

**NAGALAND LEGISLATIVE ASSEMBLY
SECRETARIAT : KOHIMA**

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2019-2020)**

**(THIRTEENTH ASSEMBLY)
82nd Report**



ON

**The Examination of the Comptroller & Auditor General of
India Report for the year 2011-2012 pertaining to the
Nagaland Hotels Limited (NHL) under the Department of
Industries and Commerce.**

**Adopted by the Committee on 25/11/2019
Presented to the House on 08/02/2020**

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**COMPOSITION OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS.**

(2019-2020)

CONSTITUTED ON 26TH FEBRUARY 2019

CHAIRMAN

1. Dr. Neikiesalie Nicky Kire : MLA

MEMBERS

1. Shri. E.E. Pangteang : MLA
2. Shri. Vikheho Swu : MLA
3. Shri. Khumo Khiarniungan : MLA
4. Shri. Toshi Wungtung : MLA
5. Shri. Kazheto Kinimi : MLA
6. Shri. Kezhienyi Khalo : MLA

ASSEMBLY SECRETARIAT

1. Shri. K. Sekhose : Secretary
2. Smti. Aosenla : Additional Secretary
3. Smti. Kedovino : Deputy Secretary
4. Shri. Zasituolie Angami : Under Secretary
5. Shri. Shepohu Lohe : Section Officer

INTRODUCTION

I, the Chairman, of the Committee on Public Undertakings, having been authorized by the Committee (2019-2020) do hereby present the 82nd Report of the Committee on the audit paras relating to Nagaland Hotels Limited (NHL) under the Department of Industries and Commerce Government of Nagaland, contained in the Report of the Comptroller & Auditor General of India for the year 2011-2012.

1. The Committee for the term 2019-2020 was constituted on 26 Feb. 2019 under Rule 239 (A) of the Rules & Procedure and Conduct of Business in Nagaland Legislative Assembly. The Committee selected and examined the above Report on the paras and held evidence meeting with Departmental Representatives on the 10th July 2019.
2. The Committee expressed its gratitude to the Officers of the Department of Industries and Commerce (Nagaland Hotels Limited) for their co-operation in furnishing the required information and tendering evidence to the Committee while discharging their works as entrusted by the House.
3. The Committee would also like to express its appreciation to the Accountant General, Nagaland for extending valuable assistance and guidance in the examination of this Report during evidence meeting.
4. The Committee place on record its appreciation, the valuable assistance rendered by the Secretary and Officials of the Nagaland Legislative Assembly.
5. The Committee considered and adopted the Report at its sitting held on 25/11/2019.

Dated : 25/11/2019
Kohima

Sd/-
Dr. NEIKIESALIE NICKY KIRE
CHAIRMAN

PERFORMANCES OF THE PSUs.

1. **Para 3.6 of C & A.G Report :** Losses incurred by working PSU's have showed an increasing trend from 2007-2008 to 2011-2012 and the accumulated losses also increased from Rs 26.95 crore in 2007-08 to Rs 48.53 crore in 2011-12. The losses are mainly attributable to deficiencies in management, planning, running their operations and monitoring.
2. On being asked whether the Department/PSUs have taken any step for better management, planning, running their operations and monitoring and why the administrative departments have not come up with constructive action plans to improve the performance of these PSUs. The Department in its written reply stated that :-
 - i) NHL incurred a loss of Rs.44.91 lakhs during 2011-2012. The reason mainly being high over heads, specifically in the salary component.
 - ii) All efforts are being made to improve management and to provide 3 star category facilities and amenities. Operation Review Committees have also been constituted in both the hotels to implement best practices in the industry.
3. During the Evidence meeting held on 11th July 2019, the Committee had asked the Department whether any Practical measures have been initiated/implemented by the Operation Review Committee to improve the standards and management of the Two Hotels, the Finance Department Representative had clarified that, due to some Technical difficulties vis a vis frequent Change of Guard in the Board of Directors, the ORC could not have its sitting for the last 5 (five) years.
4. On being insisted by the Committee, the Department had furnished a detailed List of the Employees as on 1st July 2019 which was examined and considered by the Committee.

OBSERVATION OF THE COMMITTEE

5. The Committee observed that the Department is incurring losses due to salary components which needs utmost attention of the BOD and the Operation Review Committee to immediately engage strategic measures to address this issues. The Committee is also utterly dismayed at the non performance of the ORC and therefore desired that, the ORC come up with better monitoring and planning for improvement which will ultimately generate revenue to the State Exchequer through Tourism industry.

RECOMMEDATION OF THE COMMITTEE

6. i) The Committee direct the Department to furnish a detailed structure of salary break up of Employees for the last 3 (three) years i.e 2016-2019 and submit to the Committee on Public Undertakings within 1 (one) month from the date of presentation of this Report on the Table of the House.
- ii) The Committee also direct the Department to verify and intimate the Committee on Public undertakings about the Status of the ORC and the details of its Members.

ARREARS IN FINALISATION OF ACCOUNTS

7. Para 3. 7of C & A.G: The Accounts of the Companies for every financial year are required to be finalized within six months from the close of the relevant financial year. However, the arrears in finalization of the account, ranged from 1 to 13 years as of 31st March 2012.
8. On being asked whether any action has been taken by the PSUs to liquidate the arrears in the finalization of accounts, the Department have replied that, statutory Audit upto 2010-11 has been completed and will be sent to the A.G for supplementary Audit. Further, it was informed that, Non-Review Certificate from 2003-2004 has been received.
9. On being requested upon by the Committee to clarify whether the reply tendered by the Department is tenable, the Deputy A.G clarified that, the Accounts of the Department has being finalized upto 2014-15.

OBSERVATION OF THE COMMITTEE

10. The Committee had observed that non finalization of accounts and accumulation of arrears had aroused due to non appointment of Statutory Auditors on time. The Committee had in this regard, seized the avoidable negligence which is vulnerable to irregularities of the Accounts remaining accumulated and unaudited and therefore requested the A.G to take necessary measures to ensure that Statutory auditors are appointed against each PSUs on timely manner or the department can directly contact C& AG for appointment of Statutory Auditors for finalization of the previous years accounts without undue delay .

RECOMMEDATION OF THE COMMITTEE

11. The Committee direct the Department to Submit the Non Review Certificates for the Period ending 2011-2012 within 1 (one) month from the date of presentation of this Report on the Table of the House. The department is further directed to coordinate with A.G/ Finance to ensure timely finalization of Arrears and check that , the period of the finalized years are not reflected again in the C&AG Report nor included in the preliminary Questionnaire.

SUMMARY OF OBSERVATIONS/RECOMMENDATIONS

Sl. No.	Para No.	Observations of the committee.
1.	3. 6	The Committee observed that the Department is incurring losses due to salary components which needs utmost attention of the BOD and the Operation Review Committee to immediately engage strategic measures to address this issues. The Committee is also utterly dismayed at the non performance of the ORC and therefore desired that, the ORC come up with better monitoring and planning for improvement which will ultimately generate revenue to the State Exchequer through Tourism industry.

Recommendation of the committee

- i) The Committee direct the Department to furnish a detailed structure of salary break up of Employees for the last 3 (three) years i.e 2016-2019 and submit to the Committee on Public Undertakings within 1 (one) month from the date of presentation of this Report on the Table of the House.
- ii) The Committee also direct the Department to verify and intimate the Committee on Public undertakings about the Status of the ORC and the details of its Members.

Observations of the committee.

The Committee had observed that non finalization of accounts and accumulation of arrears had aroused due to non appointment of Statutory Auditors on time. The Committee had in this regard, seized the avoidable negligence which is vulnerable to irregularities of the Accounts remaining accumulated and unaudited and therefore requested the A.G to take necessary measures to ensure that Statutory auditors are appointed against each PSUs on timely manner or the department can directly contact C&AG for appointment of Statutory Auditors for finalization of the previous years accounts without undue delay.

SUMMARY OF OBSERVATIONS/RECOMMENDATIONS

Sl. No.	Para No.	Recommendation of the committee.
		The Committee direct the Department to Submit the Non Review Certificates for the Period ending 2011-2012 within 1 (one) month from the date of presentation of this Report on the Table of the House. The department is further directed to coordinate with A.G / Finance to ensure timely finalization of Arrears and check that , the period of the finalized years are not reflected again in the C&AG Report nor included in the preliminary Questionnaire

ANEX-I
NAGALAND LEGISLATIVE ASSEMBLY
SECRETARIAT : KOHIMA.

AS/COPU-4/2018/
Dated: 26/07/2019

MINUTES OF THE ORAL EVIDENCE MEETING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS WITH NIRMSC, NHHDC, NHL, NIDC UNDER THE DEPARTMENT OF INDUSTRIES AND COMMERCE AND NSMDC UNDER THE DEPARTMENT OF GEOLOGY AND MINING FROM 10TH JULY, 2019 TO 12TH JULY 2019.

MEMBERS PRESENT

- | | |
|-------------------------------|----------|
| 1. Dr. Neikiesalie Nicky Kire | Chairman |
| 2. Shri E.E. Pangteang | Member |
| 3. Shri Toshi Wungtung | Member |
| 4. Shri. Kezhienyi Khalo | Member |

A.G.'S OFFICE

- | | |
|-----------------|---------------------------|
| 1. Shri Subbiah | Deputy Accountant General |
|-----------------|---------------------------|

FINANCE DEPARTMENT

- | | |
|----------------|-------------------|
| 1. Shri V.Kezo | Special Secretary |
|----------------|-------------------|

DEPARTMENT REPERSENTATIVE

- | | |
|------------------------------|--|
| 1. Smti. Lithrongla G Chishi | Commissioner & Secretary
Deptt. of Industries &
Commerce
Director, Deptt. of Industries &
Commerce |
| 2. Shri Hokishe Assumi | Managing Director, NHL |
| 3. Shri H. Pienyu | |

ASSEMBLY SECRETARIAT

- | | |
|----------------------------|--------------------|
| 1. Shri K. Sekhose | Secretary |
| 2. Smti Aosenla | Addl. Secretary |
| 3. Smti. Kungkamliu | Joint Secretary-II |
| 4. Smti. Kedovino Peseyie | Deputy Secretary |
| 5. Shri. Zasituolie Angami | Under Secretary |
| 6. Shri. Shepohu Lohe | Section Officer |

At the outset, the Hon'ble Chairman welcomed the Committee members, A.G's Representative, Finance Representative and Departmental Representatives and expressed appreciation to the members for making themselves available to attend the meeting.

The oral Evidence with the NIRMSC had to be called off due to a procedural lapse. The Committee therefore directed the department to route their replies through the government.

During the oral Evidence with NHHDC the Department informed the Committee that Corporation was overstuffed which is the major reason that the Corporation was incurring losses. In order to control this, the Department is working out a policy to pay craftsman on the basis of production, minimizing recruitment of new staff, and abolishing some post on retirement.

The Committee directed the Department to regulate the prices of their products sold at their emporiums and other outlets and to maintain consistency in supply of products.

The Department informed that NHL is the only Corporation that is not incurring losses. The Committee directed the Department to substantiate their reply of the C&AG report of 2015-2016, at Para 3.1.11 with documents.

The Committee directed the NIDC to substantiate their reply of the C&AG report of 2011-2012. Para 3.6 with documents.

On the suggestion of the Finance representative, the Committee advised the NSMDC under Department of Geology & Mining to come up with a compelling presentation in order to convince the Government for additional funds.

The Committee advised both Departments (Industries & Commerce and Geology & Mining) to be professional in terms of their language usage while furnishing replies to the Committee on questionnaires of the C&AG Report.

All the Corporations were also directed to take up environmental assessment and proper waste management while conducting activities or programmes.

On the direction of the Committee the Adoption of the Committee Reports was rescheduled for 19th July, 2019.

Verbatim record of the meeting was kept.

Sd/-
(K. SEKHOSE)
SECRETARY
NAGALAND LEGISLATIVE ASSEMBLY

NAGALAND LEGISLATIVE ASSEMBLY
SECRETARIAT : KOHIMA.

NO. AS/COPU-4/2018/
Dated Kohima the 27th Nov. 2019

**MINUTES OF THE ADOPTION MEETING OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS HELD ON 25TH NOVEMBER, 2019**

MEMBERS PRESENT

1. Dr. Neikiesalie Nicky Kire : Chairman
2. Shri Toshi Wungtung : Member
3. Shri. Vikheho Swu : Member

ASSEMBLY SECRETARIAT

1. Shri K. Sekhose : Secretary
2. Smti Aosenla : Addl. Secretary
3. Shri Zasituolie Angami : Under Secretary
4. Shri Shepohu Lohe : Section officer

The Hon'ble Chairman welcomed the Committee Members, and expressed his appreciation to the members for making themselves available to attend the adoption meeting.

The Committee thoroughly deliberated the Reports and adopted the 81st and 82nd Reports of the COPU.

Verbatim record of the meeting was kept.

Sd/-
K. SEKHOSE
SECRETARY
NAGALAND LEGISLATIVE ASSEMBLY