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**NAGALAND LEGISLATIVE ASSEMBLY
KOHIMA**



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

TWELFTH ASSEMBLY

117TH REPORT

of

**The Committee on Public Accounts (2015-2016)
on the Action Taken by the Government on the Observations /
Recommendations contained in the 113th Report of the
Public Accounts Committee on the C&AG Report of India 2010-2011
Performance Audit on Public Distribution System (PDS) in Nagaland**

Adopted by the Committee on 12th August 2015

Presented to the House on 18 MAR 2016

**NAGALAND LEGISLATIVE ASSEMBLY SECRETARIAT
KOHIMA: NAGALAND**

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Part -II

Minutes of the sitting of the Committee on Public Accounts

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

Constituted on 27th 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
3. Smt. Aosenla - Joint Secretary
4. Smt. Razoulenuo - Deputy Secretary
5. Shri. T. Noksang Jamir - Under Secretary
6. Shri. T. Nzanbemo Lotha - Section Officer

INTRODUCTION

I, the Chairman, Public Accounts Committee (2015-2016) having been authorised by the Committee to present the Report on their behalf, do present this Action Taken Report by the Government contained in the 113th Report of the PAC on the Examination of the Report of the Comptroller and Auditor General of India for the year 2010-2011, 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 2010-2011 were laid on the table of the House on 22nd March 2012.

The present Committee was constituted on 27th July 2015 by the House under the Rule 326 of the Rules of Procedure and Conduct of Business in the Nagaland Legislative Assembly.

This Report was considered and adopted by the Committee in its meeting held on 12th August 2015.

The Committee is thankful to all senior Government Officers of Nagaland for implementation of the Committee's Observations and Recommendations within the stipulated time.

The Committee also appreciates the valuable assistance of the Commissioner & Secretary, Officers and Staff of the Assembly Secretariat who dealt with the Committee matter and guiding the Committee in all forms.

Kohima the 12th August 2015

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

CHAPTER - I

Observations/ Recommendations which have been accepted by the Government

Food & Civil Supplies Department

(Replies received vide letter no.SPLY-4/1/2015

Dated: Kohima, 11th March 2015)

1.1 Financial Outlay & expenditure (Para 3.1 of AR)

1.4 Observations/ Recommendations

The Committee recommends the Department to state the present status of the utilization certificate and also how much delay is there for the current year, detail status be intimated to the Committee within 3 (three) months from the date of laying this report in the House.

① Action Taken by the Department

Since then the Department regularly utilize the fund for drawal of foodgrains for implementation of Annapurna scheme. (The Photocopy of the utilization certificate for the year 2013-14 has been submitted). Allocation of rice for drawal from FCI for the current year (2014-15) has not yet been made to the State from Central Pool for implementation of the scheme.

2.1 Survey, Investigation & Identification (Para 4.1 of AR)

2.3 Observations/ Recommendations

The Committee observes that some foodgrains meant for the beneficiaries are being sold in the market, the Committee doubt that whether the Department is judiciously implementing the scheme in the rural areas, detail report be furnished to the Committee within 3 (three) months from the date of laying this report in the House.

2 **Action Taken by the Department**

The number of households/families and percentage of population under targeted group was decided upon by the GOI adopting their own methodology and intimated to the State with allotment of foodgrains meant for them at the prescribed scale. The State Government Department proportionately distributed said number of beneficiaries to all the districts in the State for identification of potential beneficiaries involving the District Administration and Civic bodies to provide distinctive ration card to the identified households to fetch foodgrains at the prescribed scale and rate on entitlement basis. Entire State quotas of foodgrains under targeted groups were allotted to the districts commensurate with the number of the identified households at the prescribed scale. Arrival and distribution of foodgrains thereof jointly monitored by the Department and the District Administration and as a token of such joint verification append their signature and counter signature on the reports acknowledged. Not a single grain left and thereby may not please be misconstrued of selling in the market. Hence, selling of foodgrains in market meant for the beneficiaries does not arise.

2.5 Observations/ Recommendations

The Committee recommends the Department to submit the correspondence with the FCI with regard to the pending reimbursement amount within 3 (three) months from the date of laying this report in the House.

3 **Action Taken by the Department**

In compliance to the direction made by the Hon'ble Public Accounts Committee, the copy of the correspondences with the FCI with regard to the pending reimbursement claim has been submitted.

2.6 Review of households (Para 4.2 of AR)

2.8 Observations/ Recommendations

The Committee observes that since the latest figures of census for the year 2011 has been released; the Department should utilize it for eligibility of beneficiaries. Measures taken for the smooth functioning be intimated to the Committee within 3 (three) months from the date of laying this report in the House.

4 **Action Taken by the Department**

In conformity with the observation and recommendation made by the Hon'ble Public Accounts Committee, the State Government Department strictly follow the latest figures of population of census 2011 up to date in order to accommodate eligible beneficiaries in the appropriate scheme in consideration of the fact that the allocation of foodgrains made to the State from the Central Pool meant for the State populace as per scheme's criteria.

4.1 Observation of non-viable FPS (Para 6.1 of AR)

4.3 Observations/ Recommendations

The Committee recommends the Department to state the functioning of the Inspecting staff and submit their latest findings to the Committee within 3 (three) months from the date of laying this report in the House.

5 Action Taken by the Department

It may be mentioned that there is standing instructions to conduct regular inspection by the inspecting staff viz. Inspectors, Sub-inspectors as may be entrusted by the respective District Authority; periodical inspection by the District Officers and surprise check by the Local Administration to monitor the functioning of FPSs. Such inspection is aimed to educate the FPS dealers at the best possible means to provide necessary skill to run their outlet hassle free. Such inspections are to provide necessary guidance to take corrective measures on regular basis.

5.1 Allocation & distribution (Para 7.1 of AR)

5.2 Observations/ Recommendations

The Committee would like to be informed about the enhancement of food grains discussed with the Minister-in-charge and also how it was finalised within 3 (three) months from the date of laying this report in the House.

6 Action Taken by the Department

As a matter of fact there is no enhancement of food grains in any of the scheme in the light of the fact that the GOI is concentrating for years

together to implement NFSA (National Food Security Act) and to bring the eligible beneficiaries under the ambit of the Act by providing foodgrains within a prescribed scale of Five kg of foodgrains per head per month at the specially subsidized prices i.e. Rice @ ₹3/- and Wheat @ ₹2/- per kg.

5.3 Delay in lifting of food grains from FCI (Para 7.2 of AR)

5.5 Observations/ Recommendations

The Committee observed that there has been huge lapse of 30876 MT of foodgrains and 5613.53 MT of sugar, the Committee would like to be apprised of how the foodgrains and sugar were lifted and disposed within 3 (three) months from the date of laying this report in the House.

7 Action Taken by the Department

During the period under report the Food Storage Depot (FSD) at Tuensang, Mon and Mokokchung were remained inoperative which led the Department to face tremendous difficulties to implement the schemes in those 3 (three) districts from FSD, Dimapur. Secondly, the FCI, Dimapur was the lone functional FSD in the State which had to take care of twin state which had to take care of twin States viz. Manipur and Nagaland besides others like Defence personnel etc. posted in Nagaland and adjoining areas caused to suffer inordinate delay to get stock released by the FCI, Dimapur despite of mobilization of fund components within the time stipulated by the GOI. Thirdly, had to depend upon and to await arrival of foodgrains in the FCI, Dimapur through Rail Rakes to effect delivery and thereby it was beyond our capacity to control the lapse of foodgrains in question. However, it is now relieved of those inconveniences after erection of FCI complex at Dimapur and since then there is no lapse in lifting of food grains at all.

5613.53 MT of sugar was lapsed due to non-availability of stock with the FCI, Dimapur because of poor arrival from the Central Pool during the year 2008-09. Though the matter was frequently taken up with the Ministry and the Directorate of Sugar, GoI to rush sufficient stock of sugar to the FCI, Dimapur to affect delivery to the State against State quota so as to cater to the requirement of State populace but to no avail so far.

5.6 Distribution- Below Poverty Line (Para 7.3 of AR)

5.7 Observations/ Recommendations

The Committee recommends the Department that the foodgrains should be made mandatory and distributed to all districts or constituencies accordingly to their allotment, The Audit has pointed out that there were problems in the allocation, lifting and distribution of foodgrains, some inefficiencies and loopholes exists in the Fair Price Shops (FPSs), therefore, the Department should keep in check the distribution system.

8 Action Taken by the Department

The recommendations made by the Hon'ble Public Accounts Committee is noted for future guidance.

As mention may be made here that the GoI had allotted 3023 MT of food grains (Rice 2430 MT and Wheat 593 MT) per month [vide GoI's order No. 1-1/2005 BP III dated 12/04/2005] for 86400 BPL households earmarked switched over to the AAY scheme in its 3rd expansion whereby BPL households reduced from 86400 to 76500. As such the GoI reduced the allocation of food grains for BPL scheme from earlier 3023 MT to 2676

MT (Rice 2152 MT and Wheat 524 MT) per month for 76500 BPL households [vide GoI order No.2/Nagaland /2005- BP.III dated 13/12/2005] became operative from 01/01/2006. Said reduction of BPL households and quantum of food grains thereof lead to such less drawal otherwise no lapses occurred.

5.8 Diversion of foodgrains to the open market out of allocation for APL families (Para 7.7.1 of AR)

5.9 Observations/ Recommendations

The Committee recommends the Department to reconcile the figure of APL cardholders with the A.G and submit the reconciliation report to the Committee within 3 (three) months from the date of laying this report in the House.

9 Action Taken by the Department

With due permission it may be mentioned that the detailed records/ register of APL cardholders are available in the respective districts. On the basis of the reports received from the districts with regard to the number of APL ration cards in circulation the compilation was made in the Directorate as noted hereunder:-

1.	Kohima Districts	:	14900
2.	Dimapur Districts	:	25528
3.	Phek Districts	:	10853
4.	Wokha District	:	8788
5.	Peren District	:	4800
6.	Zunheboto District	:	9259
7.	Tuensang District	:	10770

8.	Mokokchung District	:	12707
9.	Mon District	:	9550
10.	Kiphire District	:	3380
11.	<u>Longleng District</u>	:	<u>5328</u>
	Total	:	115863

The Hon'ble Public Accounts Committee may kindly consider to allow the Department to get the matter verified by the next Audit.

5.13 Distribution of levy sugar (Para 7.8 of AR)

5.14 Observations/ Recommendations

The Committee would like to be apprised of the present position of the Utilisation Certificates and also what measures are being taken to tackle the situation of purchasing sugar from open market whether any measures has been taken up within 3 (three) months from the date of laying this report in the House.

Action Taken by the Department

Since the allocation of levy sugar was made to the State from the Central Pool meant for entire State population, though the priority was given to the ration card holders but the demand of far flung areas were met through respective Village Councils entrusted with the status of FPS.

The Department primarily caters holders in the districts and for which mobilization of fund components within the time stipulated by the Ministry is an important factor and that too lifting within the prescribed validity period, otherwise allocation lapses. To avoid lapses and sugar being perishable item

as well decentralized distribution pattern through the Village Councils entrusted with the status of FPS. The Government thus communicate allocation order in favour of Village Councils or their representatives to make payment at the prescribed rate and draw quantity appending receipt on such allocation order copy itself for acquaintances and authenticity, which in turn compiled in the Directorate of Food & Civil Supplies, Nagaland, Dimapur and submits delivery report to the Government based on such release orders.

Consequent upon removal of levy system in sugar by the Ministry from June 2013, the procurement is made from open market and distributed accordingly.

5.15 Utilisation Certificates (Para 7.9.1.2 of AR)

5.16 Observations/ Recommendations

The Committee observes that in many Districts unlicensed permit holders are benefiting instead of the beneficiaries resulting in diversion to the open market, therefore, the Committee recommends the Department to take corrective measures for maintenance of Utilization Certificates and apprise the Committee within 3 (three) months from the date of laying this report in the House.

Action Taken by the Department

The Petroleum products since been directly controlled by the District Administration from inception have been asked for maintenance of Utilisation Certificates deputing Officer for monitoring arrival and distribution of SKO in their respective Jurisdiction.

The District Administration concerned have been asked to utilize the services of Food & Civil Supplies officials posted under their respective jurisdiction for proper distribution and maintenance of accurate and regular data with regard to receipt, distribution, reporting, submission of Utilisation reports, etc regularly.

5.17 Iodised Salt (Para 7.14 of AR)

5.18 Observations/ Recommendations

The Committee observed that since public prefers the salt from the open market and nobody is lifting the iodised salt, the Department can write to the Government of India that it is not required, measures taken be intimated to the Committee within 3 (three) months from the date of laying this report in the House.

12 Action Taken by the Department

Since peoples do not prefer to buy loose salt (though iodised) for human consumption at this moment, the Department also do not place demand for the same to the Ministry, but to keep in abeyance for the time being to keep the matter open for future requirement if necessary. In case the Department write to the GoI that it does not require the matter shall be closed for all future cases.

6.1 Performance of godowns operated by the State (Para 8.2 of AR)

6.3 Observations/ Recommendations

The Committee recommends the Department to submit the progress of work for the construction of FCI godowns in six Districts to the Committee within 3 (three) months from the date of laying this report in the House.

13 Action Taken by the Department

Barring the existing FCI godowns in the districts of Dimapur, Mokokchung, Tuensang and Mon there is no other FCI godowns in other districts in the State made by the FCI.

7.1 Scheduled caste/ Scheduled tribe/OBC hostel scheme (Para 9.1 of AR)

7.2 Observations/ Recommendations

The Committee recommends the Department to act appropriately to verify the list of institutions having hostel facilities and number of students in the hostel for the smooth function of distribution system, lists of institution and number of students thus procured be intimated to the Committee within 3 (three) months from the date of laying this report in the House.

14 Action Taken by the Department

The recommendations made by the Hon'ble Public Accounts Committee is noted for future guidance. The list of institutions having hostel facilities and the number of students in the Hostel are being verified and on the strength of the number of such boarders allocations of foodgrains are made to the institutions. (The list of such allocation since been ordered for the first half of the year 2014-15 has been submitted).

7.3 Village grain bank scheme (Para 9.3 of AR)

7.5 Observations/ Recommendations

The Committee observed that about 143 VGBs were non-functional so the Committee would like to be apprised of whether the Department has

taken up the matter with MARCOFED and also whether any corrective measures are being taken up to curb the situation, measures as such taken be intimated to the Committee within 3 (three) months from the date of laying this report in the House.

15 **Action Taken by the Department**

Consequent upon the enactment of the NFSA (National Food Security Act) the GoI has already discontinued the VGB scheme.

- 8.1 **Vigilance Committee and FPS Committee (Para 13.4 of AR)**
- 8.2 **Observations/ Recommendations**

The Committee recommends the Department to submit the reports of the Vigilance Committee and their findings which was set up by the Department to the Committee within 3 (three) months from the date of laying this report in the House.

16 **Action Taken by the Department**

In compliance to the recommendations made by the Hon'ble Public Accounts Committee the detailed statement showing the year wise status of Vigilance Committees for monitoring the functioning of TPDS up to 31st March 2012 has been submitted.

CHAPTER- II

Observations and Recommendations which the Committee do not desire to pursue in the light of the replies received from the Government

- 3.1 **Estimation and printing of ration cards (Para 5.1 of AR)**
- 3.3 **Observations/ Recommendations**

In view of the Departmental replies the Committee would not like to comment further but also opines that the Department should print the Ration Cards as per the requirement and for the additional the Director should take care of it.

17 **Action Taken by the Department**

Noted for future guidance.

- 5.10 **Distribution-adhoc-additional Above Poverty Line families (Para 7.7.2 of AR)**
- 5.12 **Observations/ Recommendations**

In view of the Departmental replies the Committee would not like to comment further.

18 **Action Taken by the Department**

Noted for future guidance.

CHAPTER - III

Observations/ Recommendations in respect of which no reply have been furnished by the Government till the date of finalisation of the Report

-Nil-

CHAPTER - IV

Observations/ Recommendations in respect of which the Government has furnished interim replies.

-Nil-

CHAPTER - V

Observations / Recommendations in respect of which the Government replies have not been accepted by the Committee and which requires reiteration

-Nil-

CHAPTER- VI

Replies of the Government which needs reiteration by the Committee

-Nil-

PART- II

MINUTES OF THE 1ST MEETING OF THE PAC (2015-16)

Minutes of the first meeting of the PAC 2015-16
held on 12th 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 115th Main Report and 116th and 117th 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
ASSEMBLY SECRETARIAT