

NAGALAND LEGISLATIVE ASSEMBLY



**PUBLIC ACCOUNTS COMMITTEE
(2014-2015)**

TWELFTH ASSEMBLY

113th REPORT

of

**the Committee on Public Accounts (2014-2015) on the Examination of the
Report of the Comptroller & Auditor General of India for the year 2010-2011**

Performance Audit on

Public Distribution System (PDS) in Nagaland

Adopted by the Committee on 28th August 2014

Presented to the House on 16 DEC 2014

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**NAGALAND LEGISLATIVE ASSEMBLY SECRETARIAT
NAGALAND : KOHIMA**

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**Composition of the Committee on Public Accounts
(2014 – 2015)**

Constituted on 25th July 2014.

Chairman

- | | | |
|----|------------------------------|-----|
| 1. | Shri. Toyang Changkong Chang | MLA |
|----|------------------------------|-----|

Members

- | | | |
|----|------------------------|-----|
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| 3. | Shri. C. Apok Jamir | MLA |
| 4. | Shri. C.M.Chang | MLA |
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| 2. | Shri. K. Sekhose | - | Additional Secretary |
| 3. | Smt. Aosenla | - | Joint Secretary |
| 4. | Smt. Bangjung Chang | - | Joint Secretary |
| 5. | Smt. Razoulenuo | - | Under Secretary |
| 6. | Shri. T. Noksang Jamir | - | Under Secretary |

INTRODUCTION

I, the Chairman, of the Committee on Public Accounts (2014 -2015) having been authorized by the Committee to present the Report on their behalf, do present this 113th Main Report of the PAC (12th Assembly) on the Report of the Comptroller and Auditor General of India - Performance Audit on Public Distribution System in Nagaland (2010-2011), to the Nagaland Legislative Assembly.

The Report of the Comptroller and Auditor General of India- Performance Audit on Public Distribution System in Nagaland (2010-2011) was laid on the table of the House on 22nd March 2012 and consequently, the Committee on Public Accounts 2013-2014 had taken up the examination of the paras reflected therein and held oral evidence with the Departmental Representatives on 13th June 2013.

The present Committee on Public Accounts was constituted on 25th July 2014 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 28th August 2014.

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 staff.

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

Kohima the 28th August, 2014.

Sd/-
(TOYANG CHANGKONG CHANG)
CHAIRMAN
PUBLIC ACCOUNTS COMMITTEE

FOOD & CIVIL SUPPLIES DEPARTMENT **REPORT OF THE COMPTROLLER AND AUDITOR GENERAL** **OF INDIA PERFORMANCE AUDIT ON PUBLIC DISTRIBUTION SYSTEM** **IN NAGALAND.**

CHAPTER-I

FINANCIAL MANAGEMENT

Financial outlay & Expenditure (Para 3.1 of AR)

- 1.1 The Department operates the PDS system in the State with the support of District Supply offices. There was no direct financial role of Government of Nagaland (GON) in the operation of PDS in the State except the transportation cost of APL commodities from FCI to FPS as the same was to be borne by the State as per norms. The year-wise receipt and expenditure of funds for the period from 2005-11 for implementation of the programmes are out of the total receipt of ₹351.18 lakh under CSS during 2005-11, ₹286.49 lakh was meant for implementation of the Annapurna Scheme.
 - Out of ₹286.49 lakh received by the Department for implementation of Annapurna scheme during 2005-06 to 2010-11, the Department could utilise only ₹265.25 lakh. The Department could not utilise the balance funds of ₹21.24 lakh for Annapurna scheme and instead retained it in the bank as of July 2011 thereby depriving the scheme benefit to the beneficiaries.
 - The State Government also did not release the funds for transportation of foodgrains on a regular basis. A total amount of ₹1161.62 lakh was sanctioned by the State Government during 2006-07 and 2007-08 for clearance of pending transportation charges in respect of BPL, AAY and APL categories for the period from 1990 to 2006.
 - The State Government did not release any funds for transportation during 2008-11 resulting in accumulation of transportation bills from the year 2006 onwards. Besides, the Department did not maintain proper documentation showing the actual transportation of foodgrains vis-à-vis charges to be paid. Hence, the payment of transportation charges could not be vouched in audit and the amount outstanding as on 31 March 2011 could not be ascertained in audit.

1.2 The Committee queried the Department as to why the balance fund of ₹21.24 lakh for Annapurna scheme was not utilised but retained in the Bank, thereby depriving the scheme benefit to the beneficiaries. The Department replied that 336.35 MT of rice meant for 5 months allocation from July to November 2006 @ 67.27 MT per month could not be lifted from the FCI for want of formal allocation order from the GOI. Despite several requests to the FCI authorities on time to accept deposit of the value of the State Quota of Annapurna Rice for said 5 months but the FCI's stand was that in the absence of formal allocation order from GOI they cannot accept deposit. However, the matter was taken up with the Ministry but to no avail, thereby resulting in lapse of quota. Annapurna Scheme is operated through the bank account opened for the purpose duly authenticated by the GOI. Money received on this account and spent for the specific purpose leaving balance amount in that bank account. Yearly utilisation Report submits to the GOI clearly indicating exact amount of closing balance in the said Bank Account.

1.3 The Committee also inquired about the action taken to clear the outstanding liability of transportation cost to ₹6.50 crore. To this the Department stated that the State Government has so far released ₹25,86,86,614 crores to clear the outstanding transportation cost to the transporters. It may also be mentioned that the Department has also taken up with FCI authorities for reimbursement of the transportation by way of Hill transport subsidy.

1.4 **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 lying this report in the House.**

CHAPTER-II

AUDIT FINDINGS

Survey, Investigation & Identification (Para 4.1 of AR)

2.1 The Department did not take any other action for identification of BPL beneficiaries during 2005-11. The position of beneficiaries availing the benefit of PDS from January 2006 till the end of March 2011 is given below:

Table 4.1

Scheme	Beneficiaries
BPL	76500
AAY	47500
Annapurna	6727
Total	130727

Out of 7200 beneficiaries identified by the Department. GOI approved 6727 Annapurna families in 2004-05 and the number of beneficiaries remained constant till the end of 2010-11.

As per 2001 Census, eighty nine *per cent* of the population in the State belongs to scheduled tribe category. Out of a total of 2.95 lakh households in the State 1.31 lakh households were identified under BPL, AAY and Annapurna categories. Over and above this, an average of 0.42 lakh APL households were in possession of ration cards leaving 1.22 lakh households (41 *per cent*) remaining out of PDS. The Department needs to look into the reasons for keeping 41 *per cent* of the population in a scheduled tribe dominated State beyond the purview of PDS.

2.2 The Committee during the oral evidence meeting inquired the reason for the Department not taking any action for identification of BPL beneficiaries during 2005-11. To this the Departmental representative stated in written that the BPL Scheme came into operation from 01-06-1997. The GOI adopting their methodology decided upon and earmarked the number of BPL household for the State. Those earmarked number of BPL households in respect of the State was proportionately distributed to all the districts with necessary direction to all concerned by forwarding copy of the scheme

guidelines to identify potential beneficiaries involving District Administration and Civic/ Local bodies (Village Councils, VDBs, GBs for rural areas and to include elected Members of Town Committee/ Municipality for Urban areas) with clear instruction that the final identification should be made after verification of doubtful cases with a view to accommodate the real poor. The District Authorities concerned identified the earmarked number of BPL households under their respective jurisdiction and provided with distinctive ration card to the identified households.

2.3 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.

2.4 The Committee queried about the measures taken to identify the targeted beneficiaries in appropriate groups as per the norms fixed by GOI. To this the Department replied that as per the recommendations made by the Audit the review of targeted group of households were taken up since 2009 onwards involving the District Administration and Civic/ local bodies. Till, date 14459 ineligible households (in BPL 8194 households, 5697 households in AAY, and 568 households in Annapurna Schemes) has been replaced by eligible households.

2.5 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.

Review of households (Para 4.2 of AR)

2.6 The failure on the part of the Department to review the lists of beneficiaries on yearly basis resulted in undue benefit of 787.60 MT rice and 196.90 MT wheat to the non-entitled BPL beneficiaries during 2005-09. The Department also extended undue benefit of 127.68 MT rice and 31.92 MT wheat to ineligible AAY beneficiaries during 2005-09. Besides, the entitled beneficiaries were deprived of their rightful benefits under the Schemes.

- Test-check of records of SOS, Peren and Zunheboto disclosed that the benefits of Annapurna scheme involving 13.75 MT rice were extended to 25 dead beneficiaries during 2005-11.
- The scheme guidelines of Annapurna provides that the age of the beneficiaries should be 65 years and above. However, a review of the list of beneficiaries showed that 127 persons (Peren - 82 and Zunheboto - 45) in the age group of 19- 62 years were also given the benefits of 69.85 MT rice under the scheme in violation of the scheme guidelines. Department stated that (December 2011) it was a typing error and a revised list of Annapurna beneficiaries was produced to audit. However, even the revised list had 33 beneficiaries who were under age.
- It was further noticed in audit that the benefits under Annapurna Scheme were extended to 15 beneficiaries (Peren-8 and Tuensang-7) who were also beneficiaries under National Old Age Pension Scheme (NOAPs) and were being provided benefits by the Department of Social Welfare. Thus, the Department provided double benefits to 15 beneficiaries in violation of the Annapurna Scheme guidelines to whom 8.25 MT rice was given under Annapurna Scheme during the period from 2005-11, which was irregular.
- 2.7** The Committee asked the Department the reason for not conducting regular review of beneficiaries from time to time in contravention of PDS Controls order 2011 resulting thereby in extending undue benefit to ineligible beneficiaries of 1007.13 MT rice and 282.82 MT wheat valuing ₹76.24 lakh while depriving the entitled beneficiaries of their rightful benefits. Departmental representatives stated that distinctive ration card is provided to identified beneficiaries for the duration of 2 (two) years, subject to renew on expiry. Necessary verification, reviews identifications are made at the time of renewal by the field level officials and updated every two years. However, the system was not effective and was replaced by annual revision involving District Administration and Local bodies for deletion of ineligible beneficiaries and inclusion of eligible beneficiaries in the appropriate scheme with a view to extend the benefits to the rightful beneficiaries.

Also inquired whether any steps been taken to bring about review of beneficiaries in coordination with local bodies. Departmental representatives replied that annual review shall be continued for all the schemes on yearly basis as per the recommendation made by the Audit so as to prevent possible misuse at the end

point. Clear instructions have been made to all concerned to involve concerned District Administration and Local bodies for identification of BPL, AAY and Annapurna beneficiaries with specific direction that the final identification should be made after verification of doubtful cases with a view to accommodate potential beneficiaries in the appropriate scheme.

2.8 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.

CHAPTER-III

RATION CARDS

Estimation and printing of ration cards (Para 5.1 of AR).

3.1 The estimation of printing of ration cards should be based on the requirement received from district supply offices in consultation with local bodies duly approved by the District administrative officers. The periodicity of printed BPL & AAY ration cards is for two years and were required to be renewed after every two years. The periodicity of printed Annapurna card was for three years and were being renewed after every three years. APL card did not have any periodicity printed on the card. The position of printing and issue of ration cards to the District authorities for renewal or fresh distribution in respect of different targeted groups is depicted below:

Category of Ration Cards	BPL	AAY	Annapurna	APL	Total
No. of Ration cards printed (2005-11)	24450	147100	21800	129397*	542797
No. of Ration cards retained with Directorate	2510	1775	378	87346	92009
Total Ration cards issued	24199	145325	21422	42051	450788

*balance out of 3 lakh APL ration cards brought forward from 2004-05

Name of the Districts	Total no. of Ration cards required for 6 years				Total no. of ration cards issued for 6 years				Total no. of Ration cards issued beyond the requirement			
	BPL	AAY	Annapurna	Total	BPL	AAY	Anna purna	Total	BPL	AAY	Anna purna	Total
Dimapur	35514	18240	3240	56994	36376	18490	3350	58216	862	250	110	1222
Kohima	25515	14430	2307	42252	26460	14680	7419	43559	645	250	112	1307
Phek	24522	13515	1689	39726	25253	13765	1803	40821	751	250	114	1095
Wokha	23529	12810	1380	37719	24656	13060	1490	39206	1127	250	110	1487
Zunheboto	24861	13425	1605	39891	25894	13750	1725	41369	1033	325	120	1478
Tuensang	10560	12555	2421	25536	12590	12805	2537	27932	2030	250	116	2396
Mokokchung	29985	16500	2613	49098	30915	16750	2721	50386	930	250	108	1288
Mon	21747	13995	2475	38217	22978	14245	2585	39808	1231	250	110	1591
Peren	8697	8370	1074	18141	10028	8620	1188	19836	1331	250	114	1695
Kiphire	18396	10770	819	29985	19224	11020	933	31177	828	250	114	1192
Longleng	6174	7890	558	14622	7616	8140	671	16427	1442	250	113	1805
Total	229500	142500	20181	392181	241990	145325	21422	408737	12490	2825	1241	16556

CHAPTER-IV

FAIR PRICE SHOPS (FPS)

Operation of non-viable FPS (Para 6.1 of AR)

4.1 According to GON order (March 1999), all the FPS shall maintain separate registers for APL and BPL regarding (i) number of ration card holders allotted to the FPS mentioning ration card number, name of ration card holders, full address, number of family members indicating the number of adults and minors etc., (ii) stock ledger commodity-wise. (iii) issue register showing ration card number, name of ration card holder, commodity and quantity issued, signature or thumb impression of the recipient. The FPS were also required to display a signboard indicating the name of FPS dealer, FPS license number, location etc. at a conspicuous place in front of the FPS outlet. Similarly, a citizen charter showing the name of commodities, price etc. should be displayed inside the FPS outlet at a prominent place. FPS Committees should also be formed to monitor the functioning of the FPSs.

- Physical verification (June-July 2011) of 24 FPS revealed that on stock/ sale register was maintained and no signboards were displayed in the FPSs indicating the required information. The Department also did not form FPS Committees to monitor the functioning of the FPSs. The details of receipt and utilisation of the commodities sold through the FPSs were neither maintained nor reported to the Department. Hence, the actual receipt and issue of the commodities could not be ascertained and verified at the FPS. Further, viability of 24 test checked FPSs could not be assessed in audit.

- FPS commission at the rate of ₹ 15 per quintal is admissible to the FPS owners while distributing AAY and BPL foodgrains. However, 5 FPS in Tuensang district received and distributed foodgrains ranging from 10 to 25 quintals per month against their average entitlement of 64 to 125 quintals per month under AAY and BPL category. Thus, due to less allotment of foodgrains to the FPS, the owners of this FPS earned commission in the range of ₹150 to ₹375 per month rendering the FPS non-viable and the prospect of diverting foodgrains to open market cannot be ruled out.

- It was noticed from the records of the Department that assessment of requirement of ration cards was not made from the field units in order to estimate the quantity of ration cards to be printed in respect of targeted groups. The Department printed distinctive coloured ration cards for targeted groups for ₹31.90 lakh during 2005-11 through a private printer located at Dimapur without observing the purchase procedures and financial rules. It can be seen from the above table that the total requirement of ration cards (excluding APL households) during 2005-11 was 3,92,181. The Director, FCS however, issued 4,08,737 ration cards resulting in excess issue of 16,556 ration cards during the same period. The Department also did not exercise any control over the issue of ration cards through periodical physical verification which facilitated issue of duplicate and bogus cards at the district level as discussed in succeeding paragraph.

3.2 The committee questioned the Department to state the reason for printing the ration cards and issuing in excess without assessment of requirement from the field units. Departmental representatives replied that the estimation of printing of number of distinctive ration cards were mainly based on the number of households under different schemes as earmarked by the GOI keeping provision for some extra number of cards in case of cancellation, mutilation, loss etc. Though some extra number of ration cards under different schemes were issued to the district offices which is anticipated to be used in cases of cancellation, mutilation, loss, etc because in manual work human error cannot be totally ignored/ avoided. This is to ensure that the implementations of the schemes are not delayed.

The Committee inquired about the measures taken to maintain the database of ration cardholders and to ensure prevention of misuse of ration cards. Departmental representatives replied that affixing photograph of the beneficiaries in the ration card and database of the ration cardholder to indicate father's name, age of the cardholder etc.. is being followed in the newly redesigned ration card.

3.3 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.

4.2 The Committee queried the Department for the measures taken to follow the procedures as per GON order (March 1999) with regard to matters such as maintenance of registers/ display of signboard, constitution of FPS Committee etc. Departmental representatives replied that all the Fair Price Shops (FPSs) concerned have been directed to maintain relevant registers, display signboard in a conspicuous place of their outlet and to follow the departmental norms and procedures in a well to do manner. It may be worth mentioning that all the FPS dealers may not have the necessary skill to maintain records and functioning of FPS outlet in proper perspectives, therefore the inspecting staff in the districts has been directed to educate them at the best possible means.

When asked whether any corrective measures have been taken to bring about operation of FPS as replied by the Department in December 2011. The Department stated that instructions have been issued to conduct regular inspection by the inspecting staff, periodical Inspection by the District Officers and surprise check by the Local Administration in regard to monitoring the functioning of the FPS. Renewal of license annually to be done on the basis of their performance. Village level and FPS level Vigilance Committees are there to conduct vigil over the matter of functioning of the FPSs and to take steps to redress grievances. These Committees were not satisfactorily functioning in earlier years but now it has started functioning and all out efforts are being made to activate them at all levels to monitor the performances of PDCs (Public Distribution Centres) and FPSs as well.

4.3 **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.**

CHAPTER-V

ALLOTMENT, LIFTING AND DISTRIBUTION

Allocation & distribution (Para 7.1 of AR)

5.1 The process of allocation broadly consists of two main components namely:-(i) Actual allocation of Commodities based on the number of identified beneficiaries; and (ii) Consumption Reporting.

Based on the availability and requirements, allocation is made to the Districts and Blocks from one level to the next lower level i.e. State allocates to Districts, Districts to Blocks and Blocks to FPS. Consumption reporting on closing balance under different targeted groups starts from the FPS level and moves through the Blocks and Districts finally to the Director, FCS who consolidates the district-wise information and arrives at the total consumption.

The ratio of Rice and Wheat, in the allotment of foodgrains under BPL/APL, was streamlined by the GOI effective from August 2005 keeping in view the food habits of each State. The norm for the State of Nagaland was fixed at 28 kg rice and 7 kg wheat per month per card holder to the targeted beneficiaries except Annapurna Scheme. The beneficiaries under Annapurna were provided 10kg rice per month per card holder.

The Committee asked the Department the reasons for the Department to convey the requirement of rice and wheat to the GOI on a static basis without either a periodical survey or obtaining the inputs from the lower formations in respect of all targeted beneficiaries. To this the Department in written stated that, it may not be proper to say that the Department conveyed the requirement of Rice and wheat to the GOI on a static basis in respect of all the targeted beneficiaries because the Union Planning Commission had adopted the methodology of the "Expert Group on estimation of proportion and number of poor" took the step to assess the number of persons and percentages of BPL population at state level and such number of BPL families earmarked for the safety by the GOI. Unless the GOI increases or decreases such number, the percentage of targeted beneficiaries will remain the same.

The monthly allocation of foodgrains are made to the State by the GOI based on the number of households earmarked under different schemes viz. BPL, AAY and Annapurna at the prescribed scale under those schemes. The State Food and Civil Supplies Department in turn sub-allocate the State Quota to all the districts in the State in a similar manner. As for APL scheme transitory allocation is made to the state from the Central Pool. It may be seen from the statement furnished below that the comparison of the percentage of rice and wheat against the total allocation and off-take of foodgrains to the State from the Central Pool are as shown here under:-

Schemes	GOI Allocation	Off-take		
		Wheat	Rice	Wheat
BPL	80.62%	19.38%	80.62%	19.38%
AAY	80.37%	19.63%	80.35%	19.65%
APL	66.72%	33.28%	64.49%	35.51%

As such, the ratio of 28kg of Rice and 7kg of wheat per month per cardholder under the above-mentioned schemes may not be at par but to distribute them proportionately or as per the demand of the beneficiaries as the scheme guidelines envisaged that the entitled should be either rice or wheat or combination of both.

5.2 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.

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

5.3 The time limit prescribed for lifting of foodgrains from FCI, Dimapur was 50 days starting from the first day of the month preceding the month of allocation and ending on the 20th day of the allocation month. The average delay in lifting by the Department during the last six years is detailed below:

Table No.7.1 (In MT)

Targeted beneficiaries	Total allocation during last six years		Delay in lifting during the last six years										Quality lapsed and not lifted	
	Rice	Wheat	Rice					Wheat					Rice	Wheat
			1-3 months	4-6 months	7-12 months	Above 1 Year	1-3 months	4-6 months	7-12 months	Above 1 Year	1-3 months	4-6 months	7-12 months	
BPL	166288	40058	4834	0	0	0	517	0	0	0	0	0	854	277
AAY	92904	22740	1691	0	0	0	333	0	0	0	0	0	593	7
ANNA PURNA	403624	0	7403	2019	3365	0	0	0	0	0	0	0	343	0
Gross Total	263228.24	62798	13928	2019	3365	0	850	0	0	0	0	0	1790	284
APL	346635	175058	16835	0	0	10874	9875	654	654	654	654	654	26038	2764
Net Total	609863.24	237856	30763	2019	3365	10874	10725	654	654	654	654	654	27828	3048
Sugar	86022		28231	10748	4147	0		NA						561353

(Source: Departmental records)

- As could be seen from the above, out of 847719.24 MT foodgrains (609863.24 MT rice and 237856 MT Wheat) allocated by GOI during 2005-11, the Department failed to lift 30876 MT foodgrains (27828 MT rice and 3048 MT wheat) even after extension of maximum time limit granted by GOI. Thus, the Department failed to lift 30876 MT of foodgrains which deprived the beneficiaries to that extent.
- There was delay in lifting of 59054 MT foodgrains ranging from one month to more than one year.
- Similarly, against the allocation of 86022 MT levy sugar for the last six years, the Department authorised the stockist to lift only 80408.47 MT sugar resulting in lapse of 5613.53 MT of sugar. The Department attributed the lapse to non-availability of levy sugar with FCI, Dimapur. Besides, during the last six years 43126 MT (50 per cent) sugar was lifted after a delay ranging from one to eleven months.

While accepting the facts, the Department stated (October 2010 and December 2011) that the period of delay in lifting of commodities had reduced substantially from 2008 onwards after operation of closed FSDs at Tuensang, Mon and Mokokchung.

5.4 The Committee during the course of oral evidence meeting inquired about the steps being taken by the Department to prevent delays in lifting of foodgrains and consequent deprivation of beneficiaries. The Department stated that they deliver the allocated quantity of foodgrains from the FCI exclusively on prepayment basis. The Value thereof is deposited to the FCI within the time stipulated by the Ministry and lifting to be completed within the time limit prescribed by the GOI. In case of failure on the part of the Department either to render deposit of the value or to lift stock within such period the allocation automatically lapses. Hence, the Department ensures that the deposits of value of the State quota is done on time and lift the foodgrains within the stipulated period to avoid lapses. The grants of extension is only allowed in case of failure on the part of the FCI to provide stock mainly due to non-availability or any other operational ground. Therefore, the Department may not be blamed for the delay in lifting of foodgrains from the FCI. It may please be seen from the Table No. 7.1 that the said 59054 MT of foodgrains although delayed in lifting but not 'non-lifting'. As such the scheme beneficiaries were not deprived but delayed in getting their entitlement due to the reason stated above which was beyond the control of the Department. Prior to construction of FCI Complex

Dimapur, the Department had to depend upon arrival of foodgrains through Rail rakes to FCI/CWC warehouse to get delivery. Even after rendering deposit of the value of State Quota of foodgrains within the time stipulated there used to be inordinate delay due to transport problem by the Rail, now the problem does not exist except in very exceptional circumstances. However all the efforts are being made to avoid delay in lifting from our side as far as practicable.

5.5 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.

Distribution- Below Poverty Line (Para 7.3 of AR)

5.6 The identified BPL beneficiaries were entitled to 35 Kgs foodgrains (28 Kg rice and 7 Kg wheat or 35 Kg Rice or 35 Kg wheat) per month at a price of ₹6.15 and ₹6.25 per Kg of rice and wheat (atta) respectively. The requirement, allocation and quantity of foodgrains lifted and lapsed are detailed below:

Year	Targeted BPL beneficiaries	Requirement for the targeted group		Quantity allocated by GOI through FCI		Total foodgrains lifted from FCI		Quantity not lifted/lapsed		Remarks
		Rice	wheat	Rice	wheat	Rice	wheat	Rice	wheat	
1	2	3	4	5	6	7	8	9	10	
2005-06	86400	21773	5443	29160	7116	28306	6909	854	207	Variation in allocation & non-lifting was due to switch over of 9900 beneficiaries from BPL to AAY
2005-06	76500	6426	1606							
2006-07	76500	25842	6288	25824	6288	25824	6218	0	70	
2007-08	76500	25926	6204	25908	6204	25908	6204	0	0	
2008-09	76500	25926	6204	25908	6204	25908	6204	0	0	
2009-10	76500	25926	6204	25908	6204	25908	6204	0	0	
2010-11	76500	25926	6204	25908	6204	25908	6204	0	0	
Total	545400	157745	38153	158616	38220	157762	37943	854	277	

As could be seen from the above table, a total of 195898 MT foodgrains (157745 MT rice + 38153 MT wheat) were required for distribution at the prescribed scale against which the GOI allocated 196836 MT foodgrains (158616 MT rice+ 38220 MT wheat) to the State for distribution during 2005-11. Against the GOI allocation, the Department lifted only 195705 MT and therefore, 1131 MT foodgrains valued at ₹59.74 lakh were allowed to lapse.

5.7 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.

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

(In MT)

Allocation of Rice	337734
Allocation of Wheat	169827
Total allocation of foodgrains	507561
Requirement of rice	84774.82
Requirement of Wheat	21193.70
Total requirement of foodgrains	105968.52
Lifting of rice	314267
Lifting of Wheat	164492
Total lifting of foodgrains	478759
Excess lifting of rice as compared to the requirement	229492.18
Total excess lifting of wheat as compared to the requirement	143298.30

The Committee queried the Department regarding the action taken to keep a check on diversion of foodgrains to open market and allocation of foodgrains to non-card holders. Departmental representatives stated that though 59751 APL ration cards were issued to the districts during 2005-11 to meet the demand of the APL ration cards holders, of which 42051 APL ration cards seems to have been used but that was in addition to the APL ration cards available in the districts and the rest kept for

future use as and when required. It does not mean that these 42051 APL ration cards only were in existence, but the actual position of district wise APL ration cards were in circulation as shown below:-

SI. No.	Name of Districts	Name of APL ration cards in circulation
1	Kohima	14900
2	Dimapur	25528
3	Phek	10853
4	Wokha	8788
5	Peren	4800
6	Zunheboto	9259
7	Tuensang	10770
8	Mokokchung	12707
9	Mon	9550
10	Kiphire	3380
11	Longleng	5328
	Total	115863

The Allocation of APL foodgrains made to the State from the Central pool is transitory allocation. Practically the Department lift foodgrains from the FCI exclusively on prepayment basis within the time frame based on the allocation made to the State by the GOI primarily to casual demand of non-ration card holders especially in the far flung areas cannot be totally ignored in respect of this chronically foodgrain deficit prone State which are met through the respective Village Councils in consideration of the fact that the Allocation to the State from the Central Pool is meant for the entire State populace. Besides the village Councils have been given the status of FPS and entrusted to function especially in the rural hamlet whose purchasing power is very limited.

The Committee also queried whether any investigation has been conducted to look into the reasons for unintended benefit of ₹201.60 crore and possible diversion of wheat valuing ₹70.79 crore, diversion of excess food grains and allocation to non-holders. The Department stated in written that while taking into account of the population of 1988636 in the State as per the census Report, 2001, the number of households may be calculated to 361570 (@ average 5.5 members in a family). Of which 130727 households is covered under BPL, AAY and Annapurna scheme. Thereby, remaining 230843 households falls under APL category whose requirements

at the prescribed scale of 35 kg per month per family may be calculated to 581724.36 MT for the period under report (2005-06 to 2010-2011) against which the Allocation to the State from the Central Pool was 527956 MT (352249 MT rice plus 175707 MT wheat) and the off take was 494866.30 MT (319159.30 MT rice plus 175707 MT wheat) which in way is in excess of requirement of the State populace at the norm of 35 kg per family per month but the actual requirements as per the food habit of population is partially much more. Therefore, the question of excess drawal/ diversion of food grains does not arise.

- 5.9** 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.

Distribution-adhoc-additional Above Poverty Line families (Para 7.7.2 of AR)

- 5.10** GOI allocated adhoc additional 14132 MT APL foodgrains (8901 MT rice and 5231 MT wheat) under TPDS during 2010-11 to all the accepted number of families (AAY, BPL & APL) at a price of ₹11.85 per kg rice and ₹8.45 per kg for wheat in three phases @ 35 kg foodgrains (28 kg rice and 7 kg wheat or 35 kg rice or 35 kg wheat). The Government of Nagaland did not frame any guidelines to identify the additional beneficiaries.

Scrutiny of records of four test checked districts revealed that though 5402 MT foodgrains (3398 MT rice and 2004 MT wheat) were earmarked and stated to be released to the districts, none of the districts received the allocated foodgrains under this special programme. Instead the foodgrains were distributed through the allottees/ permit holders in violation of Scheme guidelines.

Thus, the Department diverted 5402 MT foodgrains valued ₹5.48 crore provided at subsidised rate to the open market.

- 5.11** During the course of oral evidence the Committee queried to the Department as to why no guidelines was framed for identification of additional beneficiaries under the Scheme and also why 5402 MT foodgrains valued at ₹5.48 crore diverted to the open market. The Department in written replied that the allocation of APL foodgrains

in question under Adhoc/ Additional allocation from the Central Pool is made once or twice in a year to augment the requirement of the State being a foodgrain deficit State to meet demand of its population, it was treated as like as existing APL scheme. Initially allocation was made to the districts but due to higher rate of foodgrains under this programme none come forward which lead to issue judiciously to the deserving consumers/ areas under the supervision of the Government.

- 5.12** In view of the Departmental replies the Committee could not like to comment further

- 5.13** Distribution of levy sugar (Para 7.8 of AR)

The position of allocation, lifting and distribution of levy sugar for the period 2005-11 is detailed below: -

Table No 78

(In.Mt)

Year	Total allocated on by GOI	Lifted	Non-lifted/laps ed	Allocation made to						Receipt and issue/distribution reported at				Short in supply to district		
				Dirmp ur	Pacen	Tuomn rg	Zurke booo	Total	Dirn pr	Pacen	Tuomn rg	Zurke booo	Total		Zurke booo	Total
2005-06	14192	14192	0	1200	321	1344	960	3816	50	0	0	261	0	76.10	3739.90	
2006-07	14334	14334	0	1800	540	1980	1440	5760	50	15	65	0	0	130	5600.0	
2007-08	14148	14148	0	1243.2	393.6	556.8	868.8	3062.4	103.60	15	400	0	0	1586	2940.80	
2008-09	14148	8578.47	5569.53	684	180	732	588	2184	120	25	66.4	0	0	211.4	1972.60	
2009-10	14880	14836	44	2400	1200	3360	2400	9360	50	0	187.50	160	0	397.5	8962.50	
2010-11	14320	14320	0	1770	1296	1014	1254	5334	250	150	40	250	690	690	4641.0	
Total	86022	80408.47	5613.53	9097.2	3921.6	8886.8	7510.8	29516.4	623.6	206	425	410	1663.6	1663.6	27862.8	

The Committee inquired to the Department whether any steps has been taken/initiated to bring about proper monitoring mechanism with regard to allocation, lifting, distribution and maintenance of records of levy sugar. Departmental representatives replied that the allocation, lifting, distribution and maintenance of records of levy sugar is monitored at the Directorate level and Government level. The Department primarily caters to the requirement of the ration card holders in the districts and for which mobilisation of fund component 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 due to the above reasons the Government communicates order in favour of the village Councils or their representatives requiring them to collect the Government Order for release of allocated quantity for their area, make payment at the Government prescribed rate and draw the quantity appending receipt on the Government Orders copy itself. The receipted copy of the Government Orders in turn is deposited to the Director, Food & Civil Supplies, Nagaland, Dimapur, who furnish consolidated statement showing delivery report to the Government based on such release Orders.

The Committee also inquired whether any investigation has been done for short receipt of 1663.60 MT sugar valuing ₹ 41.78 crore. Departmental representatives stated in written that though the allocation, as made to the districts but lifted to the extent of fund component mobilised within prescribed time frame and therefore instead of balance quantity to be lapsed, it was utilised to cater to the requirement of the population in far flung areas through the respective Village Councils/ Village representatives etc. under the direct supervision of the Government in the light of the fact that the Village Councils have been given the status of FPS and entrusted to take care of the population in far flung areas. As such, there was no short receipt of levy sugar in question from the FCI.

5.14 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.

Utilisation Certificates (Para 7.9.1.2 of AR)

- 5.15 Though the Department claimed lifting of 102903 KL SKO from the IOC and showed distribution to the districts, the Department could not furnish to audit the consolidated consumption reports and records relating to subsequent distribution to the beneficiaries. In the absence of detailed consolidated utilization reports, the authenticity of actual distribution to the beneficiaries could not be ascertained in audit.

During the course of evidence meeting, the Committee inquired whether any corrective measures have been taken regarding maintenance of utilisation reports of SKO and also location of misplaced utilisation certificates. The Department in written replied that the Petroleum products are being directly controlled by the District Administration with a view to prevent misuse and shortage as well especially for this Hill State. The IOC concerned reached the allocated stock of SKO to the respective districts through their tanker. The receipt and issue of SKO is being done under the direct supervision of the Local Administration. Moreover, it may be mentioned that the handling agencies who were not conversant and familiar with the maintenance of utilisation Reports at the initial stage may not have furnished the details but the distribution was made duly which the District Administration monitors. However, the department has streamlined for proper distribution and maintenance of utilisation Certificates in the recent past.

- 5.16 **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.**

Iodised Salt (Para 7.14 of AR)

- 5.17 The consignments delivered in March 2009 and April 2009 were not tested by any medical authority for quality assessment. The Department did not appoint sub-

stockists to lift and distribute the iodised salt to public through FPS. Thus, the perishable iodised salt delivered by the State stockist remained unsold leading to exposure in unhygienic storing facility. Meanwhile, National Iodine Deficiency Programme (NIDCP) reported (June 2010) 49 goitre cases and confirmed the existence of iodine deficiency in the State. The policy of the Government to eradicate goitre by banning the sale of common salt and introducing use of iodised salt was also defeated due to improper management by the Department.

The Committee inquired the Department as whether any Sub Stockists were appointed to lift the consignment from the state stockist to the districts. The Department stated that, although efforts were made to appoint sub stockists but there was known to take the assignment. Then the allocation was communicated to the districts, but none came forward from the Districts to lift the consignment mainly due to the reason that the people prefer to buy branded superior quality of iodised salt available in the open Market at competitive rate. Moreover, now people do not want to buy loose salt for human consumption. The consignment delivered in March and April 2009 were verified by the Chief Medical Officer & Local health Authority, Dimapur and report made available confirming those consignments of iodised salt to the P.F.A standard vide Letters No. CMO-5/ PFA/4/2008-09/1694-96 dated 23-03-2009 and No. CMO-5/PFA/4/2009-10/353-5 dated 10-06-2009.

- 5.18 **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.**

CHAPTER-VI

STORAGE

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

- 6.1 Scrutiny revealed that during April 2005 to March 2011, the Department renovated 11 godowns with storage capacity of 550 MT at a cost of ₹31.46 lakh. Further six new godowns (capacity-200 MT) were constructed at a cost of ₹80.58 lakh and construction of one godown was under progress (₹18.39 lakh). The Department further reported that 16 godowns (900 MT) were non-functional from April 2005 due to deterioration of the building. Thus, there were only 50 functional godowns in the State with storage capacity of 7150 MT as of March 2011. In addition, the Department hired three private godowns (150 MT) on rent. Details are as given below

Table 8.1

Particulars	Quantity	Capacity
No. of godowns operated by the State (as on March 2005)	81	10550 MT
No. of non-functional godowns (as on march 2005)	26	3050 MT
Godowns in dilapidated conditions (as on march 2005)	04	200 MT
No. of godowns renovated during last five years	11	550 MT
No. of godowns constructed during last 6 years (completed)	06	300 MT
No. of godowns under construction	01	50 MT
No. of godowns which became non operational during 2005-11	16	900 MT
No. of godowns occupied on rent	03	150 MT
No. of godowns with functional status (including rented)	53	7300 MT
<i>(Source: Departmental figures)</i>		

As per the off-take status obtained from FCI, Dimapur, the Department was lifting an average of 11774 MT foodgrains in a month against the total storage capacity of 7300 MT. Inadequate storage capacity of 4474 MT with the Department point towards the chances of pilferage of 4474 MT of foodgrains on monthly basis and also deterioration of foodgrains.

- 6.2 The Committee during the course of oral evidence meeting asked the Department as to what measures have been taken by the Department to mitigate the problem of

inadequate storage capacity of foodgrains, so as to avoid chances of pilferages and deterioration of foodgrains. Department in written stated that though the monthly allocation is 11774 MT of foodgrains to the State under different schemes, in practice the entire quantity is not received in one go. The quantity is received from the FCI in several instalments throughout the validity period of lifting stipulated by the Ministry (i.e. 50 days duration) and at the fastest possible means moved out to PDCs to cater to the requirement of beneficiaries from time to time and thereby there is storage to accommodate within the existing storage space. It may however, be mentioned that the godowns operated by the State was constructed during erstwhile CPO system at the very beginning when the scheme was Departmentally operated through the investment made from the State Exchequer towards procurement and distribution of limited stock of foodgrains. These godowns are now in dilapidated conditions due to usual wear and tear over the years and non-availability of funds for repair/renovations in time.

- 6.3 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.

CHAPTER-VII

CONVERGENCE SCHEMES

Scheduled Caste/ Scheduled Tribe/ OBC Hostel scheme (Para 9.1 of AR)

- 7.1 Scrutiny revealed that Director. FCS did not obtain the list of approved Hostels (upto March 2010) having 2/3rd students population belonging to SC/ST/OBC in the State from the Department of Higher Education to ascertain and evaluate the actual requirement. Instead, the Department assigned (September 2008) the ADSs/ SOSs in the districts to identify the hostels according to the guidelines of Ministry to ascertain the enrolment of boarders, registration number of Hostels. grants-in aid received by the Hostels and the latest status of their existence. None of the ADSs/ SOSs reported the status of eligible hostels under their jurisdiction. However, the Department selected and approved 82 private hostels under the scheme. The scheme benefit was extended to 57 hostels without observing any criteria of Scheme guidelines and the remaining 25 hostels were selected without receiving any request from the Hostel authorities.

The Committee during the oral evidence meeting queried the Department as on what basis was foodgrains (413.38 MT Rice and 413.38 MT Wheat) provided to non-existent hostels. The Department in written stated that with regard to non-existent hostels, it has been ascertained that in view of excursion, educational trip etc., the boarders of some of the hostels were away at the time of physical verification which may not be misconstrued that those hostels were not in existence. At the initial stage of its inception, there may be the possibility of some errors of omission and commission but the matter has been reviewed now and gradually improving.

- 7.2 **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**

Village Grain Bank Scheme (Para 9.3 of AR)

- 7.3 The Village Grain Bank (VGB) under the PDS aimed to safeguard against malnourishment during the period of natural calamity or during lean seasons when the marginalized households do not have sufficient resource to purchase the ration. Towards achieving these aims, the VGBs were to be set up in the food scarce areas/tribal areas, which were prone to natural calamities. The cost of rice was reimbursed by GOI directly to FCI at 4 MT per VGB set up in the State. In addition, GOI funds the training/ administrative cost (₹10,400) of the VGB and fifty per cent of the transportation cost of foodgrains. A Committee was to be constituted in the selected villages to run the grain bank wherein 4MT of foodgrains would be stored and the quantum of foodgrains to be provided on loan and the period of repayment by the households was to be decided by the Committee.

The Department was required to identify the villages according to the size of the population of ST and non-ST in the ratio of 50:50 to safeguard against malnourishment with the help of executing agency nominated by the State Governments. Executing agency would provide the storage arrangement for the VGBs in the identified villages with a onetime grant of ₹6000 assisted through the State Governments. Further, ₹4400 per bank would be paid to the executing agency for imparting training, framing rules and monitoring the scheme. The Department selected 246 villages to set up 529 VGBs in the State on the basis of the recommendation by M/s MARCOFED during 2006-11 without observing any norms prescribed by the GOI. Joint physical verification (August-September 2010 and June-July 2011) with the Departmental officials and members of local bodies revealed that 143 VGBs in the four test-checked districts reported to be set up and functional were not in existence.

- 7.4 The Committee inquired as to why 246 villages were selected to set up 529 VGBs on the basis of recommendation by M/s MARCOFED without observing and norms prescribed by GOI and also why 1200MT of rice was issued to individuals instead of issuing to the Committee entrusted for purpose. The Department stated that the matter of Village Grain bank (VGB) was originally initiated by M/s MARCOFED. The VGBs were set up in those villages duly approved by the Government. In the year 2006-07 the Village Grain Bank scheme was implemented by the MARCOFED, Dimapur. In the year 2007-08 the aforementioned scheme was implemented by this Department. Foodgrains and other cash component were issued

to the VDB or their representative of identified villages to be implemented by the VDBs concerned. Utilisation report thereof submitted to the Ministry well in time. Thereafter, the MARCOFED is implementing the scheme. The Department has directed the MARCOFED to submit village wise implementation certificate and also issued necessary directives to the said implementing Agency to implement the scheme in conformity of the guiding principle of the GOI. The quantum of rice in question issued to the VDB (Village Development Board) through the representatives of identified villages to be implemented by the VDBs concerned. The Department has directed the MARCOFED to submit village wise implementation certificate and also issued necessary directives to the said implementing Agency to Implement the scheme in conformity of the guiding principles of the GOI.

- 7.5 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.**

CHAPTER-VIII

MONITORING MECHANISM

Vigilance Committee and FPS Committee (Para 13.4 of AR)

- 8.1** According to PDS Control order, Vigilance Committees were required to be constituted at all levels viz. State level, District level etc. and FPS Committees were also to be constituted at FPS level to review the overall functioning of TPDS in the State on quarterly basis. Though Vigilance Committees at all the levels were constituted in November 2009, no review meetings were held as of March 2011. FPS Committees were not constituted to review the functioning of FPS in the state. Thus, there was no system to monitor the overall functioning of the scheme and the position of foodgrains lifted and distributed under TPDS remained un-assessed.

The Committee during the course of oral evidence meeting inquired the Department whether any actions are being taken to monitor the overall functioning of the scheme. The Department stated that the Vigilance Committees at all the levels in the district are monitoring the performances of PDCs/FPSs in proper manner and also to take necessary step to redress public grievances as well.

- 8.2 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.**

APPENDIX

Observations and Recommendations

Department	Para No.	Observations/ Recommendations
Food & Civil Supplies	1.1	1.4 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.
	2.1	2.3 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. 2.5 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.
	2.6	2.8 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.
	3.1	3.3 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.

4.1	4.3 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.
5.1	5.2 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.
5.3	5.5 The Committee observed that there has been huge lapse of 30876 MT of food grains 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.
5.6	5.7 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.
5.8	5.9 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.
5.10	5.12 In view of the Departmental replies the Committee would not like to comment further.

- 5.13 5.14 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.
- 5.15 5.16 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.
- 5.17 5.18 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.
- 6.1 6.3 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.
- 7.1 7.2 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.

- 7.3 7.5 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.
- 8.1 8.2 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.

ANNEXURE I

Minutes of the Oral Evidence Meeting of the Committee on Public Accounts held with the Food & Civil Supplies Department in connection with the Performance Audit of Public Distribution System in Nagaland for the Year 2010-11 held on 17th June 2013 in the Assembly Committee Room.

Members Present

- | | |
|--------------------------------|----------|
| 1. Dr. Longrineken, MLA | Chairman |
| 2. Shri Tokheho Yephthomi, MLA | Member |
| 3. Shri C.Apok Jamir, MLA | Member |
| 4. Shri N.Jacob Zhimomi, MLA | Member |

Accountant General's Office

- | | |
|------------------|------------------------------|
| 1. Shri R.Naresh | Accountant General, Nagaland |
|------------------|------------------------------|

Finance Department, Government of Nagaland

- | | |
|------------------------|------------------------------|
| 1. Shri Y.Kikheto Sema | Additional Secretary Finance |
|------------------------|------------------------------|

Assembly Secretariat

- | | |
|------------------------|-----------------|
| 1. Shri. A.E. Lotha | Secretary |
| 2. Shri. K.Sekhose | Addl.Secretary |
| 3. Smt. Aosenla | Joint Secretary |
| 4. Smt. Razoulenuo | Under Secretary |
| 5. Shri. Noksang Jamir | Section Officer |

Departmental Representatives

- | | |
|------------------------|--------------------------|
| 1. Shri. K.T. Sukhalu | Commissioner & Secretary |
| 2. Shri Sedevikho Khro | Director |

The Oral Evidence Meeting of PAC began with the internal meeting as usual. At the outset, the Hon'ble Chairman, while presiding over the meeting welcomed all the Hon'ble Members, Accountant General, Nagaland and Nagaland Legislative Assembly Officials and Staffs present in the meeting.

The Committee then proceeded with the Oral Evidence of the Departmental Representative of Food & Civil Supplies scheduled for the day. The Public Distribution System (PDS) and its Audit Performance of the Department wherein evidence were tendered orally by the Departmental representatives before the Committee. Various queries in the audit report were raised by the Committee and oral replies thereon from the Department were tendered. Views, suggestions and corrective measures for better and improve working system of the Department were deliberated.

On the points of the deliberation, the Department assured the Committee to furnish the documents and information on those relevant para(s). The oral examination concluded at 2:00 pm on the 17th June 2013.

Sd/-
A.E. LOTHIA
SECRETARY

Minutes of the first meeting of PAC

Minutes of the 1st Meeting of the Committee on Public Accounts held on 28th August 2014 in the Assembly Committee Room.

Members Present:

- | | | |
|----|----------------------------------|----------|
| 1. | Shri Toyang Changkong Chang, MLA | Chairman |
| 2. | Shri Tokheho Yepthomi, MLA | Member |
| 3. | Shri C.M. Chang, MLA | Member |

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 |

The Chairman, after introduction, welcomed all the Members, Secretary (NLA), Officers and Staff to the 1st meeting of the PAC. He then, in brief highlighted on the constitution and role of the PAC and thereby, encouraged and invited co-operation of the Committee Members, Secretary and his sub-ordinate Officers to guide the Committee for prompt and successful initiatives.

The Committee then took up for consideration and adoption of the following three draft reports:-

1. 112th Report of the Committee on Public Accounts (2014-15) on the examination of the Report of the C&AG of India for the year 2010-11 and relevant appropriation and finance accounts.
2. 113th Report of the Committee on Public Accounts (2014-15) on the Examination of the Report of the C&AG of India for the year 2010-11 Performance Audit on Public Distribution System (PDS) in Nagaland
3. 114th Report of the Committee on Public Accounts (2014-15) on Excess over Voted Grants and Charged Appropriation incorporated in the C&AG of India for the year 2000-2001, 2005-2006, 2008-2009 and 2009-2010.

The Committee adopted the above mentioned draft Reports without any changes/modifications and authorised the Chairman to present the same to the Nagaland Legislative Assembly in the next session.

While discussing the Committee's works and position on the examination of the Reports of the C&AG of India for the year 2012-13, it was decided to send a reminder letter to Accountant General, Nagaland to forward the original questionnaire to the PAC, Assembly Secretariat.

The Committee also decided to go on spot study/ verification tour to selective areas reflected in the C&AG of India 2012-13, before conducting the evidence meeting.

Thereafter, it was decided that the proposal to go on study tour outside the State will be taken up in the next PAC meeting.

Having covered all the agendas, the Chairman, then wrapped up the meeting with the hope of working forward to healthy discussion for good governance of the Government.

A verbatim record of the meeting was kept.

Sd/-
(A.E. LOTHIA)
SECRETARY