Electrician quarter - 1 D. Godown - 1	Functional
4	Hatchery Unit	Tuensang	Chick Rearing & Hatchery Unit	Total strength - 12 1. Farm Manager - 1 2. VFA - 1 3. Poultry attendant - 7 4. Office & night chowkidar - 3	A. Poultry shed - 8 B. Hatchery unit - 1 C. Godown - 2 D. District hospital dispensary - 1 E. Disease diagnostic lab - 1 F. State Chick Rearing Centre Office - 1 G. Hair grinding building - 1 H. Staff quarters - 13	Functional

5	Chick Rearing Centre	Wokha	Chick Rearing Centre	Total strength - 8 1. Farm Manager - 1 2. VFA - 2 3. Poultry attendant - 5	A. Feed Godown - 1 B. Chick shed - 1 C. Adult shed - 3 D. Hatchery building- 1 E. Farm Managers quarter - 1 F. Quarter - 2	Functional
6	Chick Rearing Centre	Sathazou	Chick Rearing Centre			Functional
7	Poultry Upgrading Centre	Peren	Chick Rearing Centre	Total strength - 4 1. VFA- 1 2. Poultry Attendant- 2 3. Contingency - 1	A. Quarter type 3 - 1 B. Quarter type 1 - 1 C. Poultry shed Operational - 1 Non-operational - 3 D. Godown - 1	Functional
8	Hatchery Unit	Dimapur	Chick Rearing & Hatchery Unit	Total strength - 15 1. Sr. Farm Manager - 1 2. Farm Manager - 1 3. VFA - 1 4. Electrician- 1 5. Feed Mill Assistant- 2 6. Poultry Attendant - 9	A. Brooder house - 4 B. Grower house - 3 C. Layer house - 2 D. Office-cum-hatchery - 1 E. Feed compounding - cum-store - 1	Functional
9	Turkey Farm	Kohima	Turkey Farm	Manned by the state poultry farm staff		Functional
10	Chick Rearing Centre	Longleng	Chick Rearing Centre	Total strength - nil	A. Poultry shed - 1 B. Office-cum-godown - 1	Functional

11	Chick Rearing Centre	Mon	-do-			Non-functional
12	State Poultry Farm	Jalukie	-do-			Non-functional Shifted to Peren
13	Duck Farm	Tizit	Duck Rearing Centre			Non-functional Shifted to Medziphema
14	Duck Farm	Medziphema	Duck Rearing Centre			Non-functional
15	Duck Farm	Baghty	Duck Rearing Centre			Functional
16	Chick Rearing Centre	Zunheboto				Non-functional

3.1.3 *The Committee observed that out of 16 farms, almost all chick rearing and duck farms are defunct. Most of the DVOs and farm managers are never stationing in their posting places. They sings their pay bills in Kohima and Dimapur which are brought by their assistants by outsiders without verifying the ground reality as to why Government level furnishes such white lie reports is a disheartening to the Committee. The Committee be intimated with factual existence within stipulated time. Taken possession of Departmental quarters from general public be intimated to the Committee within 3 (three) months from the date of laying this report in the House.*

### 3.2.1 Non-achievement of target (Para 2.3.7.1 of AR)

Under this para, the Audit Report states that the Department had outlined the targets to be achieved in production of meat, milk and eggs during the 11<sup>th</sup> Five Year Plan with a view to achieve self-sufficiency and decrease the import burden. Scrutiny of records revealed that though the Department had taken up several schemes/ projects, the targets remained unachieved despite incurring an expenditure of ₹ 149.99 crore against the projected outlay of ₹ 64 crore. When questioned on this matter, the written departmental reply stated, "The Department could achieve 67% in milk production, 74% in meat and 50% in egg with an average achievement of 63% against the set target in the 11<sup>th</sup> Five Year Plan. It may be stated that the achievement of milk, meat & eggs are not cumulative in nature but it is additional per annum for which 100% target is difficult to achieve. Expenditure incurring ₹ 149.99 crores against ' 64 crores was because more funds were spent on infrastructure development which was not earmarked within ₹ 64 crores while preparing the 11<sup>th</sup> Five Year Plan."

During the oral evidence, the Department was asked to state who approved for additional expenditure / enhancement of ₹ 85.99 crore (149.99 - 64 = 85.99) and also to state the highest expenditure District-wise of ₹ 85.99 crore utilised. They stated that the final outlays were approved by the State Planning Board and that the highest expenditure was done in Peren District. District-wise fund utilisation was provided as given below:

(₹ in crore)

District	Name of the Scheme						Total
	Mithun Development	Nagaland Composite Pig Project	Feed Procurement	Dairy Development	Veterinary College	Directorate Building	
Kohima	2.07	-	-	2.43279	-	7.00	11.503
Mokokchung	-	-	-	0.91722	-	-	0.91722
Tuensang	1.32	-	-	0.1073	-	-	1.4273
Mon	1.12	-	-	0.04918	-	-	1.16918
Zunheboto	1.78	-	-	0.11034	-	-	1.89034
Wokha	0.25	-	-	0.53712	-	-	0.78712
Phek	2.54	-	-	0.58119	-	-	3.12119
Dimapur	0.97	6.295	-	1.75521	-	-	9.02021
Longleng	0.27	-	-	0.01757	-	-	0.28757
Kiphire	0.64	-	-	0.00717	-	-	0.64717
Peren	2.04	6.295	-	0.98691	12.25	-	21.57191
Total	13.00	12.590	5.920	7.502	12.25	7.00	58.26

3.2.2 *The Committee urges the Department to set realistic targets and work diligently towards it so that the ultimate goal of self-sufficiency would be achieved. The Department needs to install a methodical planning and monitoring system in order to realize this objective. However, during PAC's visit to Nagaland Composite Pig Project to Jalukie and Khopanal of Dimapur on 23.10.2013 all the in fractures were deviated from DPR. Though ₹ 12.59 crore spent on these projects, these are still lying idle. Taking possession and utilisation become beyond imagination. Committee may be intimated the utilisation or otherwise disinvest these projects to minimise the unnecessary burden so created.*

### 3.3.1 Mithun Project (Para 2.3.10.1 of AR)

Para 2.3.10.1 of the Report of the Comptroller & Auditor General of India for 2011-2012 stated that the Mithun Project was implemented from 2009-2012 for conservation, propagation and development of the Mithun.

It was found during Audit that as per DPRs, the beneficiary villages were selected by a Committee including the respective District Veterinary Officers after verifying the total Mithun population and availability of forest land. A total of 89 villages were selected for implementation of the project. However, reports of the Selection Committee or any other records relating to selection of the villages were not furnished to audit. When the Department was questioned on this matter, they replied in written that "The Department having constitutes a Committee for Implementation of the project during 2009-10 has accordingly made a State-wide search for potential villages to be assisted under the said project. Based on the Committee's report, the Government issued the list of approved beneficiary villages to be taken up. In order to have resultant effect on the objectives of the Mithun project, MOU between the Department and the selected village authority is also undertaken." The Department was also asked why the list of beneficiary villages were forwarded to the Department by the Government during 2010-12 instead of by the Selection committee in contravention to the DPRs prepared by the Department, to which their written reply stated "As cited above, the Committee identify and forward list of potential villages to the Government for approval. Accordingly, the Administrative approved list of beneficiary villages were issued to the department." Another question asked to the Department was to state the manner of selection of beneficiary villages at the Government level without proper feasibility studies and survey. The written departmental reply stated "Selection of beneficiary villages at the

Government level does not arise as the selection of potential villages was done by the Committee after proper feasibility studies and survey."

During the oral evidence, the Department was asked whether the scheme had been implemented in all the 89 villages. The Departmental representatives replied that it was actually implemented in 93 villages and not 89 and that the concerned Village Councils and the District Veterinary Officers also supervise in the implementation of the project. The photos of all the villages' project meeting / works were provided at a later date for reference. The Department was also asked to furnish the list of the selected villages with the amount disbursed against each village. The following details were furnished by the Department after the evidence:

#### *List of Project Villages under Village Community Mithun Project 2009-12*

S/No	District	2009-10	2010-11	2011-12
1	Phek	1.Kami	1. Lanye	1. Pholami
		2. Chizami	2. Hutsu	2. Tezatse
		3. Lozaphuhu	3. Mesulumi	3.Phonkhungri
		4. Thevopisu	4. M. Khomi	4. Khulozu basa
		5. Phek	5. Thetsumi	5. Phek basa
		6. Losami	6. Ketsapo	6. Shatuza
				7. Mutsale

2	Peren	1. Mbaupungchi	1.Ngaulonglodi	1.Ndunglwa
		2. Nkaiilwa	2.Nsong	2.Gaili
		3. Mhaupungwa	3.Benreu	3.Nzauna
		4. Azailong		4.Punglwa
		5. Poiilwa		5.Puilwa
		6.Tenning		6.Mpai

3	Kohima	1. Jotsoma	1. Zhadima	1. Tuophepzezu
		2. Tuophema		2. Chedema
		3. Khonoma		3. Gariphema
		4. Mezoma		4. Seinyama
		5. Thekrejuna		5. Tsosinyu

4	Zunheboto	1. Kitami	1. Viyexe	1. Satoi
		2. Usotomi	2. Rotomi	2. Lazami
		3. Yehemi	3. Tsutoho	3. Asukho
		4. Ngozubo		4. Khetoi
		5. Sukhai		5. Achikuchu
				6. Xuivi

5	Mon	1. Nganching	1. Chenmahao	1. Yakshu
		2. Angphang	2. Monyakshu	2. Tobu
			3. Mohang	3. Pongkong
				4. S/Tangten

6	Tuensang	1. Noklak	1. Angangpa	1. Yali
		2. Pangsha	2. Yokao	2. Chungtor
		3. Chingmei	3. Sanglao	3. Thsotokur
			4. Kiutsukiur	

7	Kiphire	NIL	1. Tethuyo	1. Phelungre
			2. Kisetong	2. Chomi
				3. Pungro
				4. Thethuze
				5. Thanamir

8	Longleng	NIL	1. Hukpang	1. Alayong
				2. Shakshi

9	Wokha	NIL	1. N. Longidang	1. Akuk
				2. Mekokla

10	Dimapur	NIL	NIL	1. Tsiapama
				2. Tsuuma
			27 villages	25 villages
				41 villages

*Name of Mithun Project Villages, indicating amount against each project.*

- Kami ₹ 20,73,320
- Chizami ₹ 14,23,720
- Lozaphuhu ₹ 14,23,720
- Thevopisu ₹ 14,23,720
- Phek ₹ 14,23,720
- Losami ₹ 14,23,720
- Mbaupungchi ₹ 29,88,720
- Nkaiilwa ₹ 29,09,800
- Mhaupungwa ₹ 29,09,800
- Azailong ₹ 29,09,800
- Poilwa ₹ 14,23,720
- Tenning ₹ 14,23,720
- Jotsoma ₹ 20,73,320
- Kitami ₹ 14,23,720
- Mezoma ₹ 14,23,720
- Khonoma ₹ 14,23,720
- Thekrejuna ₹ 14,23,720
- Tuophema ₹ 20,73,320
- Usotomi ₹ 14,23,720

20. Yehemi	₹ 14,23,720
21. Ngozubo	₹ 14,23,720
22. Sukhai	₹ 14,23,720
23. Ngangching	₹ 14,23,720
24. Angphang	₹ 14,23,720
25. Noklak	₹ 14,23,720
26. Pangsha	₹ 14,23,720
27. Chingmei	₹ 14,23,720
28. Lanye	₹ 7,34,400
29. Hutsu	₹ 7,34,400
30. Mesulumi	₹ 7,34,400
31. M. Khomi	₹ 7,34,400
32. Thetsumi	₹ 7,34,400
33. Ngaulonglodi	₹ 7,34,400
34. Nsong	₹ 7,34,400
35. Benreu	₹ 7,34,400
36. Zhadima	₹ 7,34,400
37. Viyexe	₹ 7,34,400
38. Rotomi	₹ 7,34,400
39. Tsutoho	₹ 7,34,400
40. Chenmaho	₹ 7,34,400
41. Monyakshu	₹ 7,34,400
42. Mohang	₹ 7,34,400
43. Angangpa	₹ 7,34,400
44. Yokao	₹ 7,34,400
45. Sangloa	₹ 7,34,400
46. Kiutsukiur	₹ 7,34,400
47. Tethuyo	₹ 7,34,400
48. Kisetong	₹ 7,34,400
49. Hukpang	₹ 7,34,400

50. N. Longidang	₹ 7,34,400
51. Mekokla	₹ 7,34,400
52. Ketsapo	₹ 7,34,400
53. Pholami	₹ 8,69,340
54. Phonkhungri	₹ 8,69,340
55. Khulozu basa	₹ 8,69,340
56. Phek basa	₹ 8,69,340
57. Shatuza	₹ 8,69,340
58. Mutsale	₹ 8,69,340
59. Tezatse	₹ 8,69,340
60. Ndunglwa	₹ 8,69,340
61. Gaili	₹ 8,69,340
62. Nzauna	₹ 8,69,340
63. Punglwa	₹ 8,69,340
64. Puiiwa	₹ 8,69,340
65. Mpai	₹ 8,69,340
66. Tuophephezu	₹ 8,69,340
67. Chedema	₹ 8,69,340
68. Gariphema	₹ 8,69,340
69. Seinyami	₹ 8,69,340
70. Tsosinyu	₹ 8,69,340
71. Satoi	₹ 8,69,340
72. Lazami	₹ 8,69,340
73. Asukho	₹ 8,69,340
74. Khetoi	₹ 8,69,340
75. Yakshu	₹ 8,69,340
76. Tobu	₹ 8,69,340
77. Pongkong	₹ 8,69,340
78. S.Tangten	₹ 8,69,340
79. Achikuchu	₹ 8,69,340

80. Xuivi	₹ 8,69,340
81. Yali	₹ 8,69,340
82. Chungtor	₹ 8,69,340
83. Thsotokur	₹ 8,69,340
84. Phelungre	₹ 8,69,340
85. Chomi	₹ 8,69,340
86. Pungro	₹ 8,69,340
87. Thethuze	₹ 8,69,340
88. Thanamir	₹ 8,69,340
89. Alayong	₹ 8,69,340
90. Shakshi	₹ 8,69,340
91. Akuk	₹ 8,69,340
92. Tsiapama	₹ 8,69,340
93. Tsuuma	₹ 8,69,340

The Audit Report also states that During 2009-10, a total amount of ₹ 4.64 crore was shown as paid to the village councils of the 24 project villages against bills submitted by them for construction of bio-fencing, purchase of elite mithuns, general meeting and training, capacity building, construction of grilled iron foot trap and incentive for supervision and stationeries. These have been projected as irregularities in disbursement of assistance to beneficiary villages which needs further investigation.

When the Department was asked: "As per records ₹ 1.27 crore was paid to the Village Councils of four villages under Peren District where major project was implemented. However, joint physical verification revealed that the four villages had actually received only five mithuns worth ₹ 5.50 lakh and two calves. Who was responsible for this? Whether the department carried out any inquiry for the disappearance of an amount of ₹ 1,11,50,000 (₹ 1.17 crore - ₹ 5.50 lakh)". Their written reply stated "Under

the project the following components for construction of bio fencing, purchase of elite mithuns, training, general meeting, capacity building, foot trap, incentive for herd supervision, stationeries and health care aids were assisted under the four villages under Peren District. During 2012 period, even other main components like fencing along the road (more than 2.5km approx), and also connecting bio-fencings meandering deep into the thick forest (confirming that work was actually carried out) was inspected by the Joint physical verification team. Whereas such evidences not being projected at all, and the misinformation given by the villagers being projected has not been healthy, as the villagers have intentionally misreported to the Auditing party in order to vent their frustration with the department for not giving them civil Works Order. However, the department has accordingly inquired into the matter and whereby they have admitted to their mistakes." (letters from the villages were enclosed for reference).

During the oral evidence, the Department was asked to state the name of the mithun supplier to which they replied that the selected villages were made to procure the animals, as there is no organised farms / individual / institute, for competent mithun supply to fulfil terms and condition on the quantum and quality to fulfil traditional and cultural requirements / satisfaction to different community villages where delivery was to be made. Therefore, each village was entrusted on procurement of mithuns."

Under "Payment made for fictitious works" the Audit Report states that during 2009-10, an amount of ₹ 1.56 crore was drawn by the Directorate against civil works certified to have been completed in March 2010 through a contractor (M/s Multi Builders) in the 24 project villages. Scrutiny of records of the EE, V&AH Division revealed that technical estimates for the 69 works was prepared and approved by the EE after splitting one item of work to avoid sanction of higher authority. Thereafter, all the works were allotted to a different contractor (M/s Hi-tech Constructions) without giving

publicity through the Notice Inviting Tender as required under Rules. Joint physical verification of projects implemented in 2009-10 and interaction with the beneficiaries revealed that civil works were never taken up or executed by contractors. When the Department was questioned on this matter, they replied in written as, "All the works were implemented successfully in line with the village authority / village mithun committees' input and payment was made through the contractor. During the joint audit inspection, approximately 2 kms length of the fencing along the road phase was inspected. However, major stretch of the fencing could not be inspected due to inclement weather and inaccessibility of the jungle. Hence civil works never being taken up or executed by the contractor does not arise." (The confirmation on the verification of the works executed received from the concerned villages were enclosed).

The Committee observed that the Department had paid to the contractor for work done at mithun project in line with the village authority. However, the departmental reply says that the payment was made through the contractor. The Department was asked to comment on this and they replied that the reply was actually to be read as 'payment was made to the contractor'. The Department regretted their error and further stated that the work was actually carried out as per the approved DPR, which was jointly verified by the Audit Party and Department on the actual works of mithun shed / rest sheds, trenching and stone pitching, fencings and salt feeding areas. The Department also provided, at a later date, photographic evidence (137 photos) of civil works carried out in the villages.

**3.3.2 After verifying the list of payment, Jotsoma village was given ₹20,73,320.00 sl. 13, however, as per C&AG Report, Para 2.3.10.1 (ii) P-71, village Council has received ₹15 lakh along with other items such as medici ₹1.00 lakh but still there is a short of ₹4.00 lakh.**

*During Committee's visit to Tuensang on 24.10.2013, they met Mithun Committee from Sotokiur and Yali village and learnt that they were given three mithun at ₹ 50,000 per mithun and ₹5.00 lakh in cash which calculated at  $50,000 \times 3 + 5,00,000 = 6,50,000$ . However, the list shown is of ₹8,69,340.00 each which is short of ₹2,19,340.00. During their visit to Tuensang the Hakchang village, mithun Committee also appeared before them and told that they received ₹6.20 lakh in cash for materials and 2 mithuns but their name was not appeared in the list.*

**3.3.3 The Committee observes that the Department lacks an efficient monitoring system to check the actual works being done in the villages and also is of the opinion that the Department should oversee the construction of all such civil works instead of placing the responsibility entirely upon the villagers themselves. The Committee recommends that the Department should establish an effective internal control system in order to prevent malpractices such as producing fictitious bills and vouchers, improper disbursement of assistance to beneficiary villages, bypassing the Notice Inviting Tender and favouritism of specific contractors sponsored villages/ mithun Committee be assisted financially for atleast five years.**

### 3.3.4 Setting up of Veterinary College (Para 2.3.10.3 of AR)

Para 2.3.10.3 of the Report of the Comptroller & Auditor General of India for 2011-2012 stated that the Department initiated the process of setting up a Veterinary College in the State in 2008 and a MoU was drawn up between the Government of Nagaland and M/s Aegis International & Associates for rendering Project Management Consultancy Services for setting up the Veterinary College at Jalukie, Peren. An amount of ₹ 22.12 lakh was paid to the consultant against pre-feasibility report in 2010 but the project had not taken off even after a lapse of more than two years.

#### Funds released and transferred to EE, V&AH Division for execution of works:

(₹ in crore)

Year	Gross amount released by GOI/GON	Net amount drawn by Directorates	Expenditure incurred in Directorate	Amount transferred to EE	Balance as on 31.03.2012
2008-09	1.25	1.18	0.31	0.78	0.09
2009-10	5.00	4.83	0.00	4.83	0.00
2010-11	5.00	4.25	0.00	4.25	0.00
2011-12	1.00	0.93	0.00	0.00	0.93
<b>Total:</b>	<b>12.25</b>	<b>11.19</b>	<b>0.31</b>	<b>9.86</b>	<b>1.02</b>

It was seen that a major portion of the funds was utilised for civil works at the proposed site. It was further stated that the Central Agricultural University had been approached for implementing the project and the MoU with the Consultant was under process of termination.

The Department was asked why the Department failed to furnish to audit the procedure followed for appointment of the Consultant to which their written reply stated, "The Directorate office could not furnish the details of procedure followed for appointment of the Consultant because the formal procedures were done from the Government level." They were also asked as to why the project had not taken off even after a lapse of more than two years and the Department had sought approval from the government to terminate the MoU with the Consultant and why the payment of ₹22.12 lakh to the Consultant was made against pre-feasibility report if the project had not taken off. Their written departmental reply stated, "For setting up of Veterinary College in the State, Govt. of Nagaland had appointed M/s Aegis International & Associates for rendering Project Management Consultancy Service. For which, an MoU was signed for preparation of Pre-Feasibility Report at an estimated cost of ₹22.12 lakhs. Accordingly, M/s Aegis International & associates prepared and submitted the Pre-Feasibility Report and DPR (May 2010) for which an amount of ₹22.12 lakhs was paid to the consultant as per MoU. However, setting up of the College in the State could not be finalised by Govt. of India, ICAR. For which, the consultant could not proceed for sourcing of fund from the funding agencies even after a lapse of two (2) years. Therefore, the Department had written to the Govt. for termination of the MoU. The Department had pursued vigorously with the Govt. of India, ICAR for setting up of the College in the State as per the pre-Feasibility Report and DPR submitted by M/s Aegis International & associates. Accordingly, Govt. of India, ICAR during its 20<sup>th</sup> Meeting of the ICAR Regional Committee No. III held on 5<sup>th</sup> to 7<sup>th</sup> May 2011 at Umiam, Meghalaya recommended for setting up of Veterinary College in Nagaland. (Minutes enclosed by Department been examined by Committee). In view of the above reasons and justification the para may kindly be dropped."

During the oral evidence, the Committee wanted to know whether the MoU had been completely terminated with the consultant and the Department replied in the negative. It was observed that ICAR has taken up the establishment of the Veterinary College in 2011. However, during the spot verification conducted by the Committee on 23.10.2013, there was only fencing and guest house. Therefore the Committee wanted to know why there was no other development. The Department replied that to initiate the processing of setting up of the College in the State, the State Govt. under State Plan had carried out certain development which was only minimal since the Department is anticipating that the other infrastructure development shall be carried out by CAU, Govt. of India. The Committee also asked whether the DPR prepared by M/s Aegis International was going to be followed to which the Department replied that this DPR is the only one prepared and which has been submitted to ICAR and action is being taken according to this DPR only. On being questioned, it was further informed that the original cost of the project as per DPR is ₹ 2,19,53,16,000/- (Rupees two hundred and nineteen crores fifty three lakhs and sixteen thousand only). No particular contractor has been appointed for this project till date and while the targeted year of completion has not been set, the infrastructure development is proposed to be taken up in 3 (three) phases. The Committee then desired to know why the Directorate officials were kept in the dark about this matter by the Govt. level and the Departmental representatives replied that initially, the Department proposed to set up the College under Human Resources Development for which appointment of Consultant, preparation of DPR was carried out as well as infrastructure development was done. However, in due course of time, the Department got the opportunity to set up the college under ICAR, Govt. of India under the ambit of Central Agricultural University (CAU) which was agreed by Govt. of India. At present, action is awaited from ICAR. The Committee asked the Department to furnish a copy of the DPR and was provided at a later date.

It was further learned during the oral evidence that the Site Selection Committee from the Ministry had visited the State last year (2013) and recommended that the Veterinary College be set up in Medziphema instead of Jalukie. On learning this, the Committee wanted to know whether the Cabinet approval has been given. The Department replied that the Cabinet had approved the site at Jalukie but the approval for the new site is yet to be given. The Committee asked for the Cabinet approval memo for the first site and it was provided at a later date. It was further informed by the Department that the total area of the land in Jalukie is 1038 acres which was acquired by the Department in the early 80s and this land was initially marked out for different projects i.e., veterinary college, pig farm and slaughter house and already an amount of ₹ 12.25 crores has been spent for infrastructure development on this land.

*3.3.5 The Committee noticed that such cases of shifting projects after spending a substantial amount for development is a frequent practice in the State and wishes that such occurrences could be curbed as it lays waste to public money. In this case, the Committee agrees that the proposed site at Medziphema would serve better due to its proximity to the Agricultural College, although it cannot overlook the fact that a considerable amount has already been spent on the first site i.e., at Jalukie. The Committee can only hope that the fairly developed land at Jalukie be utilised practically by the Department without any further wastage in the subsequent days. The Committee therefore recommends that the Department should earnestly pursue for setting up of this college at the earliest in order to prevent any more squandering.*

### 3.3.6 Setting up of Nagaland Composite Pig Project (Para 2.3.10.4 of AR)

Under Para 2.3.10.4 of the Report of the Comptroller & Auditor General of India for 2011-2012, it is stated that the State Government decided to set up a Composite Pig Project with a Pig Breeding Unit and Slaughter House. M/s Management Solutions, Kolkata was appointed on 28.08.2008 as Consultant for the preparation of Feasibility Report and DPR. Thereafter, an amount of ₹ 99.75 lakh was sanctioned out of which ₹ 75.51 lakh was spent on consultation fees, accommodation of consultant also included ₹ 1.90 lakh for the Consultant's trip to Europe. A sum of ₹ 6.50 lakh was paid to the Consultant against a bill dated 01.10.2007 (i.e. before appointment). It was also seen that an amount of ₹ 15.75 lakh was recorded as spent for visit to outside country. The Department stated later that this expenditure was incurred for trip to Germany undertaken by the then Hon'ble Minister for Veterinary & Animal Husbandry accompanied by the Consultant and two officers for physical verification of the equipment which were proposed to be imported from Germany. The final DPR projected a cost of ₹ 157.31 crore but no further progress was seen.

Further scrutiny revealed that the Department had submitted a concept note to the Government for establishment of Pig Breeding Farm and Slaughter House under SPA amounting to ₹ 10 crore during 2010. ₹ 8.85 crore was received from the Government and Finance Department on 31<sup>st</sup> March 2011. Out of this, ₹ 4.43 crore was to be drawn in cash and ₹ 4.43 crore was to be deposited in CD.

### Funds drawn and transferred to EE, V&AH Division

(₹ in crore)

Date	Net amount drawn by Directorate	Date of release of EE	Amount transferred to EE	Balance as on 31.03.2012
31.0.2011	4.25	13.06.2011	2.00	-
		19.07.2011	2.25	-
23.11.2011	4.31	23.11.2011	2.00	-
		22.02.2012	0.15	-
		01.03.2012	1.00	1.16
<b>Total</b>	<b>8.56</b>		<b>7.40</b>	<b>1.16</b>

It was seen that a major portion of the funds were utilised for Civil Works viz., provision of security fencing, rest house, internal roads, godown, etc., at the proposed site of Slaughter House, Khopanala, Dimapur and construction of security fencing, rest house, approach road, overhead water tanks, godown, etc., at the proposed site of Pig Breeding Farm, Jalukie.

During the oral evidence, the Department was asked to state the reason for payment of ₹ 1.90 lakhs for the Consultant's trip to Europe and payment of ₹ 6.50 lakhs against their bill dated 01.10.2007 before appointment being cost and expenses for initial development activities. Their written reply stated, "An amount of ₹ 1.90 lakhs paid to the Consultant for his trip to Europe so as to make necessary arrangement for roping in Mr. Robert Overend, Chairman of the British Pig Association to come and visit Nagaland for Piggery related activities. Accordingly, Mr. Robert Overend visited Nagaland from 14<sup>th</sup> July 2008 to 17<sup>th</sup> July 2008. Again, ₹ 6.50 lakhs was paid to the Consultant as initial development activities with the approval of the Government vide letter No. Piggery/5/2008-AHV dated 10<sup>th</sup> June 2008 on the condition that it shall be reimbursed from the project itself.

Accordingly, it was done. In view of this, Hon'ble PAC members are requested to drop the para." The Committee further wanted to know how far the Department has benefited from this consultant by paying ₹ 8.40 lakh. They replied that by engaging M/s Management Solution, a DPR regarding setting up of a Slaughter House & Processing for Value Addition Unit was prepared and an insight view on setting up Slaughter House & Processing could be obtained, beside acquisition of land, demarcation, rest house etc could be done. Further, the Department stated that on the concept of the DPR submitted by M/s Management Solution, the Department had come out with a Mini Slaughter House having a capacity of 100 pigs per shift expandable to 150 pigs for which works is expected to start shortly.

The Departmental representatives were also asked on whom ₹ 15.75 lakh was spent for visit outside country and what the purpose of the visit was. They were also asked to state the reasons for the failure on the part of the department in furnishing the details of expenditure. Their written reply stated, "The amount spent was recorded in the names of the official visiting outside the country. The purpose of the visit was to explore possibilities of transfer to technology used by foreign country into our state. The details of expenditures are enclosed herewith." The Committee further asked them to state the names of the officials. The Department stated that the officials who visited slaughter house outside the country were (i) Shri. T. R. Zeliang, Minister for Planning, Vety & AH. (ii) Dr. M. Timothy Lotha, Deputy Director (iii) Dr. Simon Ao, Deputy Director. The relevant enclosures which were stated to have been enclosed were found missing and the Department furnished those at a later date.

When the Department was asked to state the reasons as to why the entire expenditure of ₹ 99.75 lakh should not be treated as infructuous, they replied in written as, "The Department has been pursuing vigorously for funding the project with the DPR prepared by the Consultant. Dr. K.S.

Ramachandra, Technical Expert (AH&F) Govt. of India had studied the DPR and recommended in favour of the State and his remarks was forwarded for inclusion of the proposal under SPA/SCA to Shri. S.N. Bhromo Choudhury, Advisor (NE) State Plan Division, Planning Commission, Govt. of India. Shri. S.N. Bhromo Choudhury after examining the DPR forwarded the matter to the National Rainfed Authority for their remarks. Accordingly the National Rainfed Authority, recommended the project favourably to the Planning Commission following which the Departmental Officer, Minister in-charge and consultant had a series of meeting with the Planning Commission Advisor, Members and Consultants on 23<sup>rd</sup> to 25<sup>th</sup> July 2012 for final funding of the project. However, due to financial constraint Planning commission is unable to fund the project immediately. It may however, be mentioned that the Department shall continue to pursue the matter on setting up of slaughter house in the state for providing hygienic meat to the people of the State, therefore, the entire ₹99.75 lakhs cannot be treated as infructuous since land has been acquired, infrastructure has already being created and the matter does not ends here. Therefore, the para may kindly be dropped." The Committee stated that Planning Commission never spelt out fund constraint but because of State Government, Department mismanages Planning Commission has withholds funds / instalments. When the Department was asked to explain why the Planning Commission is being held accountable by the Department for ₹ 99.75 lakh spent on luxury foreign trip, they replied that on 6<sup>th</sup> Feb 2014, the Department had a meeting with the Hon'ble Members of Planning Commission at Hotel Vivor, Kohima and presented a Power Point in regards to setting up of the Slaughter House in the State. However, the members of the Planning Commission declined to fund the project since the project cost was very high. Therefore, setting up of the same with a low estimate under State Plan is being conceptualised with the experiences that was gained through visits and the slaughter house shall be set up at an early date.

During PAC's visit to Veterinary College, Jalukie, the Committee noted that the State Government has drawn up for setting up of Veterinary College at Jalukie in 2008 and spent ₹ 22.12 lakh as consultant fee. On query by the Committee, Joint Director & H.O.D and E.E Veterinary claim that they were recently promoted and transferred to the Department and has no knowledge of the development. It was informed that the land was procured during 1970 meant for Regional Centre, totalling 1030 Acres. There is no record of taking possession of land, MoU with landowners or amount so paid.

Though ₹8.75 crore was utilized for construction of security fencing in both Jalukie and Khopanala, fencing construction has been done in front of the Guest/ Rest houses and entire area was just trench cuttings and expose to encroachment. An amount of ₹2.16 crore spent for construction of Guest/ Rest House, the constructed houses at Jalukie and Khopanala does not commensurate with the amount spent, rather before the utilization, cement roofings are draining out, all power switch boards and lines were either stolen or broken.

**3.3.7** *The Committee observes that most Departments initiate high-cost ventures / projects and usually fail to achieve the minimal target which in turn leads to a lot of wastage. Proper planning and feasibility studies are lacking in the State. The Committee urges the Department to utilise whatever funds are available to launch sustainable and community-appropriate projects which would return benefits to the Department. It is also observed that there is enough technocrats/ experts in Nagaland Government Departments yet how DPRs preparations are awarded to private firms. It is worth mentioning that Veterinary & Animal Husbandry Department is not a generating Department but a Government funds siphoning Department. The Committee cautioned the Department not to repeat such siphoning plan.*

### **3.3.8 Infrastructure support for different projects (Para 2.3.10.8 of AR)**

- (a) **Construction of security fencing:** Para 2.3.10.8 of the Report of the Comptroller & Auditor General of India for 2011-2012 stated that a major portion of the funds under setting up of Veterinary College and Nagaland Composite Pig Projects were utilised for construction of security fencing at the project sites (Jalukie and Khopanala). The process of awarding the works was not transparent and the works executed were not consistent with the estimates and entries in the MBs.
- (i) **Security fencing for Veterinary College at Jalukie:** The amount sanctioned for construction of Security Fencing at the proposed site of Veterinary College and payments made to the contractor were as follows:

(₹ in crore)

Sl No.	Particulars	Amount sanctioned	Net amount paid to contractor
1	Construction of security fencing-630.50 m (in 10 groups of 62 m @ ₹ 4.93 lakh and one group of 10.5.m @ ₹ 88,000) during 2008-09	0.50	0.40
2	Construction of security fencing-460 m (in groups of 115m @ ₹ 4.24 lakh) during 2008-09	0.00	0.16
3	Construction of chain link fencing-86m during 2008-09	0.00	0.03
4	Construction of security fencing-4482m (in 54 groups of 83 m @ ₹ 5 lakh each) during 2009-10	2.70	2.18
5	Construction of security fencing 4407m during 2010-11	2.23	1.67
	<b>Total</b>	<b>5.43</b>	<b>4.44</b>

The Department was asked whether the E.E, V & All Division was authorised to split up the works into various groups to which their written reply stated, "To secure the procurement of construction materials for the construction of the guest House, there was an urgent requirement for the construction of the security fencing of the required area of the Veterinary College. In most of the cases the project are delayed to government procedural rules for approval of the technical estimates exceeding the limit of the Financial and Cognate power delegated to Executive Engineer which is limited to ₹ 5.00 lakhs only. The intention of the department to split the works into many number was to save the time for early completion of work as desired. The works has been completed in time in spite of splitting into many work orders." (The photographs were enclosed). The Committee also desired to know why the NITs were not published or given wide coverage as required under rules. Their reply stated, "The NIT was advertised in the office Notice Board and accordingly the interested firms submitted their bids." The Committee then asked how it was possible that the same three contractors submitted the bids for the works totalling 69 groups. The departmental written reply stated, "As per the NIT advertised in the Notice Board, the department has received three bidders for the total no of 69 same works." (The copy of the advertisement in the Notice board was enclosed). The Department was then asked what it had to say regarding the same registration number being used by M/s N.R. Zeliang and M/s Hi-Tech Construction. They replied, "Initially Shri. N.R. Zeliang was registered as M/s N.R. Zeliang Regd.No.NPW/Class-1/220. The same firm was re-nomenclatured as M/s Hi-Tech Construction Regd.No. NPW/Class1/220 vide E-in C Order Tech No.NPWD/E-IN-C/ACCTS-1/Pt(1) dated 25<sup>th</sup> June 2008 but later on they again have separated into different firm (i) M/s Hi-Tech Construction & Co Reg.NO.NPW/Class-1/634 vide Govt. order No.CE/RC/15pt-VIII/2008 dated 21<sup>st</sup> March 2011 for Shri. Kuchi Zeliang proprietor and (ii) M/s N.R. Zeliang as M/s Eastern Enterprise Regd.No.NPW/Class-1/220."

When the Department was asked under whose direction such bifurcated re-nomenclature/ classification was acted upon and how they could award the works knowing the mess, they replied that the re-nomenclature of the Firm's name had been acted upon as per the notification of the Chief Engineer PWD. The Department informed that it was not aware of the mess during that point of time. They admitted the mistake and affirmed not to commit the same. (The relevant documents were produced). The Committee also wanted to know to which contractor payment was made without execution of work and which contractor executed the work. The Department replied that the work was executed by M/s Hi-Tech Construction and the payment was made to M/s Hi-Tech Construction.

When the Department was asked how it was possible that the actual execution of work as per the estimates and entries made in the MB had shown different result, they replied in written that, "While carrying out the survey for preparation of the Technical Estimates, the exact numbers of pillars for the entire length and the depth of the foundation at some particular locations and the height of the wall could not be ascertained due to the uncertainty of the underneath soil condition and the terrain. As such, the Technical estimates was prepared and approved with a provision of regular interval of pillars/columns at regular intervals with constant height of wall. However, in the actual execution, in the event of the occurrence of loose soil in certain locations, the distance between the consecutive pillars have to be reduced resulting to the increased in numbers of pillars and height of some of the walls. The entries made in the MB are done as per the actual measurement taken at the site. As such, the variation in the actual physical execution eventually differs from the entries made in the MB." (Photographs of the wall were enclosed).

During the Committee's visit to the site, Departmental officers could not reply to Committee's query as HOD and EE were newly promoted / transferred to Directorate. The Committee desired to know whether Department verified the actual sq m / trenched fencing and plot of land and how infrastructures were being used. The Department replied that the total area of the land is 1030 acres equal to 41,69,872 sq m out of which Veterinary college area is 10,68,782 sqm. The remaining area of 31,01,090 sqm is for other infrastructures such as Cattle Farm, Piggery, Buffalo, Office and Staff Quarters area. The total length of the fencing is 9980 mtrs.

When asked how it was possible that the measurement recorded in the MB was not consistent with the actual work executed, they replied in written that, "It is to be stated that the entire length of security fencing in an around the complex could not be inspected in detail during the joint physical verification with the audit team, due to heavy vegetation which could not be cleared for better view.

Table 2.3.15: Height of the wall 1.83m is above ground level but measurement recorded in the MB are above GL. 2.43m, below GL= $0.45m=2.43m$  Height of the pillar above ground level 1.83m. Below GL= $0.69m+0.10=2.62m$  so the inconsistent of measurement recorded in the MB and actual execution does not arise." The Department was then asked to state the unfenced area to which they replied that the whole area has been fenced. (Photographs of the security fencing were provided).

**3.3.9.1** *The Committee would like to replicate the observations of the Comptroller & Auditor General, for emphasis, that the practice of the Department is a clear violation of the Financial and Cognate powers delegated to officers at different levels under Nagaland*

*PWD. NITs were not published or given wide coverage as required under Rules and the fact remains that the measurements recorded in the MB were not consistent with the actual work executed.*

*The Committee cannot ignore these facts and urges upon the Department to further desist from such malpractices as it brings about huge losses for the Department and the Government. The Committee then requests the Department to utilise the existing infrastructures without laying it to waste and also wishes that it informed on the latest position on the setting up of the Veterinary College whether it be at Jatukie or Medziphema.*

- (ii) **Provision of security fencing for Slaughter House at Khopanala:** The C & AG Report states that though ₹ 2.90 crore was earmarked in the expenditure sanction for provision of security fencing along the boundary at Slaughter House, Khopanala, technical estimates for only an amount of ₹ 1.00 crore (1600 m) was prepared by the EE and approved by the CE (Housing). Thereafter, NIT, on item rate basis, was issued for the work with approximate cost of ₹ 0.84 crore. NIT was not advertised or given wide publicity as required. Work was awarded to M/s Ruokuo Angami on the basis of recommendation by a VVIP. The work was certified to have been completed and payment of ₹ 0.74 crore was made to the contractor on the basis of entries made in the MB which was exactly as per the estimates. However, joint physical verification revealed that the actual execution of work was not as per the estimates recorded in the MB as can be seen from the table below:

Sl No.	Components	Measurements as per estimates and entries in MBs	Actual execution	Difference
1.	Height of wall	2.43 m (7.97 ft)	1.98 m (6.50 ft)	0.45 m
2.	Angle post (45x45x6 mm)	472 Nos	Nil	472
3.	No. of barbed wires (lines)	6 lines	Nil	6 lines

When asked what compelled the Department to prepare Technical estimates for only ₹ 1.00 Crore against the actual earmark of ₹ 2.90 Crore, their written reply stated, "Initially an area of 14.23 acres was allotted for the construction of Slaughter house at Khopanala. Accordingly the technical estimate for the construction of security fencing wall was framed for encompassing the whole area of 15 Acres and the proposals for the sanction was submitted. However, the area was reduced to 7.3 acres by the State Land Acquisition authority (SLAA) by the time the sanction was received. Accordingly the length of the security fencing was shortened and the Estimate was reframed, resulting in the reduction of amount from ₹ 2.90 Crores to ₹ 1.00 Crores." (Maps were enclosed). The Department was also asked why the NITs were not given wide publicity as required under rules and no time was given for submission of bids as per CVC guidelines to ensure free and fair and adequate competition to which their reply stated, "The NIT was advertised only in the office Notice Board and accordingly the interested firms submitted their bids. The Draft NIT was submitted to the chief Engineer (H) for approval on 24.5.2011. However, the approved NIT was received only on 29.6.2011 which was fixed for opening on 7.7.2011 resulting to the limited time available for the submission of the bids."

During the oral evidence, the Committee wanted to know who allotted the land and what happened to the remaining 7.2 acres of land. They replied that the land was acquired by SLAA for a total area of 14.23 acres through the Deputy Commissioner Dimapur. The land compensation of ₹ 2,16,96,430/- had been paid through the Agreement Deed signed on 12-04-2011 for the area of 14.23 acres (6,19,898 sq ft) @ ₹ 35 per sq ft. (Agreement Deed was furnished).

During the Committee's visit, it was found that only the roadside was fenced and the other side was bounded by ponds. The Department was asked to clarify this matter and they replied that the entire area is fenced with 5" thick brick wall.

**3.3.9.2 Again the Committee observes that the Department has bypassed Rules and acted on its own whim. The Committee reminds the Department that frequent and blatant disregard to rules which are in place to check mismanagement will only result in utter chaos in the internal workings of the Department. The Committee recommends that the Department should furthermore avoid all such obvious misconduct and hereafter abide by Rules and establish a transparent system of awarding works and payments in order to bring about fairness in its dealings. Since, land cost being paid, the fate of 7.2 acres of land be intimated to the Committee within 3 (three) months from the date of laying this Report in the House.**

(b) **Construction of Guest / Rest Houses** :A total of ₹ 2.16 crore was spent for construction of three guest / rest houses at Jalukie and Khopanala. Scrutiny revealed that the process of awarding the works was not transparent and actual execution was not consistent with the estimates and entries in the MBs as stated below:

(i) **Construction of Guest House for Veterinary College at Jalukie.** While the Government had approved ₹ 3 crore during 2010-11, it was seen that technical estimates were approved for ₹ 1.60 crore including centage charges of ₹ 60.85 lakh. Also, NIT was not advertised or given wide coverage. Bids were received from three firms and work was allotted to M/s Jordan Construction. Joint physical verification revealed that the measurements recorded in the MBs, on the basis of which payments were made to the contractor, were fictitious.

When the Department was asked why they failed to advertise the Notice Inviting Tender (NIT) nor given wide coverage and whether it was done to give undue favour to a particular contractor, they replied in written that, "The NIT was advertised in the Office notice board and approved by Chief Engineer PWD (Housing). Hence giving undue favour to a particular Contractor does not arise." The Department was also asked to comment on the fact that not publicising in print media resulted in Table Tender. The Department then admitted their mistake in failing to give wide publicity in the newspaper. The Department was also asked why the actual execution of work was not as per estimates or measurements recorded in the MB. Their written reply stated, "Due to oversight and time constraint, the entries in the MB could not tally with the actual execution, however the excess amount was not paid to the contractor, the error is regretted."

The work was completed and payment made in full, but it was found during the physical verification that the key was still in the possession of the contractor (9/12). The Department was questioned on this matter and they replied in written that, "During the visit of Accountant General Nagaland and his Audit team the programme was so sudden and unfortunately the person Shri. Taluba Zeliang (supervisor) who was keeping the key was beaten up by NSCN(IM) and hospitalized. Condemnation report by Jalukie public was published in Nagaland Post which was highlighted and explained to audit. In this regard we regret to say that some rooms could not be opened to show the audit due to the absence of the key holder." The Department was also asked to give the reasons for construction of only two rooms and two toilets at one end with an open verendah instead of a closed corridor at either end. They stated in written, "In the course of the construction, departmental Head and VIP visited the construction site and views and requirements as suggested were also taken into consideration for better utility. This is how some rooms were re-arranged in the basement."

**3.3.9.3 The Committee observes the presence of some habitual lapses in the workings of the Department. This is a sign of a greater malady which might threaten the stability of the Department. Henceforth, the Department is advised to certify only the correct estimates and not to mislead the Finance Department or the Audit party when it comes to release of payments and completion of works.**

(ii) **Construction of Rest House for Slaughter House at Khopanala:** Although only ₹ 0.50 crore was earmarked for the work, technical estimate for ₹ 1.43 crore was prepared and approved. Thereafter, NIT was issued but was not advertised or given publicity. Work was awarded to M/s Solo Engineering on the basis of recommendation

of a VVIP. All measurements were entered in the MB as per the estimates, work was certified as completed and ₹ 0.79 crore was paid. Joint physical verification revealed that the actual work was not as per estimates. Though payment was made in full, the rooms were found locked and the keys were stated to be with the contractor. It was also seen that the actual construction was not as per the drawings enclosed with the estimates. The Department stated that this deviation occurred as the contractor was requested to construct RCC slab to keep water tank instead of CGI sheet roofing.

As required under rules the Department was supposed to advertise the NIT and give wide publicity. The Department was asked why this was not done and why no time was given for submission of Bids as per CVC guidelines to ensure fair and adequate competition. To this they replied in written, "The NIT was advertised in the office Notice Board and accordingly the interested firms submitted their bids." During the oral evidence, the Department was asked whether the NIT advertised in the Office Notice Board was for time being or a normal practice. They replied that the NIT advertised in the Office Notice Board was for the time being. The Department admitted their mistake in failing to give wide publicity in the newspaper.

The Department was asked why the Contractor failed to execute the works as per the estimates / measurements recorded in the MBs in spite of making full payment and why they failed to check the contractor. To this, the departmental written reply stated, "Expenditure sanction for the construction of Rest house cum Administrative building at Slaughter house, the technical estimate, NIT and comparative statement was approved by the Chief Engineer PWD (Housing). The contractor has executed the work as per the instruction of site Engineer along with user department and the building has been satisfactorily completed. According to the original estimate

the roof top was to be provided with CGI sheet however contractor was instructed to change the specification with RCC slab to keep water tank which is not visible from the front view." (Photograph of side view to place water tank while casting the slab during the construction and after completion was enclosed). During spot verification on 23.10.2013 the Committee members were not satisfied with the works done against the amount spent and asked the Department to comment on why instead of RCC water tanks, syntex tanks were placed on the roof. The Department replied that as per the estimate, two rolled steel unequal angle over head water tanks were to be constructed above the steel frame structure, behind the CGI roofed building. However, during the joint site visit it was decided to replace the steel structure to RCC structure due to high content of iron in the water. In view of the changes made, additional works such as four RCC columns, RCC stairs up to the roof, RCC beam and slab for the base of the syntex were constructed within the strength of the amount provided.

When the Department was asked to state the reason for keeping the keys in the custody of the contractor even after the completion of work and making full payment, they replied in written that, "The Department has requested the contractor to keep the key till such time the chowkidar is posted to man the building. The contractor was informed to be at site during audit team visit to the site but due to miscommunication the contractor left for Kohima, with the key."

**3.3.9.4 The Committee urges the Department to intimate the taking possession of building and utilisation of the same within 3 (three) months from the date of laying this Report in the House.**

## AGRICULTURE

### 3.4.1 Suspected misappropriation (Para 2.4.7.2.3 of AR)

DoA had incurred an expenditure of ₹112.80 lakh towards honorarium to Secretary of Watershed Committees against 120 projects during the 11<sup>th</sup> Five year plan (2007-12) in the State. Out of this, an amount of ₹9.36 lakh was shown as paid to the 13 NWDPRAs projects. However, scrutiny of records of the projects revealed that no honorarium was received by the Watershed Committees. Since, payments made to the DAOs by DoA and subsequently by DAOs to the Watershed Committees in selected Districts were released partially in cash, chances of the amount of ₹ 9.36 lakh being misappropriated could not be ruled out. Besides, genuineness of the payment of ₹103.44 lakh towards honorarium to the Watershed Committees Secretaries, in the remaining 107 projects in the State also remains doubtful and requires further investigation.

During the course of oral evidence meeting, the Committee inquired to the Department about the fate of ₹9.36 lakh which was shown disbursed to Watershed Committees in the selected 13 NWDPRAs projects with no records and also about the utilization of ₹103.44 lakh as honorarium to Watershed Committees secretaries in 107 projects. The Department replied in written that, an amount of ₹ 9.36 lakh paid to the WC/WDT leaders against 13 projects in Mokokchung District out of total 120 NWDPRAs Projects implemented in the State for Honorarium/TA, DA for Project Supervisors/ WDT Leaders/ Field Staffs (AFAs) by APRs during 2011-12. Out of the total 120 NWDPRAs projects implemented in the State during 2011-12, 107 projects spent an amount of ₹103.44 lakh for honorarium as TA/DA etc for 107 Projects Supervisors, 107 Field Assistants (AFAs), 23 WDT leaders (SDAOs), 11 DAOs and Farmers who were engaged in nursery works.

3.4.2 *The Committee suggests that instead of giving honorarium to the Officers and staffs who are getting salary, the Department should devise some better modernity for the benefit of the general people. the Committee would not like to comment further.*

### 3.5.1 Idle expenditure due to abandoned project area (Para 2.4.7.3.3 of AR)

The main objectives of the watershed development programs was enhancement of both agriculture productivity and production in a sustainable manner and also to provide sustainable livelihood to beneficiary farmers. The DA incurred an expenditure of ₹29.12 lakh(2007-12) under NWDPRAs in Baktowong Project under Tuensang District. During a joint physical verification by Audit and the DA officials it was observed that the project nursery and farm land where land development activities were carried out were abandoned and the farming activities were shifted to a new location due to Jhum practice. Expenditure of ₹ 29.19 lakh remained idle due to shifting of cultivation from the project area.

On being asked by the Committee to clarify on the idle expenditure of ₹29.19 lakh, the Department stated that, establishment of one composite nursery for each project was done as per guidelines and as per need base of the projects. The project life was for five years period. During that period, the nursery so established had very successfully serve the purpose by producing seedlings of various crops and issued to the project beneficiaries. The nursery was developed and served the purpose thereafter, the nursery was handed over to the land owner. Due to continuous raise of nursery in the same plot of land for five years, the soil fertility was depleted and therefore, the plot of land under nursery was subjected to jhum regrowth to replenish soil fertility.

3.5.2 *The Committee recommends the Department that once the area is treated it should be utilized continuously for the benefit of all, the Committee would like to be apprised of whether the Department had benefited out of the expenditure incurred for the scheme within 3 (three) months from the date of laying this Report in the House. List of 120 NWDPRAs along with financial assistance released to each be enclosed.*

### 3.6.1 Verification of works (Para 2.4.7.5.1 of AR)

Under NWDPRAs a strategic plan indicating cost ceilings against each item of work, was prepared. However, detailed specifications of the works were not recorded in the strategic plan. As per instructions, all works executed should be measured and details of measurement should be recorded in the Measurement Book (MB) which would form the basis for payments. However, none of the WCs or DAOs test-checked followed the system of measuring the works nor maintained any MBs. In the absence of recorded measurements of works, actual execution or works as per requirement and specification as well as correctness of payment in respect of works amounting to ₹314.32 lakh spent on works relating to (i) arable land (ii) non-arable land (iii) drainage lines, under development component could not be ascertained in Audit.

Under IWMP Audit scrutiny of the records and a joint physical verification by audit and the PIA officials in test-checked WCs revealed that the Entry Point Activities (EPA) as envisaged in the DPR were actually not taken up in the following cases.

Sl. No.	Name of Village	EPA as per			Amount paid (₹ in lakh)
		Verification report/ payment register of the PIA	DPR	Joint physical verification by Audit and PIA officials	
1	Razaphe/ Khiamnok	Water Harvesting Structure (WHS)	Water Harvesting Pond	Culvert	2.10
2	Sochunuma	WHP	WHP	Water pipe line	2.40
3	Pherima	Waiting shed	Water reservoir tank	Water reservoir tank	2.20

When the Department was asked whether any corrective measures were taken to maintain the Measurement Book (MB), the Departmental representatives replied that the NWDPRAs guidelines does not indicate to use measurement book (MB) because the activities in watershed areas were mainly local need based with available local materials where RCC structures or concrete structure of technical or skill works were not involved.

3.6.2 *In view of the departmental reply the Committee would not like to comment further.*

## LAND RESOURCES

### **3.7.1 Duplication of works (Para 2.4.7.1.1 of AR)**

Mention has been made in the C&AG Report 2011-12 that only 7,05,500 ha of cultivable land was available for treatment under Watershed Development Programmes in the State of Nagaland. Against this, 7,95,907 ha of land were treated or being treated under various Watershed Development Programs or under command areas of earlier irrigation projects as of 2009-10. Thus, as of 2009-10 – 90,407 ha (7,95,907-7,05,500) of land was treated in excess of total land available for cultivation. Thus, there was a likelihood of programmes being implemented in ineligible areas and duplication of works. As per the DPRs for the implementation of IWMP, Gross area targeted for development was 2,74,810 ha but as of 2009-10 there were no cultivable land left in the State for development under new watershed development projects. However, Department of Land Resource prepared DPRs which were approved by State Level Nodal Agency (SLNA), for development of 2,74,810 ha under 61 projects at a cost of ₹41,221.60 lakh. During 2009-12 DLR had incurred an expenditure of ₹9020.20 lakh on account of implementation of IWMP. Thus, due to defective planning, projects were taken up on land which was already developed resulting in expenditure of ₹9020.20 lakh on duplication of work.

The Committee questioned the Department under what circumstances 90407 ha of land was shown treated under various watershed development programs in excess of total land available for cultivation by the Department during 2009-10. The Department replied in written that, (a) Out of 8,62,930 ha of forest area, the actual forest reported area is only 3,57,724 ha, which consists of reserved forest, protected wildlife sanctuary, national park, village

forests (Source: Forest Department). The remaining area (5,05,206 ha) falls under jhum fallow, pasture and grazing land thus cannot be categorised as forest land.

The net area available for cultivation is therefore, 12,10,706 ha (7,05,500 + 5,05,206).

- (b) Secondly, even the area shown as “developed” under various watershed programmes during the Xth and XIth plan are also the “gross” watershed or “Command” area and not the actual treated area. It may be understood that every inch of the watershed area cannot be treated with the meagre cost norms, and thus a larger area of the watershed remained untreated.

*3.7.2 In view of the departmental reply, the Committee would not like to comment further but also points out that the issue of duplication of work occurred due to lack of co-ordination between different agencies which resulted in the treatment of the same area, therefore, recommends the Department to be more careful in future.*

### 3.8.1 Short release of State share (Para 2.4.7.2.2 of AR)

GOI had during 2007-12 released ₹16610.02 lakh as its share for IWDP and IWMP. The share of GoN to be released and amount actually released is given in the following table:-

(₹ in lakh)

Schemes	Year	Funds released by GoI	Share of GoN due to be released	Funds released by GoN	Less released (-)/ excess released(+)
IWDP	2007-08	3527.85	391.98	300.00	(-91.98)
	2008-09	2616.21	290.69	115.00	(-175.69)
	2009-10	952.02	105.78	44.15	(-61.63)
	2010-11	44.00	4.89	16.15	(+)11.26
<b>Total</b>		<b>7140.08</b>	<b>793.34</b>	<b>475.3</b>	<b>(-)318.04</b>
IWMP	2009-10	856.41	95.16	0.00	(-95.16)
	2010-11	2671.24	296.80	325.46	(+)28.66
	2011-12	5942.29	660.25	317.71	(-)342.54
<b>Total</b>		<b>9469.94</b>	<b>1052.21</b>	<b>643.17</b>	<b>(-)409.04</b>
<b>Grant Total</b>		<b>16610.02</b>	<b>1845.55</b>	<b>1118.47</b>	<b>(-)727.08</b>

As could be seen from the table amount of ₹1845.55 lakh, GoN released only ₹1118.47 lakh during 2007-12. Thus, there was a short release of State share to the tune of ₹727.08 lakh which is likely to adversely affect the implementation of the programmes to that extent.

The Committee wanted the Department to clarify as to why the Government of Nagaland released only ₹1118.47 lakh resulting in short release of ₹727.08 lakh when it was supposed to release its share of ₹1845.55 lakh during the period from 2007-12 which adversely effected the

implementation of the programme. The Department admitted that there had been delay and short release of State share by Government of Nagaland. However, the short release of ₹727.08 lakh has been released during 2011-12 and 2012-13.

3.8.2 The Committee observed that IWDP and IWMP were targeted during 2007-12. Hence, whatever fund was made available had done the programmes. However, GoN released its remaining share of ₹727.08 lakh only during 2012-13 and hence how ₹727.08 lakh was utilised when the programmes were accomplished by 2010-12. The Committee be intimated the utilisation of delayed released fund by GoN within 3 (three) months from the date of laying this Report in the House.

### 3.9.1 Short receipt of funds (Para 2.4.7.2.4 of AR)

An amount of ₹200.34 lakh was released by PIAs to 12 WCs whose accounts were test checked. Position of funds received by the WCs whose accounts were test checked, in each of the four districts are given below:-

(₹ in lakh)

District	Funds disbursed as per PIA records	Funds received as per WC records	Difference
Tuensang	26.81	2.00	24.81
Mokokchung	80.26	9.56	70.70
Dimapur	63.48	15.99	47.49
Kohima	29.79	4.10	25.69
<b>Total</b>	<b>200.34</b>	<b>31.65</b>	<b>168.69</b>

As could be seen, against ₹200.34 lakh released to Watershed Committees, only ₹31.65 lakh was received by them. Thus, there was a short receipt of funds to the tune of ₹168.69 lakh by the Watershed Committees. Since, the funds were disbursed in cash, chances of the same being misappropriated/ diverted could not be ruled out.

The Committee inquired the Department that since the materials were procured at negotiated market rate from the available nurseries, then why the Departments failed to produce vital information such as quantity and rate of procurement of planting materials. To this, the Department replied that on investigation, it was found that the materials were actually procured and distributed as confirmed from the bills, payment receipts, stock register etc. Unfortunately, these records could not be procured to the Audit during their visit due to various reasons cited by them.

**3.9.2 The Committee recommends the Department to submit the relevant documents of the procurement of materials to the Committee within 3 (three) months from the date of laying this Report in the House.**

## SOIL & WATER CONSERVATION

### **3.10.1 Delay in release of funds by GoN resulting in short receipt of funds from GoI (Para 2.4.7.2.1 of AR)**

For implementation of WDPSCA, the GoI releases the funds to the GoN which releases it to the Department of Soil & Water Conservation, the Department then releases the funds to the DSCOs and in turn it releases the fund to the Watershed Committees (WC) at the project level.

Position of requirement of funds as per DPRs and funds received by DSWC under WDPSCA during 2007-12 is given in the following table:

**Table No. 2.4.5: Position of requirement and receipt of funds under WDPSCA during 2007-12**

(₹ in lakh)

Year	Funds required as per DPR	Funds received	Short (-)/ excess (+) receipt compared to requirement for the year
2007-08	500.00	500.00	00.00
2008-09	800.00	550.00	(-)250.00
2009-10	800.00	480.00	(-)320.00
2010-11	700.00	575.00	(-)125.00
2011-12	700.00	800.00	(+)100.00
<b>Total</b>	<b>3500.00</b>	<b>2905.00</b>	<b>(-)595.00</b>

As could be seen from the table above, against the requirement of ₹3500.00 lakh only an amount of ₹2905.00 lakh was released to DSWC for implementation of WDPSCA during 2007-12. There was a shortfall to the tune of ₹595.00 lakh in the WDPSCA Projects implemented by the DSWC. Audit Scrutiny revealed that there were delays ranging from 1 month to 8 months in releasing the fund by the GoN to the DSWC. Besides, delay in release of funds affected the timely submission of UCs to the GoI resulting in short receipt of funds to the tune of ₹595.00 lakh by the DSWC. The non-release of fund by GoI was due to failure of the DSWC to furnish UCs for the funds released by the GoI. Moreover, after receipt of funds from the Finance Department there was also delay in release of funds by the DoSWC to DSCOs ranging from 1 month to 3 months. The GoI had set clear time schedules for release of fund to the implementing agencies and these schedules were not adhered to.

The Committee asked the Department to state the reasons for the failure on the part of the Implementing Department in timely submission of the Utilisation Certificates resulting in short receipt of funds of ₹595.00 lakh by GoI. The Department stated that as observed by the Auditors there is considerable delay in release of fund under WDPSCA by the Government of Nagaland, even though they were released by the Government of India. The Department submit sanction proposals for the scheme as soon as fund is released from the GoI. However, for reasons not known to the Department, the Government of Nagaland takes considerable time in clearing the fund from the Planning, Finance, etc.

**3.10.2 The Committee recommends that the Department should pursue with the Finance Department so that there is no delay in releasing of fund in future. Nevertheless, most of the Department pursued the funds from New Delhi itself, they should also be aware of the release of fund by GoI.**

### **3.11.1 Achievement of targets (Para 2.4.7.3.1 of AR)**

Out of 35000 hectares (ha) targeted for treatment by DSWC under WDPSCA, at a cost of ₹3500 lakh, only 25590 hectare involving an expenditure of ₹2905 lakh, could be treated during 2007-12. Thus, the area treated was 26.89 *per cent* less than targeted. Short receipt of funds from the GoI and change of cost ceiling from ₹10,000 to ₹12,000 during 2009-10 were the reasons for underachievement. The DSWC also did not take any effective steps to ensure availability of additional funds to achieve the target within the project period. As there was no assurance of additional funds, achievement of the targets remained doubtful.

Out of 60,700 hectares (ha) targeted for treatment under NWDPPA, at a cost of ₹5,260.50 lakh, 56,378 hectare incurring an expenditure of ₹5,221.72 lakh, could be treated during 2007-12. Thus, not only was the area treated less than what was targeted by 7.12 *per cent* but the treatment cost also increased to ₹9,262 per hectare from ₹8,666 per hectare projected in the strategic plan. The Department of Agriculture did not take any effective steps to ensure availability of additional funds to achieve the target.

The Committee queried the Department as to why the area treated was 26.89 percent less than targeted under WDPSCA. The Department in written replied that as per the DPR of the scheme, 35,000 hectares of land were to be developed with a target of ₹3500.00 lakh at a cost norm of ₹10,000/hectare in the 11<sup>th</sup> Five Year Plan. However, due to late production of utilization certificate highlighted in reply to para 2.4.7.2.1 (Page 109-110) funds for the scheme for a particular financial year are not fully released by the GoI. Moreover, from April 2009, the Ministry enhanced the cost norm from ₹10,000/ hectare to ₹12,000/ hectare. Due to these two reasons the targeted area to be treated could not be achieved leaving some shortfall.

The Committee also inquired about the inability of the Department to ensure availability of additional funds to achieve the target within the project period. To this the Department had written to the GoI for additional fund to develop the targeted area as cost norm had been enhanced to ₹12,000/ hectare. However, the request was not looked into by the GoI.

**3.11.2** *The Committee observes that once the fund is released from the Finance Department, the Department should immediately take up the work or refund the money. The Committee would like to be informed of whether any measures has been taken up for availability of additional fund, since the area has not be treated as targeted, measures thus taken be intimated to the Committee within 3 (three) months from the date of laying this Report in the House.*

**3.12.1 Payment made without actual execution (Para 2.4.7.3.4 of AR)**

Beneficiaries under Watershed Development Programmes were provided with subsidy for works executed by them. Under WDPSCA and NWDPR, funds were drawn by DDOs of DSWC and DA respectively on the basis of certified bills submitted by PIAs against completed works. Under IWMP, funds were released to PIAs as per allocation and the PIAs in turn release the funds to the WCs on the basis of spot verification and work completion certificate issued by the WDT Member in-charge of the WC.

Records maintained by DoSWC showed payment of ₹36.29 lakh under Development Component pertaining to six test-checked projects. However, joint physical verification (July-August 2012) of the projects revealed discrepancies between bill drawn and actual work executed in six components as detailed below:

**Table No.2.4.9: Payment released on unexecuted works-WDPSCA**  
(₹ in lakh)

Name of component	Bill drawn by DoSWC		Actually executed		Difference between bill drawn & actual execution	
	Quantity	Money value (MV)	Quantity	MV	Quantity	MV
Piggery	255 unit	10.20	42 unit	1.68	213 unit	8.52
Poultry	11 unit	0.77	7 unit	0.49	4 unit	0.28
GBS	262 unit	3.93	14 unit	0.21	248 unit	3.72
Homestead garden	105 unit	4.20	5 unit	0.20	100 unit	4.00
Water harvesting structure	44 unit	6.60	29 unit	4.35	15 unit	2.25
Drainage	105930 metres	10.59	19300 metres	1.93	86630 metres	8.66
Grand Total		36.29		8.86		27.43

As could be seen from the table above, against works valuing ₹36.29 lakh claimed to have been executed only works valuing ₹8.86 lakh were actually executed and works valuing ₹27.43 lakh remained unexecuted. Thus, it is evident that the amount was drawn from the Government account on the basis of false completion certificates. Since the payments were made in cash, audit could not ascertain the recipients of ₹27.43 lakh paid against the unexecuted works. As such, the chances of the amount being misappropriated cannot be ruled out.

The Committee observed that against works valuing ₹36.29 lakh claimed to have been executed only works valuing ₹8.86 lakh were actually executed resulting in unexecuted works valuing ₹27.43 lakh. The Department drew the amount from the Government account on the basis of

false completion certificates. The Committee queried the Department as to why an amount of ₹27.43 lakh drawn on unexecuted works should not be treated as misappropriation of funds. The Department stated that as per the record in the Directorate as well as the District Officers, the bill drawn against the project and the disbursement made were the same. ₹27.43 lakh projected by the auditors, refers to six check projects physically verified by them. Therefore, the break-up per project cannot be ascertained. It is also reported by the District Soil Conservation Officers concerned that these figures were not given by them to the auditors and such the figures might have been collected from the farmer beneficiaries who are accompanying them who were not aware of the total amount disbursed to the beneficiaries. Therefore, the question of misappropriating the same does not arise.

**3.12.2 The Committee is of the view that the difference amount of ₹27.43 lakh may not be treated discrepancies between Officers and beneficiaries. If there is no reliable Officers in District level, the Director himself should initiate payment to avoid such misappropriation, Department should streamline payment system from Department itself.**

## NEPED

### 3.13.1 Selection of Project villages (Para 2.4.7.1.2 of AR)

Mention has been made in the C&AG Report 2011-12 that as per instruction contained in Ministry of Agriculture, GOI, and letter dated 13 December 2005, villages falling under NEPED projects should not be covered under any other similar programmes. Audit scrutiny revealed that 14 villages selected for implementing NWDPR and WDPSCA projects (2007-12) were already selected for implementing WDPSCA implemented by NEPED during 2006-12 as detailed below:

*List of villages where expenditure was incurred by both NEPED and under NWDPR*

(₹ in lakh)

Sl. No.	District	Name of village	Programme under which the village was selected	Expenditure incurred
1	Kohima	Sendenyu(N)	NWDPR	42.70
2	Kohima	Tuophema	NWDPR	42.73
3	Kohima	Tuophema	WDPSCA	74.44
4	Mokokchung	Chungliyimsen	NWDPR	42.97
5	Mokokchung	Merankong	NWDPR	43.66
6	Mokokchung	Mangmetong	WDPSCA	68.27
7	Tuensang	Kuthur	NWDPR	43.92
8	Tuensang	Chimonger	WDPSCA	41.27
9	Phek	Thetsumi	NWDPR	43.66
10	Phek	Wuzu	NWDPR	43.70
11	Mon	Wangti	NWDPR	43.91
12	Wokha	Okotso	WDPSCA	63.08
13	Zunheboto	Khukiye	WDPSCA	66.75
14	Longleng	Kanching	WDPSCA	67.62
	Total			728.68

Since these villages were already selected for implementation of WDPSCA projects under NEPED, these were not eligible for implementation of WDPSCA implemented by DSWC and NWDPR. Expenditure to the tune of ₹ 728.68 lakh was incurred by DSWC and DA for implementation of NWDPR and WDPSCA in these villages. Thus, lack of coordination between the implementing Departments resulted in faulty selection of project villages resulting in expenditure to the tune of ₹ 728.68 lakh for implementation of NWDPR in ineligible villages.

**Projects implemented by NEPED already covered by IWDP**

(₹ in lakh)

Sl. No.	District	Name of village	Reference to IWDP project number	Expenditure incurred by NEPED
1	Kohima	Meriema	IV	35.44
2	Kohima	Tuophema	IV	36.96
3	Mokokchung	Mangmetong II	37.35	
4	Wokha	Hanku	V	24.72
5	Wokha	Yimpang	I	35.36
6	Wokha	Okotso	II	38.20
7	Mon	Phuktong	I	26.75
8	Mon	Yuching	I	26.05
9	Mon	Chen Wetnyu	I	38.14
10	Phek	Thetsumi	II	36.74
11	Zunheboto	Lukikhe	I	21.51
12	Tuensang	Sangsomong	I	24.60
13	Tuensang	Litem	I	25.84

14	Tuensang	Yemrup	VI	21.23
15	Tuensang	Kuthur	I	34.99
16	Tuensang	Chimonger	I	35.22
17	Tuensang	Yakhao	II	20.24
18	Tuensang	Chessore	I	35.41
19	Longleng	Kanching	I	39.03
	Total			593.78

As could be seen from the table above, 19 Project villages selected by NEPED, involving an expenditure of ₹ 593.78 lakh were already watershed development works undertaken under IWDP. Thus, these 19 villages were not eligible to be selected for implementation of WDPSCA. Thus, due to lack of coordination between various Departments, 33 ineligible villages were selected for implementation of the schemes resulting in incurring an expenditure of ₹ 1322.46 lakh on the same villages where schemes under other programmes had already been taken up which was in violation of extant orders of the Government of India. Besides, the possibility of incurring expenditure twice on the same scheme cannot be ruled out.

The Committee during the oral evidence meeting asked the Department that since all the 19-project village selected by NEPED have already been covered under watershed development works under IWDP, why expenditure to the tune of ₹ 593.78 lakh was incurred in ineligible villages. The departmental representatives replied that selection of watersheds was done as per the 'Guidelines' provided by Ministry of Agriculture, Department of Agriculture & Cooperation, Division of NRM. In order to avoid duplicity, list of villages covered under IWDP during ninth and tenth plan by line Department was obtained. A total number of 63 micro

and mini watershed areas spread over 10 districts were selected based on the number of Jhumia Families and areas put under shifting cultivation. Out of 19 Villages regarded as ineligible, only 6 villages appeared in the list provided by Land Resources Department to NEPED in May, 2006. Therefore, the other 13 villages namely Hanku, Yimpang, Phuktong, Yuching, Chen Wetnyu, Lukikhe, Sangsomong, Litem, Yemrup, Kuthur, Chimonger, Yakhon and Chessore are eligible for WDPSA project when NEPED proposed it in 2006.

The 6 villages, which was taken up by Land Resources Department during ninth plan was again proposed by NEPED in eleventh plan (2006-12) considering the following reason:

- i). The 6 villages namely ToupHEMA, Okotso and Kanching are some of the biggest village in terms of area and population in respective district. Hardly 25% of Jhumia population was covered under IWDP.
- ii). The mini & micro watershed selected for WDPSA is aloof from IWDP watershed and care is taken in selection of beneficiary to exclude IWDP beneficiaries.
- iii). For equitable sharing of benefits as per tribe, zone and formal request from village councils, the above mentioned 6 villages were proposed and accepted.

***3.13.2 The Committee observes that all these are duplication and remote control schemes. However, the Committee would like to suggest the Department that in order to avoid duplication of work the Department should coordinate and consult within Allied departments for selection of the villages should be streamline in future, in no way master's gain, servant's loss be repeated.***

## PUBLIC HEALTH ENGINEERING

### **3.14.1 Suspected misappropriation of stores (Para 2.5 of AR)**

The Annual Stock Return for the period ending September 2009 in the Public Health Engineering Department (PHED), Rural Division Kohima showed that there was closing balance of four items of G.I.Pipes valued at ₹198.07 lakh which were brought forward from the previous year without any issue. Audit therefore, conducted a Joint Physical Verification of the Stores to ascertain the actual existence of those items. During joint physical verification (February 2010) by audit along with the Executive Engineer (EE) and the Sub Divisional Officer in-charge of Store at Kohima, it was noticed that those four items were not physically available in the Store, though there was no issue of those items till February 2010.

The E.E in reply stated (July 2012) that pipes of two different sizes valued at ₹38.37 lakh were utilised for emergency works, pipes valued at ₹46.30 lakh were given as loan and the remaining G.I pipes valued at ₹113.39 lakh were not received from the PHED Central Store, Dimapur. The E.E also forwarded the Annual Stock Returns for the period ended September 2010 and 2011 wherein the stock of the said pipes were brought forward as it is without any change.

The reply of the Department is not acceptable as the materials were shown as received by the Division from Central Store, Dimapur and accounted for in the stock and therefore, the contention that the pipes were not received from the Central Store does not hold good. Further, issue of some of the pipes for emergency works and on loan could neither be substantiated with records nor were entered in the stock register. Thus, improper inventory control and non-observance of the provisions of NPWD

code resulted in stores valuing ₹198.07 lakh remaining out of Government Account. The possibility of misappropriation of the materials cannot be ruled out. This matter therefore, needs further investigation.

Sl. No.	Particulars	Per Unit/ Per Mtrs	Closing Balance	Issue Rate (In ₹)	Total Value(In ₹)
1	15 mm G.I Pipe (H)	Per Unit	17806.80	149.26	2657843
2	25 mm G.I Pipe (H)	Per Unit	18180	241.94	4398469
3	40 mm G.I Pipe (H)	Per Unit	24491.56	283.40	6940908
4	65 mm G.I Pipe (H)	Per Unit	10973.53	529.45	5809935
	<b>Total</b>				<b>1,98,07,155</b>

The Committee during the course of Oral evidence meeting inquired the Department regarding the circumstances under which GI pipes valued at ₹198.07 lakh were found missing in the Divisional Store though the materials were actually received from the Central Store, Dimapur. The Department stated that as per audit observation, discrepancies of stock materials worth ₹198.07 lakh which are not physically available in the store though the materials are accounted in the stock accounts. The discrepancies stated occurred mainly due to following reasons:

1.	Value of materials utilized for emergency works but not regularized	₹8.76 lakh
2.	Value of material issued on loan but not regularized	₹75.92 lakh.
3.	Value of material not received from PHE Central Store Dimapur	₹113.39 lakh.
	<b>Total</b>	<b>₹198.07 lakh</b>

The materials worth ₹84.68 lakh at Sl. No. 1 & 2 above perhaps might have been utilized for the emergency repair and maintenance of existing water supply schemes for restoration of drinking water, especially in urban town Kohima as well as in rural sector. This transaction might have not been regularized officially due to non-availability of budget provision under Non Plan. In fact, any existing accumulated stock materials can be officially issued to work provided there is specific budget provision to avoid excess expenditure during the year. Further, the discrepancies at Sl. No. 3 for non receipt of materials from Dimapur Store Division has to be ascertained through proper verification, for which necessary proposal for constitution of enquiry committee to verify the matter has been proposed to the Government for approval advised by the audit

The Committee also queried the Department whether any inquiry was conducted by the Department to ascertain the facts and fix responsibility for the improper control and non-observance of the provisions of NPWD code resulting in stores remaining out of Government Account. The Department replied that the observation made by the audit has been viewed seriously by the Department and a proposal for constituting an enquiry committee consisting of 1 (one) officer from Govt. level and 2 (two) officers from PHE Department has been submitted to the Government vide letter NO.CE/PHE/DP-KMA(R)/473/2012-13/431 dt. 23.07.2013 for detail verification of the matter. The Government approval is still awaited. And the detail position of the discrepancies and non-observance of guidelines of NPWD code will be submitted to the esteemed Committee only after receipt of enquiry committee report.

In this matter, the Committee sent a letter to the concerned Minister in-charge, Public Health Engineering, Nagaland to direct the Department

to submit the enquiry report to the Committee and as suggested by the Committee the Department submitted the report on 8<sup>th</sup> April, 2014.

**The Suggestions/ Recommendations of the Departmental Enquiry Committee are as follows:-**

The present system of financial management does not permit the department to utilise existing store materials available, since such utilisation would result in excess expenditure, that is, the expenditure would be in excess of the budget provided. The State Government should provide yearly budgetary provision under Stock & Storage (Non-Plan), in order to enable the department to utilize Stock materials available in the stores for attending to unavoidable emergency maintenance works in order to avoid recurrence of such lapses in future.

The lapses had occurred and was carried forward from 1998-1999 till audit pointed out in 2010. On examining all the relevant documents and records, the Committee observed that there was certain lapses as pointed out by Audit; coupled with negligence on the part of the concerned officers. Therefore, appropriate disciplinary action under The Nagaland Services (Discipline and Appeal) Rules, 1967, may be imposed on the incumbent officers as categorised below:-

- a). Materials were utilized for emergency works not in line with the existing codal formalities acceptable to audit. Despite the irregularity that was committed due to exigency of the situation, the controlling officer had neglected his responsibility in pursuing the matter with the appropriate authority for regularizing the accounts. Therefore, the Committee recommends that penalty in the form of Censure; Section (7) (i) of the above stated rules; be imposed on the following incumbents.

**Executive Engineer :**

K.E.Lotha (Expired)  
K.G.Sumi  
K.K.Rengma (Retired)  
Y.Tep.

- b). Materials were utilized on loan basis for emergency works without fund provision resulting in commitment of procedural lapses on the immediate officer responsible for Stock & Stores. Therefore, the Committee recommends that penalty in the form of withholding one increment of pay; Section (7) (iv) of the above stated rules; be imposed on the following officers.

**Executive Engineer:**

J. Mayangsashi Amer

**Sub-Divisional Officer:**

T. Linyu (Retired)  
Kelhousinyu Solo

**Junior Engineer:**

Ruokuovituo Vizo  
Thevokweyi  
Theyiesetuo.

3. The State Government should provide separate additional budget (without cash outgo) amounting to ₹198.07 lakhs, to enable the Department to regularise and the Stock accounts for the already utilized stores material.

3.14.2 The Committee is dismayed to observe the Department's lack of seriousness in the Public Accounts matter noting that the Department failed to furnish information sought during oral evidence meeting and recommends the Department to be more serious in future. After going through the suggestions/recommendations of the departmental enquiry committee the Committee emphasize that, the Department should impose appropriate disciplinary action and penalty against the incumbent officers for negligence of responsibility. The Committee therefore, recommends the department to take penalty and intimate the Committee within 3 (three) months from the date of laying this Report in the House. Secondly, the Committee may also be intimated the realisation of loan materials worth ₹75.92 lakh to the Committee.

## CHAPTER- IV

### GENERAL SECTOR

#### HOME (GENERAL ADMINISTRATION) DEPARTMENT

##### 4.1.1 Excess payment (Para 5.3 of AR)

Scrutiny of records of the Executive Engineer (EE), Civil Administration Works Division (CAWD) in December 2010 revealed the following:-

- A. The EE, CAWD issued (March 2007) Notice Inviting Tender (NIT) at an estimated cost of ₹ 6.57 crore (SOR 2004) for construction of Deputy Commissioner's Office Complex at Dimapur and the work was awarded (September 2007) to the lowest bidder for ₹7.75 crore who quoted 18 per cent above SOR 2004. The work was scheduled for completion in September 2008 i.e. within 12 months from the date of issue of work order.

Though the contractor commenced the work in September 2007, the work was not completed within the stipulated period. However, the contractor sought (October 2008) enhancement of rate of construction material during the period. Government approved (February 2009) the revised estimates and enhanced the rate to 48 per cent above SOR 2004, increasing the cost from ₹ 7.75 crore to ₹ 9.72 crore.

Scrutiny of records (December 2010) revealed that the revised estimate was prepared by the EE, CAWD including the work valued at ₹2.09 crore which had already been executed and payment made (May

2008) to the contractor through first Running Account (RA) bill. Subsequently, the EE paid ₹ 4.96 crore to the contractor through second and third RA bills (in April 2009 and June 2010) at the enhanced rate of 48 per cent for the entire work.

Irregular application of enhanced rate for the entire work including portions of works which were already executed and paid had resulted in excess payment of ₹ 53.23 lakh. The EE in reply stated (August 2012) that the revised estimate was prepared including the items of work already executed and regularized in Running Bills, as the market rate of all building materials, labour charges and transportation charges had substantially increased between the period of issue of work order and the execution of the work. The reply is not tenable as the contractor commenced the work immediately after issue of work order and executed works valued at ₹ 2.09 crore by April 2008 (within 7 months) and the enhancement of rate was sought only on the basis of the market rate of October 2008.

B. The Commissioner & Secretary, Law and Justice Department entered into an Agreement (December 2003) with a contractor for construction of nine staff quarter's for Department of Law and Justice Department which inter alia provided that the contractor shall not demand for enhancement of rates beyond what is specified in the work order.

Subsequently, the EE, CAWD issued (March 2004) Notice Inviting Tender (NIT) and the work was awarded (June 2004) to the above contractor considered as lowest bidder who quoted 147 per cent above SOR 1995 at the cost of ₹ 238.50 lakh for civil works with a stipulation to complete the work by June 2006 i.e. within 24 months from the date of issue of work order.

The rate for civil works was enhanced (May 2006) to 7.50 per cent above SOR 2004 by switching over SOR from 1995 increasing the cost of civil works from ₹ 238.50 lakh to ₹ 336.38 lakh in line with the contractor's representation. Further, based on the Contractor's second representation (April 2008) the rate for civil works was enhanced from 7.50 per cent to 35 per cent above SOR 2004 (February 2009) increasing the cost of civil works from ₹ 336.38 lakh to ₹ 422.42 lakh. The work was completed (November 2009) at a cost of ₹ 422.46 lakh. Scrutiny of records (December 2010) revealed that revised estimate inter alia included the part of civil works amounting to ₹ 293.21 lakh at the enhanced rate of 7.50 per cent above SOR 2004 which was already executed and paid in three Running Account (RA) bills. The contractor was paid ₹ 121.39 lakh (March 2009 and January 2010) after completion of the work at the enhanced rate of 35 per cent above SOR 2004 including the work which had already been executed and paid for in second, third and fourth RA bills resulting in excess payment of ₹ 75.01 lakh.

Thus, irregular application of enhanced rate for the entire work including the portion of works which were already executed and paid for before the approval of enhanced rate resulted in excess payment of ₹ 75.01 lakh. Besides, the action of the EE by allowing enhanced rate violated the terms of agreement.

The E.E in reply stated (August 2012) that the revised estimate was prepared including the items of work already executed and regularized in Running Bills, as the market rate of all building materials, labour charges and transportation charges were substantially increased between the period of issue of work order and the execution of the work.

The reply is not acceptable as the work already executed, measured and paid should be deducted while determining the revised estimates for enhancement.

In sum, the EE CAWD made excess payment of ₹128.24 lakh (₹53.23+₹ 75.01 lakh) on the two works by allowing enhanced rate on the items of works already executed and paid for earlier.

The matter was reported to the Government (July 2012) but their reply had not been received (January 2013).

When asked as to Who authorized the EE, CAWD to prepare the revised estimate by including the work valued at ₹2.09 crore which had already been executed and payment made to the contractor through first Running Accounts (RA) bill, to which the Department in their written reply stated that, as per the contractor's letter address to EE CAWD, request for enhancement of rate on 1<sup>st</sup> October 2008, EE CAWD prepared the revised estimate including the portion of works which were already executed and paid. As the division found that the appeal of the contractor genuine i.e. unexpected inflation of market rate, increase in Labour & Carriage Charges between the period of issue of work order and execution of the work; accordingly put up to the CE(H) for approval.

When the Department was asked on the reason for irregular application of enhanced rate for the entire work including portions of works which were already executed as paid for resulting in excess payment of ₹53.23 lakh, it stated that, the reason for application of enhanced rate for the entire work including the portion of works which were already executed and paid, "Due to unexpected inflation of market rate, increase in Labour & Carriage Charges between the period of issue of work order and execution of the work", may kindly be seen at table below:-

Sl. No	Particulars	Unit	Current Rate(Rs)	Rate at the time of work order issued	Rate Difference (Rs.)	%
1	Cement	Per Bag	310.00	220.00	90.00	40.90%
2	Tor Steel	Per Kg	52.00	35.00	17.00	48.57%
3	Brick	Each	2.80	1.80	1.00	55.55%
4	Timber	Per Cft	300.00	180.00	120.00	66.66%
5	Coarse Sand	Per Cft	25.00	16.00	9.00	56.25%
6	Carriage from Dimapur to Site	Per Trip	1200.00	800.00	800.00	50%
7	Labour Charges	Each				
i	Carpentry	Each	300.00	180.00	120.00	66.66%
ii	Mason	Each	280.00	160.00	120.00	75%
iii	Skill Labour	Each	180.00	100.00	80.00	80%
iv	Unskilled labour	Each	130.00	80.00	50.00	62.50%

Average percentage of rate difference is 60.00% as claimed by contractor. However, only 48% was accorded by the Government for rate enhancement.

When asked to justify for enhancement of the cost of civil works by the EE, CAWD from ₹238.50 lakh to ₹336.38 lakh in May 2006 and again from ₹336.38 lakh to ₹ 422.42 lakh in February 2009 in contravention to the Agreement made with the contractor wherein it was stated that the contractor shall not demand for the enhancement of rates beyond what is specified in the work order.

The Department replied in written that, agreement was accorded in anticipation that all the formalities for initiation/completion of the Project would be in due specific time; so the work order amount to ₹2,38,50,320.00 @ 147% above NPWDA SoR of rate 1995), was issued to Shri. Tsukjem Jamir vide work order NO.CAWD/LAW/DMR-1/2003-04 dated 22<sup>nd</sup> June 2004.

However, due to inflation of market rate, increase in Labour, Carriage Charges, acute allocation of Plan outlay the department could not made sanction in time and prolong torment of cancer and demise of the concern Contractor (late Shri. Tsukjem Jamir). The department was in a state to breach the agreement considering all the above stated facts. Accordingly, the Law & Justice, department allowed rate enhancements for the said project.

4. Due to irregular application of enhanced rate for the works which were already executed and paid before the enhanced rate resulted in excess payment of ₹75.01 lakh, The Department may please justify.

The Department's written reply states that, **1<sup>st</sup> Enhancement of Rate:** As per the representation submitted by the contractor Shri Tsukjem Jamir, appealing the Government, to switch over to NPWD SoR 2004 from NPWD SoR 1995, following the Government introduction of the New NPWD SoR 2004 and in addition, Non-payment of Contractor bills due to the acute allocation of Plan outlay the department could not made sanction in time. The division prepared Revised Estimate at the rate of 7.50% above NPWD SoR 2004 and submitted to the CE (H) on 2<sup>nd</sup> Nov' 2005, following the Law & Justice Department, communiqué to the division to submit the revised estimate, vide letter NO.LAW/PLN-24/2004 (PT) dated 11<sup>th</sup> July 2005.

As per the approved revised estimate and enhancement of rate, the rate enhancement order was communicated to the Contractor by the Division on 10<sup>th</sup> May, 2006 in response to the Law & Justice Deptt. letter No.LAW/PLN-24/2003-04 (pt) dated 11.7.2005 for switch over to SoR and Chief Engineer, PWD (Housing) approval letter No.CE/H/TB dated 17<sup>th</sup> Dec' 2005 and vide sanction order No.LAW/PLN-24/2003 dated 17<sup>th</sup> Mar' 2006. Hence, the approximate value of original work order value ₹2,38,50,320.00 only inclusive of 147% above SoR 1995 is enhance to ₹3,36,37,860.00 only inclusive of 7.50% above NPWD SoR 2004 and paid as Accorded Sanction.

**2<sup>nd</sup> Enhancement of Rate:** The project continued to delay due to prolong torment of cancer and demise of the concern Contractor (late. Tsukjem Jamir); however, the contractor's (late. Shri. Tsukjem Jamir), relative took over the contract for completion of the remaining works but unable to bear the expenses due to the inflation on market rates and acute allocation of Plan outlay the department could not made sanction in time. Hence, the proposed for 2<sup>nd</sup> Rate Enhancement to the office of the Chief Engineer (Housing).

As discussed and directed, the division recommended the 2<sup>nd</sup> rate Enhancement from 7.50% to 35% above NPWD SoR 2004, to the government through the office of the Chief Engineer (Housing), vide letter No. CE(H)/TB/LAWDMR/2005 dated 18<sup>th</sup> June 2008.

In response to the Chief Engineer, PWD (Housing) approval letter No.CE/H/TB dated 20<sup>th</sup> June 2008 and government Sanctioned No.LAW/PLN-24(pt) dated 21<sup>st</sup> Jan. 2009; the rate of enhancement order was communicated to the contractor by the division on 2<sup>nd</sup> Feb. 2009, as per approved 2<sup>nd</sup> revised estimate and enhancement rate.

Hence, the approximate value of 1<sup>st</sup> revised work order value ₹3,36,37,860.00 only inclusive of 7.50% above SOR 2004 is enhance to ₹4,22,42,000.00 only inclusive of 35% above NPWD SOR 2004 and paid as Accorded Sanction.

During the course of oral evidence, the Department furnished a copy of original rate and the enhanced rate of estimates as desired by the Committee. As pointed out by the Accountant General, Nagaland, the Department admitted to the fact that they had paid excess money to the contractor at an enhanced rate to an already completed work (i.e. some works were executed before the enhanced rates were approved but payment was given at an enhanced rates). Due to which the excess of ₹ 2.09 crore occurred. The Department's contention was that excess payment was made due to unexpected inflation of market rate and increase in labour and carriage charges between the period of issue of work order and execution of the work. During the evidence it was also informed that the Department has decided to bring out SOR (Schedule of Rates) every year in order to check such problems. This was also decided in the Cabinet last month to revise SOR every year. The SOR for the year 2013 is already completed.

*4.1.2 After thorough examination of the Department's written reply and after taking lengthy evidence, the Committee observed that the Department allowed enhancement of rates in contravention to the agreement made with the contractor. It was also noticed that the Department had already made the payment to the contractor on enhanced rate, whereas the work was already executed at an old rate, due to which the Department sustained an excess expenditure of ₹2.09 crore. The Committee is constrained to note that the Department was not mindful of the Agreement.*

*4.1.3 The Committee observed that E.E.CAWD is in capacity of approving enhanced rate as requested by contractors. He has the power to pay twice on same civil work done. Though, the Department blames on contractors ailing and demise, the reason for escalation of market rate, it is the Department who instigated the contractor in view of percentage sharings, PWD always in almost contract works enhances 40-50% above SOR of the agreed year. If the Department maintains such trend for taken granted, NPWD may be rated as an unbecoming Government Department. AHOD never monitors such lapses. The Committee warn that this evil practises shall end immediately in NPWD. Mechanism formulated to check such corruption be intimated to the Committee within 3 (three) months from the date of laying this Report in the House.*

## HOME (FIRE & EMERGENCY) DEPARTMENT

### 4.2.1 Diversion of fund (Para 5.4 of AR)

Government of India sanctioned ₹3 crore for construction of fire station buildings, security fencing, water reservoir etc in four District Headquarters and construction of Fire Station building at State Capital Complex, Kohima under SPA during 2010-11.

Scrutiny of records (February 2012) of the Directorate of Fire & Emergency Services revealed that the funds of ₹ 1 crore meant for construction of Fire Station at State Capital Complex was diverted for execution of 7(seven) other works without prior approval of the GOI. However, the Department submitted (August 2011) Utilisation Certificate (UC) to GOI, certifying that the full amount of ₹ 3 crore was utilized for the purpose for which it was sanctioned. Thus, the Department diverted SPA funds amounting to ₹ 1 crore for works not covered in the sanction. Besides, the department also submitted false UC indicating utilization of ₹ 3 crore. This had also resulted in non-execution of construction of Fire Station Building at Capital Complex defeating the objective for which the funds were sanctioned by GoI. The matter was reported to the Government (September 2012) but their reply had not been received (January 2013).

The following contents are the written replies furnished by the Department to the questionnaires raised by Audit:-

1. The Department failed to honour sub-clause (i) of clause 3 of the term and condition of sanction under Special Plan Assistance (SPA) wherein it was stated that the funds be utilized by the GON only for the purpose for which it was approved. To which the Department replied-

- (i) The approved project for construction of Fire Station at New Complex, Kohima was not possible due to erstwhile landowners objecting to the construction, though the land was already allotted to the Department Accordingly, the Contractor reported the matter to the Department. The Department enclosed its order as verified by the Committee. And the Department negotiated with erstwhile landowners but no concrete decision could be arrived. The same site is also allotted for Chief Information Commissioner Office, Nagaland also verified by the Committee.
- (ii) The time limit was minimum to execute and complete the work by March 2011. Hence, the fund had to be diverted due to the reason stated above and also due to constraint of time to complete the project.

2. Who authorized the Department to divert ₹ 1 Crore meant for construction of Fire Station at State Capital Complex for execution of 7 other works without prior approval of the GOI. And to which the Department replied that the then Hon'ble Parliamentary Secretary (Fire & ES) Er.W.Kithan also referred the land owner problem and also directed to divert the fund. Accordingly, the matter was discussed and correspondences were made with the Government at all levels and the matter was approved by the Government vide Planning Department letter NO.PLN/139/2007 Dt.17/03/2011.
3. The justification of submitting false Utilization of ₹ 3 Crore for the purpose for which it was sanctioned may be given. Department replied that the entire constructional works were carried out through Police Engineering Project, Nagaland, Kohima and this establishment released payment on the basis of physical progress of work. The physical

progress of work of the projects were achieved around 90% upto August 2011. The utilization Certificate was also submitted in anticipation of completion of remaining Electrification/Sanitary works which was part of the work by September 2011. Therefore, the Department had submitted Utilisation Certificate of SPA against ₹ 3 Crore released in March 2011 in order to avoid the lapse of fund during 2010-11. The Utilisation Certificate also required to be forwarded through Planning & Co-ordination Department to the Government of India (GOI) for their accountability.

During the course of evidence, the Committee wanted to know since stationing of fire services at New Secretariat Complex has become necessity, what measures have been taken by the department to acquire plot or to settle the abandoned allotted plot. The department replied that, though the land was allotted for setting up of Fire Station at New Capital Complex, the construction project was unable to carry out due to objection by landowners. The same site was also allotted for construction of the Chief Information Commissioner's office. Due to the reason stated above the department with approval of the Planning Commission of India, diverted the original project.

When asked to explain in detail on the approval for diversion of ₹ 1 crore from the Department of Planning & Co-ordination and on the information made to the Planning Commission of India, the department replied, that with the approval of the Planning & Co-ordination Department and with information to the Planning Commission of India the Department diverted the ₹ 1 crore fund provided under SPA (Special Plan Assistance) to several other purposes. A copy of the approval letter from the Planning Commission of India was submitted to the Committee during the course of oral evidence on 7<sup>th</sup> of March 2014. The Department also stated that the

diversion of the project was indicated in the Utilization Certificate which was sent to the Government of India.

Further, the Committee wanted to know, since the SPA fund was specifically provided for construction of Fire Station at State Capital Complex, whether, the proposed construction will be taken up or not. In their reply the department tendered that the NEC will be taking up the project and for which an amount of ₹ 4.27 crore has been sanctioned for the construction of the Fire Station.

*4.2.2 After examining the facts of the case the Committee observed that there was procedural irregularity while acquiring the land for the proposed construction of Fire Station. The Committee thus feels that the State is put to a loss of ₹ 1 crore which otherwise could have been utilized for the development of the State. During the course of oral evidence, the Committee was informed that the NEC have accorded sanction of ₹ 4.27 crore for construction of Fire Station at the New Capital Complex. The Committee therefore, strongly recommends that the assessing Authorities should adhere to the Rules/instructions as framed by the Government while executing the project. Further recommends that sincere efforts should be made by the Department for honest and judicious use of the funds provided for the proposed construction. A detailed report on the utilisation of ₹ 3.00 crore specifying the detail projects be submitted to the Committee within 3 (three) months time from the date of laying of this report on the House.*

## HOME DEPARTMENT (VILLAGE GUARD)

### **4.3.1 Fraudulent drawal (Para 5.5 of AR)**

The Deputy Commandant Village Guard, Kiphire drew ₹ 43.32 lakh as ration allowances in five bills between October 2010 and December 2010 in respect of 2051 Village Guards for 83 days for the period May 2010 and August 2010 to October 2010. Again in March 2011, the Deputy Commandant drew ₹ 62.50 lakh as ration allowance for 122 days in respect of 2049 Village Guards for the period from May 2010 to October 2010 in two bills. Cross verification (April 2012) of these vouchers revealed that out of ₹ 62.50 lakh drawn in March 2011, ration allowance for 78 days in respect of 2049 Village Guards amounting to ₹ 39.96 lakh had already been drawn between October 2010 and December 2010. Thus, the Deputy Commandant, Village Guard, Kiphire fraudulently drew ₹ 39.96 lakh in March 2011 as ration allowances for 78 days in respect of 2049 Village Guards. Failure of the Treasury Officers to exercise the prescribed checks as envisaged in rules and procedures allowed the Deputy commandant Village Guard to fraudulently draw ration allowance of ₹39.96 lakh. The matter was reported to the Government (May 2012). Reply had not been received (February 2013).

Asked, as to why the DDO and the Treasury Officer failed to exercise their duties in checking the fraudulent drawal of ₹ 39.96 lakh as ration allowance for 78 days in respect of 2049 village guards in March 2011. The Department in their written reply from the Deputy Commandant VG Kiphire stated that, it was not a case of fraudulent drawal of ₹39.96 lakhs but a case of oversight in which the period was erroneously mentioned as May 2010 to October 2010 instead of November 2010 to January 2011 ie. 2049x25x78 days = 39, 95,550/- say ₹ 39.96 lakh and to substantiate his claim he has

furnished the details of the bills for ration allowances for verification. The report has already been forwarded to the Government vide letter of even No. dated 25<sup>th</sup> September 2013 .

In reply to the questionnaire on whether the Department has initiated any action against the erring officers and staff and whether the amount fraudulently drawn was recovered. (The entire amount of ₹39.96 lakh may be recovered and deposited into Government account), the Department stated that, since it was not a case of fraudulent drawal as stated above, no departmental action was initiated against any officers and staff. Recovery was not necessary; hence, the question of depositing the amount into the Government account does not arise.

While tendering evidence, the Departmental representatives replied as under in reply to queries made by the Committee:-

1. According to the Department's written reply, the Department claims the period of drawal of ₹39.96 lakhs to be from November 2010 to January 2011, whereas in C&AG Report 2011-2012, the period of drawal is between October 2010 to December 2010, which does not tally. Comment.
2. C&AG 2011-2012, after cross verification, it has mentioned twice money drawal (ie) for the period from May 2010 to Oct 2010= ₹62.50 lakhs which was drawn during the month of March 2011 and ₹39.96 lakhs was drawn between the month of Oct 2010 to Dec 2010. The Deputy Commandant drew the amount in two bills as fraud.
3. Again in the C&AG Report, the total number of days mentioned was 122 days for the total amount of ₹62.50 lakhs for 2049 Village

Guards. So, the Department may explain the remaining amount of ₹22.54 lakhs? ie (₹62.50-₹39.96=₹22.54 lakhs) and Finance Department and A.G may comment.

4. AHOD is accepting the rectification of self explanation of Deputy Commandant (Village Guard, Kiphire). Any enquiry initiated.
5. Whether ration allowances are permissible to Kiphire District or all Village Guard HQs. Explain.

In reply to the above queries, the Department at the outset apologized for not giving due application of mind while furnishing replies to the Committee. The Department on careful scrutiny had found out and admitted that there was excess drawal of ₹ 39.96 lakhs as reflected in the Audit Report. In supplement to the Department's reply, the Secretary, Finance also pointed out that the ration allowance for Village Guard is very small. In a year it comes to about ₹ 500/- only. Sometimes V.Gs are posted to remote places where essential commodities are not available and with meager amount of ₹ 500/- they are unable to meet their needs. Therefore the excess drawal was probably due to such shortage. The State is providing ₹ 100/- per month as insurance for the welfare of the Village Guards which was announced by our Hon'ble Chief Minister in commemoration of 50<sup>th</sup> Year of Statehood. Action was also taken against the concerned Treasury Officer in the form of suspension for one month and holding up increment. It is also requested to the Hon'ble Members that we should write to the Government of India to increase the ration allowance of Village Guards since a fixed amount of ₹25/- per day for 12 days is being paid for the last many years. The Department is taking up the matter to the GOI for enhancement of the Ration Allowance. The Accountant General, Nagaland, while commenting on the matter pointed out that the Department should adopt a strict mechanism

to avoid such kind of malpractices and the like. The Department should also make periodic checks on whether monthly rations have been provided to the Village Guards and to avoid duplicate payments in future.

- 4.3.2 *The Committee observed that although the excess drawal of money by the Department might have done it with good intention to meet the extra needs of Village Guards, the Committee feel that this was highly irregular practice. The committees therefore, urge upon the Department to adopt a strict mechanism to do away with such kind of malpractices and should make periodic checks on monthly rations to avoid duplicate payments in future. The Committee also desire that an action taken report on the matter and remedial measures by the Department be furnished within 3 (three) months from the date of laying this Report in the House.*

## APPENDIX

### *Observations and Recommendations*

#### 1.1.1 Excess over provision during 2011-2012 requiring regularisation (Para 2.3.5 of AR)

Mention has been made in para 2.3.5 of the Comptroller and Auditor General Report of India for the year ended 31<sup>st</sup> March 2012 that an excess in 13 grants amounting to ₹ 54.94 crore over authorisation from the Consolidated Fund of the State during 2011-2012 requiring regularisation under Article 205 of the Constitution.

(₹ in crore)

Sl. No	Number and title of grant/appropriation Revenue (Voted)	Total grant appropriation	Expenditure	Excess
1	18 Pensions & Other Retirement benefits	581.59	586.68	5.09
2	34 Art & Culture and Gazetteers Unit	14.25	14.27	0.02
3	35 Medical, Public Health & Family Welfare	235.15	239.41	4.26
4	42 Rural Development	120.82	122.20	1.38
5	51 Fisheries	26.27	27.88	1.61
6	55 Power	293.34	294.32	0.98
7	58 Roads & Bridges	146.80	173.77	26.97
8	78 Technical education	9.27	9.32	0.05
	<b>Total- Revenue (Voted)</b>	<b>1427.49</b>	<b>1467.85</b>	<b>40.36</b>

### Capital (Voted)

9	31	School Education	22.56	26.04	3.48
10	33	Youth Resources and Sports	62.96	63.51	0.55
11	50	Animal Husbandry & Dairy Development	17.29	26.55	9.26
12	54	Mineral Development	13.43	14.12	0.69
13	67	Home Guard	1.90	2.50	0.60
		<b>Total-capital (Voted)</b>	<b>118.14</b>	<b>132.72</b>	<b>14.58</b>
		<b>Grand Total</b>	<b>1545.63</b>	<b>1600.57</b>	<b>54.94</b>

- b) Revenue Section Voted - ₹ 40.36 Crore  
 Charged - ₹ Nil
- b) Capital Section Voted - ₹ 14.58 Crore  
 Charged - ₹ Nil  
**Total - ₹ 54.94 Crore**

1.1.2 *Excess expenditure over the grants allocated by the Legislature under the provisions of the Constitution have been incurring year after year. The explanation given by the Department indicates that the matter has been dealt within the routine manner. The question of excess expenditure beyond the allocated budget could have been avoided if the Department had prepared a realistic assessment of fund required and confined within the Grants*

*Voted. The Department should also have acted judiciously in obtaining the unforeseen expenditures as additional grants in the Supplementary Demands.*

- 1.1.3 *During the course of oral evidence, the Committee observed that most of the Departments have failed to reconcile the figures of excess/savings with the concerned authority as reflected in the Audit Report in spite of sufficient time and reminders given by the Accountant General, Nagaland.*
- 1.1.4 *The Committee, therefore, once again urge the defaulting Departments to adhere to financial rules and recommends that the excess, both under voted, grants and charged appropriations during the year under review may be regularized under Article 205 of the Constitution of India. The Committee desire the implementation Report to be submitted within 3 (three) months from the date of laying this Report in the House.*

## Observations/ Recommendations

1. Rural Department
- 2.1.2 *As assured during the evidence meeting, the Committee recommends the Department to submit the separate Annual Report of SEGC to the Committee within 3 (three) months from the date of laying this Report in the House.*
- 2.2.2 *During the course of evidence the Departmental representatives assured to submit feedbacks of the training conducted by the Department of SIRD within a week time but the department has failed to do so. The Committee therefore, would like to recommend the Department to furnish the information within 3 (three) months from the date of laying this Report in the House.*
- 2.3.2 *The Committee recommend the Department to work out certain mechanism to monitor the flow of funds and to submit a copy of the funds transfer to PDs (DRDA) since 2009-2010 till date within 3 (three)*

*months from the date of laying this Report in the House.*

- 2.4.2 *The Committee is not satisfied by the explanation given by the Department in this regard. The Committee observed that the MGNREGA fund in four DPCs were not properly utilised for the purpose for which it was sanctioned. It was noticed that project officers were benefited with facilities actually meant for the welfare of the rural poor. The Committee expressed dismay over the mis-use of central fund which has raised doubt about the genuineness of the expenditure. The Committee therefore, recommend that all project officers/ Assessing authorities should be given training/refresher courses once in a year so that they are fully conversant with the rules and regulations of the projects. The Committee desire that a complete report on the present status of MGNREGA works and how the Department intends to do away with such mis-utilisation of funds in future may be sent to the committee*

*within 3 (three) months from the date of laying of the Report in the House.*

- 2.5.2 *During the course of evidence the Committee was informed that the Department was looking into the complaints reported by Village executives and on the reason for non submission of report on the matter by the D.C. In this regard, the Department was given 1(one) week time to investigate into the matter and to submit a report to the Committee. However, the investigation report could not be furnished to the committee till the time of finalisation of the Report. The Committee has taken a serious note over the lackadaisical attitude of the Department for undermining the August Committee. The Committee therefore, recommend to take immediate action in this matter and intimate the Committee within 3 (three) months from the date of laying this Report in the House.*
- 2.6.2 *After examining the written as well as oral reply of the Department, the Committee observed that the*

deviation in Perspective Plan was carried out without proper approval from the Competent Authority and moreover the Department had not maintained any register or record on the deviation of Plan. Just by passing a resolution one cannot change a plan approved by the Government concern. Therefore, the Committee recommends that in future before diverting any project the Assessing Authority should take approval from a competent authority to allow the deviation. The Committee also recommends the Department to maintain a register on the deviation of plans/projects etc., so as to avert such kind of irregularities in future projects. Compliance on the matter may be intimated to the Committee within 3 (three) months from the date of laying this Report in the House.

2.7.2 The Committee is of the view that the overall performance of Social Audit in four test-checked districts as mentioned in the C&AG Report is far from satisfactory. It was

noticed that provisions under MGNREGA guidelines were not followed while conducting the Social Audit. The Committee observed that still there are number of Social Audit meetings which are required to be conducted by the Department. Therefore, the Department needs to revamp their Social Audit system in order to do away with the deficiencies noticed in the social audit conducted in the above mentioned blocks. The Committee recommends that the Assessing Authorities be fully conversant with the provisions and regulations of social audit so as to ensure transparency and public accountability in the implementation of projects and schemes. As assured during the evidence meeting held on 12.3.2014, the Department have also failed to provide the Action Taken Report on the observations made by the NLMs on various schemes. Therefore, Compliance on the present status of social audit and observations of NLMs as well as the measures taken up by the Department in improving

*the system be furnished to the Committee within 3 (three) months from the date of laying this Report in the House.*

2. Health & Family Welfare 2.8.2 *The Committee therefore, recommended that as per the assurance given by the Department, recovery to furnish the detail amount of ₹15.65 lakhs be recovered by the Department within 3(Three) months from the date of presentation of this Report to the House and furnish the challan to the Committee*

3 School Education 2.9.2 *In view of the Departmental reply, the Committee appreciated the fraudulent recovery as detected by the Audit, however, caution the School Education Department not to blame the retiring officials and inexperienced teacher appointed DIS/SEDOs in future. Blaming and firing of responsibilities for fraudulent drawal shall not be cast upon DIS/SDEOs but their administration should revolve under the direct control of the Directorate.*

#### 4. Veterinary & Animal Husbandry

3.1.2 *The Committee observes that the Department lacks a proper planning system for financial management and in accordance with the C & AG of India recommends that the activities of the Department should be realistically planned after proper analysis and should also be consistent with the overall Five Year Plans of the Department. The Committee also observes that the Department is still a long way off from being self-sufficient and recommends that proper study should be done for creating a few viable customised projects which can become self-sufficient and therefore enable the Department to achieve its targets.*

3.1.3 *The Committee observed that out of 16 farms almost all chick rearing and duck farms are defunct. Most of the DVOs and farm managers are never stationing in their posting places. They sing their pay bills in Kohima and Dimapur which are brought by their assistants by*

outsiders without verifying the ground reality as to why Government level furnishes such white lie reports is a disheartening to the Committee. The Committee be intimated with factual existence within stipulated time. Taken possession of Departmental quarters from general public be intimated to the Committee within 3 (three) months from the date of laying this report in the House.

- 3.2.2 The Committee urges the Department to set realistic targets and work diligently towards it so that the ultimate goal of self-sufficiency would be achieved. The Department needs to install a methodical panning and monitoring system in order to realize this objective. However, during PAC's visit to Nagaland Composit Pig Project to Jalukie and Khopanal of Dimapur on 23.10.2013 all the in fractures were deviated from DPR. Though ₹12.59 crore spent on these projects, these are still lying idle. Taking possession and utilisation become

beyond imagination. Committee may be intimated the utilisation or otherwise disinvest these projects to minimise the unnecessary burden so created.

- 3.3.2 After verifying the list of payment, Jotsoma village was given ₹20, 73,320.00 SI.13, however, as per C&AG Report, Para 2.3.10.1 (ii) P-71, village Council has received ₹15 lakh along with other items such as medicines, salt, etc. The Committee felt that other items may involve at ₹1.00 lakh but still there is a short of ₹4.00 lakh.

During Committee's visit to Tuensang on 24.10.2013, they met Mithun Committee from Sotokiur and Yali village and learnt that they were given three mithun at ₹50,000 per mithun and ₹5.00 lakh in cash which calculated at  $₹50,000 \times 3 + ₹5,00,000 = ₹6,50,000$ . However, the list shown is of ₹8,69,340.00 each which is short of ₹2,19,340.00. During their visit to Tuensang the Hakchang village, mithun Committee also appeared

before them and told that they received ₹6.20 lakh in cash for materials and 2 mithuns but their name was not appeared in the list.

**3.3.3** The Committee observes that the Department lacks an efficient monitoring system to check the actual works being done in the villages and also is of the opinion that the Department should oversee the construction of all such civil works instead of placing the responsibility entirely upon the villagers themselves. The Committee recommends that the Department should establish an effective internal control system in order to prevent malpractices such as producing fictitious bills and vouchers, improper disbursement of assistance to beneficiary villages, bypassing the Notice Inviting Tender and favouritism of specific contractors sponsored villages/ mithun Committee be assisted financially for atleast five years.

**3.3.5** The Committee noticed that such cases of shifting projects after spending a substantial amount for development is a frequent practice in the State and wishes that such occurrences could be curbed as it lays waste to public money. In this case, the Committee agrees that the proposed site at Medziphema would serve better due to its proximity to the Agricultural College, although it cannot overlook the fact that a considerable amount has already been spent on the first site i.e., at Jalukie. The Committee can only hope that the fairly developed land at Jalukie be utilised practically by the Department without any further wastage in the subsequent days. The Committee therefore recommends that the Department should earnestly pursue for setting up of this college at the earliest in order to prevent any more squandering.

**3.3.7** The Committee observes that most Departments initiate high-cost ventures / projects and usually fail to achieve the minimal target which in turn leads to a lot of wastage. Proper planning and feasibility

*studies are lacking in the State. The Committee urges the Department to utilise whatever funds are available to launch sustainable and community-appropriate projects which would return benefits to the Department. It is also observed that there is enough technocrats/ experts in Nagaland Government Departments yet how DPRs preparations are awarded to private firms. It is worth mentioning that Veterinary & Animal Husbandry Department is not a generating Department but a Government funds siphoning Department. The Committee cautioned the Department not to repeat such siphoning plan.*

**3.3.9.1** *The Committee would like to replicate the observations of the Comptroller & Auditor General, for emphasis, that the practice of the Department is a clear violation of the Financial and Cognate powers delegated to officers at different levels under Nagaland PWD. NITs were not published or given wide coverage as required under Rules*

*and the fact remains that the measurements recorded in the MB were not consistent with the actual work executed. The Committee cannot ignore these facts and urges upon the Department to further desist from such malpractices as it brings about huge losses for the Department and the Government. The Committee then requests the Department to utilise the existing infrastructures without laying it to waste and also wishes that it informed on the latest position on the setting up of the Veterinary College whether it be at Jalukie or Medziphema.*

**3.3.9.2** *Again the Committee observes that the Department has bypassed Rules and acted on its own whim. The Committee reminds the Department that frequent and blatant disregard to rules which are in place to check mismanagement will only result in utter chaos in the internal workings of the Department. The Committee recommends that the Department should furthermore avoid all such obvious misconduct and hereafter*

*abide by Rules and establish a transparent system of awarding works and payments in order to bring about fairness in its dealings. Since, land cost being paid, the fate of 7.2 acres of land be intimated to the Committee within 3 (three) months from the date of laying this Report in the House.*

**3.3.9.3** *The Committee observes the presence of some habitual lapses in the workings of the Department. This is a sign of a greater malady which might threaten the stability of the Department. Henceforth, the Department is advised to certify only the correct estimates and not to mislead the Finance Department or the Audit party when it comes to release of payments and completion of works.*

**3.3.9.4** *The Committee urges the Department to intimate the taking possession of building and utilisation of the same within 3 (three) months from the date of laying this Report in the House.*

## 5. Agriculture

**3.4.2** *The Committee suggests that instead of giving honorarium to the Officers and staffs who are getting salary, the Department should devise some better modernity for the benefit of the general people. the Committee would not like to comment further.*

**3.5.2** *The Committee recommends the Department that once the area is treated it should be utilized continuously for the benefit of all, the Committee would like to be apprised of whether the Department had benefitted out of the expenditure incurred for the scheme within 3 (three) months from the date of laying this Report in the House. List of 120 NWDpra along with financial assistance released to each be enclosed.*

**3.6.2** *In view of the departmental reply the Committee would not like to comment further.*

## 6. Land Resources

**3.7.2** *In view of the departmental reply, the Committee would not like to comment further but also points out*

that the issue of duplication of work occurred due to lack of co-ordination between different agencies which resulted in the treatment of the same area, therefore, recommends the Department to be more careful in future.

3.8.2 The Committee observed that IWDP and IWMP were targeted during 2007-12. Hence, whatever fund was made available had done the programmes. However, GoN released its remaining share of ₹ 727.08 lakh only during 2012-13 and hence how ₹ 727.08 lakh was utilised when the programmes were accomplished by 2010-12. The Committee be intimated the utilisation of delayed released fund by GoN within 3 (three) months from the date of laying this Report in the House.

3.9.2 The Committee recommends the Department to submit the relevant documents of the procurement of materials to the Committee within 3 (three) months from the date of laying this Report in the House.

## 7. Soil & Water Conservation

3.10.2 The Committee recommends that the Department should pursue with the Finance Department so that there is no delay in releasing of fund in future. Nevertheless, most of the Department pursued the funds from New Delhi itself, they should also be aware of the release of fund by GoI.

3.11.2 The Committee observes that once the fund is released from the Finance Department, the Department should immediately take up the work or refund the money. The Committee would like to be informed of whether any measures has been taken up for availability of additional fund, since the area has not be treated as targeted, measures thus taken be intimated to the Committee within 3 (three) months from the date of laying this Report in the House.

3.12.2 The Committee is of the view that the difference amount of ₹ 27.43 lakh may not be treated discrepancies between Officers and beneficiaries. If ther is no reliable

*Officers in District level, the Director himself should initiate payment to avoid such misappropriation, Department should streamline payment system from Department itself.*

8. NEPED

3.13.2 *The Committee observes that all these are duplication and remote control schemes. However, the Committee would like to suggest the Department that in order to avoid duplication of work the Department should coordinate and consult within Allied departments for selection of the villages should be streamline in future, in no way master's gain, servant's loss be repeated.*

9. Public Health Engineering

3.14.2 *The Committee is dismayed to observe the Department's lack of seriousness in the Public Accounts matter noting that the Department failed to furnish information sought during oral evidence meeting and recommends the Department to be more serious in future. After going through the suggestions/recommendations of the*

*departmental enquiry committee the Committee emphasize that, the Department should impose appropriate disciplinary action and penalty against the incumbent officers for negligence of responsibility. The Committee therefore, recommends the department to take penalty and intimate the Committee within 3 (three) months from the date of laying this Report in the House. Secondly, the Committee may also be intimate the realisation of loan materials worth ₹ 75.92 lakh to the Committee.*

10. Home (General Administration)

4.1.2 *After thorough examination of the Department's written reply and after taking lengthy evidence, the Committee observed that the Department allowed enhancement of rates in contravention to the agreement made with the contractor. It was also noticed that the Department had already made the payment to the contractor on enhanced rate, whereas the work was already executed at an old rate,*

due to which the Department sustained an excess expenditure of ₹ 2.09 crore. The Committee is constrained to note that the Department was not mindful of the Agreement.

- 4.1.3 The Committee observed that E.E.CAWD is in capacity of approving enhanced rate as requested by contractors. He has the power to pay twice on same civil work done. Though, the Department blames on contractors ailing and demise, the reason for escalation of market rate, it is the Department who instigated the contractor in view of percentage sharings, PWD always in almost contract works enhances 40-50% above SOR of the agreed year. If the Department maintains such trend for taken granted, NPWD may be rated as an unbecoming Government Department. AHOD never monitors such lapses. The Committee warn that this evil practises shall end immediately in NPWD. Mechanism on formulated to check such corruption be

intimated to the Committee within 3 (three) months from the date of laying this Report in the House.

11. Home  
(Fire & Emergency)

- 4.2.2 After examining the facts of the case the Committee observed that there was procedural irregularity while acquiring the land for the proposed construction of Fire Station. The Committee thus feels that the State is put to a loss of ₹ 1 crore which otherwise could have been utilized for the development of the State. During the course of oral evidence, the Committee was informed that the NEC have accorded sanction of ₹ 4.27 crore for construction of Fire Station at the New Capital Complex. The Committee therefore, strongly recommends that the assessing Authorities should adhere to the Rules/instructions as framed by the Government while executing the project. Further recommends that sincere efforts should be made by the Department for honest and judicious use of the funds provided for the proposed construction. A detailed report on the utilisation of ₹ 3.00 crore specifying the detail projects be submitted to the

*Committee within 3 (three) months time from the date of laying of this Report on the House.*

**12. Home (Village Guard)**

**4.3.2** *The Committee observed that although the excess drawal of money by the Department might have done it with good intention to meet the extra needs of Village Guards, the Committee feel that this was highly irregular practice. The committees therefore, urge upon the Department to adopt a strict mechanism to do away with such kind of malpractices and should make periodic checks on monthly rations to avoid duplicate payments in future. The Committee also desire that an action taken report on the matter and remedial measures by the Department be furnished within 3 (three) months from the date of laying this Report in the House.*

**ANNEXURE- I**

Minutes of the Evidence Meeting by the Public Accounts Committee with Government Department held from 6<sup>th</sup> - 7<sup>th</sup> and 12<sup>th</sup> of March 2014 in the Committee Room, Assembly Secretariat, Kohima.

Members Present:

1. Dr. Longrineken,	Chairman
2. Shri. Tokheho Yepthomi,	Member
3. Shri. C. Apok,	Member
4. Shri. Mmholumo Kikon,	Member

Accountant General

1. Shri. R. Naresh,	Accountant General, Nagaland
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Finance Department

1. Shri. Y.Kikheto Sema	Secretary, Finance
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Assembly Secretariat

1. Shri. A.E. Lotha,	Secretary
2. Shri. K. Sekhose,	Additional Secretary
3. Smt. Aosenla,	Joint Secretary
4. Shri. Bangjung Chang,	Deputy Secretary
5. Smt. Razoulenuo,	Under Secretary
6. Shri. T. Noksang Jamir,	Section Officer.

Evidence Meeting of the Committee on Public Accounts on the examination of the Report of C&AG of India for the year 2011-2012 was held from 6<sup>th</sup> - 7<sup>th</sup> and on 12<sup>th</sup> March 2014, with various Department in the Committee Room of the Assembly Secretariat.

The Meeting began with the Internal Meeting where at the outset the Chairman welcomed all the Members, Officials and Staff of the Assembly

Secretariat to the Meeting. He further expressed his view that with the full co-operation and participation of the Members in all PAC activities the onerous responsible reposed on committee would be able to fulfill. The Committee then after some deliberations began the evidence meeting with the Department of Veterinary and Animal Husbandry.

Dated:6.3.2014.

**Veterinary and Animal Husbandry.** There were 21 paras; 103 original questions and 65 supplementary questions. The Department was represented by Shri. Bendangkokba, Commissioner & Secretary and Dr. M. Timothy Lotha, Director. All the Departmental representatives took oath before tendering evidence to the Committee. During the course of evidence meeting, issues like Integrated Audit, and Non-achievement of target, Discrepancy between Cash Book & Bank Accounts, irregularities in disbursement of Assistance to Beneficiary Villages, payment made for fictitious works and projects like, Mithun Project, Integrated live stock Development and White Revolutions Project, setting up of Veterinary College, setting up of Nagaland Composite Pig Project, Construction of Rest House for Slaughters House at Khopanala and strengthening of State Farm under NABARD were discussed and many grievances were made on the point. The Department was also asked to furnish copy of the Cabinet Approval order for setting up Veterinary College in Jalukie and names of 93 Villages benefited under Mithun Development along with Photos and to furnish replies to all the supplementary questions within a week.

**School Education Department:** The Department was represented by Shri. T. Imkonglemba Ao, Commissioner & Secretary and Shri. Zaveyi Nyekha, Director. School Education. The Department had discussions on 1 para, 4 original questions and 3 supplementary questions. The Departmental representative took oath, which was followed by tendering evidences on

the para relating to fraudulent drawal of pay and allowances to the tune of ₹28.99 lakh. The Department expressed their problem in actively monitoring and checking pay bills by the Drawing Disbursing Officer and Treasury Officer owing to the size and extent of the Department. It further stated that, the Department at present is taking steps to curb the drawbacks and streamline the financial activities of the Department. The Committee appreciates the initiative of the Department and checks made in the Department and hope to continue in near future.

**Land Resources Department:-** The Committee examined 3 paras, 6 original questions and 6 supplementary questions. The Department was represented by Shri. Menumkol John, Commissioner & Secretary and Shri. Mhathung Yanthan, Director. The paras covered were on completion of works, short receipt of funds by WCs and Short release of State Share. The Department was asked to furnish relevant documents on the procurement of Planting Materials which were distributed to beneficiaries within two weeks time.

**NEPED:-**The Department was represented by Shri. N. Benjamin Newmai, Secretary APC Cell, Dr. Vilatuo Rutsa and Shri. Menumkol John, Commissioner & Secretary & Team Leader NEPED and examined, 1 paras, 3 original questions and 3 supplementary questions. The paras was relating to selection of Project Villages, for watersheds development.

**Soil and Water conservation:-** The Committee examined 3 paras, 10 original questions and 12 supplementary questions. The paras were relating to delay in release of funds by Government of Nagaland resulting in short receipt of funds from Government of India, achievement of targets and payment made without actual execution.

**Agriculture:** The Department was represented by Shri. N. Benjamin Newmai, Secretary and Shri. N. Tekatushi Ao, there were 3 paras, 4 original question & 4 supplementary questions. The paras were on suspected Mis-appropriation, ideal expenditure due to abundant project area and verification of works. The Department was also asked to furnish replies to all the supplementary questions discussed during evidence meeting within a week time.

**Dated:7.3.2014.**

Coinciding with the evidence meeting, the Committee on 7 March 2014 considered and adopted the 109<sup>th</sup> Action Taken Report and thereby authorized the Chairman to present the same during the 4<sup>th</sup> Session of the 12<sup>th</sup> Legislative Assembly.

**Health & Family Welfare:-** Shri. Bieu Angami, Secretary & Dr. Neiphi Kire, Principle Director, represented the Department. There were 4 paras, 23 original questions & 9 supplementary questions. The para were relating to Excess Expenditure, suspected fraudulent drawal and extra avoidable expenditure. The Department was also asked to furnish replies to the questiones, which were not covered during the course of evidence.

**Home (Fire & Emergency Service):-** The Department was represented by Shri. Temjen Toy, Home Commissioner. The Department tendered evidence on 1 para, 3 original questions and 5 supplementary questions. The para was on Diversion of funds to other projects from the original plan for Construction of Fire Station at New Complex, Kohima. The Department tendered that the approval of Government of India was taken for the Diversion of funds.

**Home (Village Guard):-** Home Village Guard consists of 1 paras, 2 original question and 6 supplementary questions. Shri. Temjen Toy, Home Commissioner, represented the meeting and tendered replies on the para relating to fraudulent drawal of ₹39.96 lakh as ration allowance.

**Home (GA):-** There was 1 para, 5 original question and 4 supplementary question. The Department was represented by Shri. Temjen Toy, Home Commissioner, Shri. K.N. Chishi, Secretary and Er. Sungti Amer, EE CAWD. Excess payment of ₹128 lakh to contractor was the para which was discussed during the course of oral evidence.

**Finance Taxation:-** Finance Taxation was represented by Shri. Y. Mhathung Murry, Additional Commissioner of Taxation, Shri. K. Ashi Khieya, OSD (Rev) and Shri V. Kezo, OSD (Gen), the para was on evasion of Taxation and which had 4 Original Questions and 2 Supplementary Questions. During the course of Oral Evidence the Department was also asked to submit copy of tax (vat) collected during 2004-2005, 2005-2006 and NST of 2003-2004 and VAT collected vide "C" forms between 2005-2008 in 2 weeks time to the Committee.

**Finance:-** Shri. V. Kezo, OSD (G) represented the Department of Finance. The number of paras discussed were 24 consisting of 24 Original Questions. Owing to the failure of the Department to furnish reply on time, the Committee could not frame the points for discussion to be taken up during the evidence meeting. To a query on the reason for non-furnishing of reply on time, the Finance Department stated that, various problems are being faced by the Department while making correspondence and communications with Departments. Schedules are being prepared by Accountant General to reconcile excess figures by the Government Department but the Department fails to do so.

Dated:12.3.2014.

**Public Health Engineering Department:** Public Health Engineering Department consists of one para, 3 original questions and 5 supplementary questions. The committee could not examine the PHED Department on the scheduled date (i.e) 6<sup>th</sup> March 2014, due to absence of the AHOD. The Deputy Secretary and HOD who represented the Department were not qualified to tender evidence to the audit paras. The Department was summoned to appear before the Committee on the 12<sup>th</sup> March instead.

During the course of evidence on the 12<sup>th</sup> of March 2014, the Department was represented by Shri R. Benchilo Thong, Principal Secretary and Shri. Kevisakho kruse, C.E. The para relating to the Department was on suspected misappropriation of stores. The Department had constituted an Enquiry Committee to make a detail enquiry into the matter vide letter No.CE/PHED/OP-KMA(R)/473/2012-2013/431, dated Kohima the 23<sup>rd</sup> July 2013. Till the date of conducting the evidence meeting, the Department had not carried out any enquiry on the matter and could not tender any reply. The appropriate authority has been taking so much time to set the matter right. Therefore, the Committee directed the Department to take immediate steps in carrying out the enquiry and should invariably furnish the wanting information to the committee without further loss of time. The Committee also decided to take up the matter at the Government level. The Committee placed on record their strong displeasure over the attitude of the Department for undermining the August Committee.

**Rural Development:-** The Department Rural Development had failed to furnish replies on time inspite of several reminders and for which the committee could not conduct the evidence meeting on the scheduled date (i.e) on 7<sup>th</sup> march 2014. The meeting was re-fixed on 12<sup>th</sup> March 2014. The

Committee takes a serious view for the inordinate delay which had hampered the time-bound work of the Committee. The Department was represented by Shri. V. Sakhrice, Commissioner and Secretary, Smt. Limasenla, Director, SIRD and Shri. Metsubo Jamir, Director Rural Development. There were also accompanied by some Project Directors and an Account Officer to assist during the meeting. Queries and discussions were held on 27 paras, 66 Original Questionnaires and 54 Supplementary Questions. Moreover, the Department was also asked to furnish copies of feedbacks of training conducted by the SIRD Department, a copy of fund transfer to PDs since 2009-2010 and till date and to investigate the matter relating to the complaint made by 4 Villages in relating to absence of spot verifications, duplication of MGNREGA with DUDA and LADF projects and payment of 39 days mandays and to submit a report to the Committee within a week time. The Public Accounts Committee Chairman in the end urge the Department to implement sincerely, promptly in the midst of haves and have not, pressure after pressures, release of the states matching shares etc, yet corner the Block level Officers to act without loss of time. The Departmental representatives noted the remarks made by the Committee.

Having covered all the paras and points for discussion, the meeting then adjourned at 3:00 pm. A verbatim record of the meeting proceedings was kept for future reference and record.

Sd/-  
A.E. LOTHIA  
SECRETARY

## MINUTES OF THE MEETING OF THE PAC

Minutes of the first meeting of the PAC 2015-16  
held on 12<sup>th</sup> August 2015 at 11:00 a.m

### Members Present

1. Shri C.M. Chang, Chairman
2. Dr. Longrineken, Member
3. Shri Tovihoto Ayemi, Member
4. Shri Merentoshi R. Jamir, Member
5. Dr. Neiphrezo, Member

### Assembly Secretariat

1. Shri. N.Benjamin Newmai, Commissioner & Secretary
2. Shri. K.Sekhose, Addl.Secretary
3. Smt. Aosenla, Joint Secretary
4. Smt. Razoulenuo, Deputy Secretary
5. Shri. T. Noksang Jamir, Under Secretary

At the outset, the Hon'ble Chairman welcomed the Members and Nagaland Legislative Assembly Officials to the first sitting of the Committee. This was followed by self introduction by the Members and Officials present in the meeting. In his address, the Chairman highlighted the present trends of the Public Accounts Committee in Nagaland Legislative Assembly and called on the Members to give more priority to the Committee.

The Committee then discussed the activities of the day's agenda and the work position of the P.A.C Branch. The Committee then took up for consideration the draft 115<sup>th</sup> Main Report and 116<sup>th</sup> and 117<sup>th</sup> Action Taken Reports and adopted the same and authorized the Chairman to present the reports to the House in the next Assembly session.

Having covered the listed business, the meeting then adjourned at 12:15 P.M.

Sd/-  
**N.BENJAMIN NEWMAI**  
COMMISSIONER & SECRETARY  
NAGALAND LEGISLATIVE ASSEMBLY