



**Report of the
Comptroller and Auditor General of India
on
Social, Economic, General and Revenue Sectors
for the year ended 31 March 2022**



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF NAGALAND
Report No. 2 of the year 2023

**Report of the
Comptroller and Auditor General of India
on
Social, Economic, General and Revenue Sectors**

For the year ended 31 March 2022

GOVERNMENT OF NAGALAND

Report No. 2 of 2023

TABLE OF CONTENTS

Particulars	Reference to	
	Paragraph (s)	Page (s)
Preface		vii
Overview		ix
CHAPTER I – INTRODUCTION		
About this Report	1.1	1
Profile of the Office of the Principal Accountant General (Audit), Nagaland	1.2	1
Planning and conduct of Audit	1.3	2
Significant Audit Observations	1.4	3
CHAPTER II – SOCIAL SECTOR		
Introduction	2.1	5
Performance Audit		
MUNICIPAL AFFAIRS DEPARTMENT		
Kohima Smart City Mission	2.2	6
Compliance Audit Paragraphs		
MUNICIPAL AFFAIRS DEPARTMENT		
Idle investment	2.3	33
URBAN DEVELOPMENT DEPARTMENT		
Unfruitful expenditure	2.4	34
CHAPTER III – ECONOMIC SECTOR		
Introduction	3.1	39
Performance Audit		
AGRICULTURE DEPARTMENT		
Implementation of Pradhan Mantri-Kisan Samman Nidhi Scheme in Nagaland	3.2	40
Subject Specific Compliance Audit		
PLANNING AND CO-ORDINATION DEPARTMENT		
Review of Ministry of Development of North Eastern Region funded under Non Lapsable Central Pool of Resources and North East Special Infrastructure Development Schemes in Nagaland	3.3	67
Compliance Audit Paragraphs		
FOOD AND CIVIL SUPPLIES DEPARTMENT		
Diversion of Superior Kerosene Oil	3.4	90
AGRICULTURE DEPARTMENT		
Excess Payment	3.5	93
CHAPTER IV - GENERAL SECTOR		
Introduction	4.1	97
Subject Specific Compliance Audit		
FINANCE DEPARTMENT		
Funds released under Special Assistance – Creation of Capital Assets	4.2	98
Compliance Audit Paragraphs		
FINANCE (TREASURIES & ACCOUNTS) DEPARTMENT		
Fraudulent/ excess drawal of money	4.3	121
PUBLIC WORKS (MECHANICAL) DEPARTMENT		
Unauthorised diversion of funds from Salary head	4.4	124

Particulars	Reference to	
	Paragraph (s)	Page (s)
HOME (VILLAGE GUARDS) DEPARTMENT		
Unauthorised drawal of additional Ration Allowance	4.5	126
CHAPTER V – REVENUE SECTOR		
Trend of revenue receipts	5.1.1	129
Analysis of arrears of revenue	5.1.2	131
Arrears in assessments	5.1.3	131
Cases of evasion of tax detected by the Department	5.1.4	131
Response of the Government / Departments towards Audit	5.1.5	132
Analysis of the mechanism for dealing with the issues raised by Audit	5.1.6	134
Recovery in cases accepted by the Departments	5.1.7	134
Audit Planning	5.1.8	136
Results of Audit	5.1.9	136
Coverage of this chapter	5.1.10	136
Compliance Audit paragraphs		
FINANCE (TAXATION) DEPARTMENT		
Loss of revenue due to non-assessment of returns	5.2	136
Irregular claims of concessional rate of tax on statutory 'C' forms	5.3	139
Evasion of tax	5.4	142
CHAPTER VI – ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)		
Introduction	6.1.1	147
Investment in PSUs	6.1.2	147
Reconciliation with Finance Accounts	6.1.3	149
Accountability framework	6.1.4	150
Arrears in finalisation of accounts	6.1.5	150
Investment by State Government in PSUs whose accounts are in arrears	6.1.6	151
Special support and guarantees to PSUs during the year	6.1.7	152
Performance of PSUs as per their latest finalised accounts	6.1.8	152
Return on Investment on the basis of Present Value of Investment	6.1.9	155
Impact of Audit Comments on Annual Accounts of PSUs	6.1.10	155
Follow up action on Audit Reports	6.1.11	156
Reforms in Power sector	6.1.12	157
Performance Audit		
POWER DEPARTMENT		
Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)	6.2	157
CHAPTER VII – FOLLOW UP OF AUDIT OBSERVATIONS		
Response of the Departments to the recommendations of the Public Accounts Committee	7.1	179
Monitoring	7.2	179
Outstanding Inspection Reports	7.3	179
Departmental Audit Committee Meetings	7.4	180

APPENDICES

Appendix	Subject	Page
2.2.1 (A)	Statement showing the details of 54 projects identified under Kohima Smart City Mission as of July 2022	183
2.2.1 (B)	Statement showing the details of financial progress <i>vis-à-vis</i> physical progress as of July 2022	187
2.2.2	Statement showing TDS of Income Tax to be deducted from the three companies	191
2.2.3	Statement showing details of payment made before actual execution of the work	192
2.2.4	Statement showing activity-wise time schedule	193
2.2.5	Statement showing projects implemented without involvement of the PMC	193
3.2.1	Statement showing details of the sample selection	194
3.2.2	Number of registered farmers missing in the village eligible beneficiary list, farmers records without land holdings and Father's/ Husband's name information in the sampled villages of four test-checked districts	195
3.2.3	District-wise ineligible beneficiaries detected by the implementing Department as of September 2021	196
3.2.4	District-wise income tax payee farmers as of September 2021	197
3.2.5	Serving and retired officers and employees of State Government registered under PM-KISAN Scheme	197
3.2.6	Ineligible beneficiaries noticed out of the sampled beneficiaries	198
3.2.7	Details of 26 beneficiaries out of the sampled beneficiaries certified by the Village Councils as untraceable or did not own any cultivable land in the villages	199
3.2.8	Statement showing district-wise number of Aadhaar disabled or never enabled for DBT	200
3.2.9	Statement showing district-wise extent of coverage on five <i>per cent</i> physical verification of beneficiaries	201
3.2.10	Multiple beneficiaries having the same IFSC and Bank Account Number	202
3.2.11	District-wise Grievances redressal status as of September 2021	203
3.2.12	District-wise extent of coverage of the Scheme as of March 2021	204
3.3.1	Statement showing status of four selected projects as of March 2021	205

Appendix	Subject	Page
3.3.2	Statement showing submission of incorrect UCs	207
3.3.3	Statement showing status of completed and delay in completion of projects under NLCPR & NESIDS as of March 2022	208
3.3.4	Statement showing unexecuted/ short executed items of work	210
3.4.1	Statement showing year-wise Superior Kerosene Oil (SKO) lifted by the Food & Civil Supplies Department, Government of Nagaland (through the authorised SKO agencies) from the IOCL during 2019-21 for distribution under the Public Distribution System, Nagaland	211
3.4.2	Statement showing District-wise SKO allocated by the State Government, actual quantity received and distributed/ utilised under PDS for the year 2019-20 and 2020-21	212
3.5.1	Details of supply orders, suppliers' bills and amount paid to the suppliers under "Promotion of Farm Machinery and Equipment in North Eastern States" SMAM 2018-19	214
3.5.2	Statement showing details of Brush cutter imported by the supplier M/s H. T. Enterprises, Dimapur (M/s Hyusinlo Thong) under "Promotion of Farm Machinery and Equipment in North Eastern States" SMAM 2018-19	215
4.2.1	Statement showing the details of total project cost, financial progress <i>vis-à-vis</i> physical progress under Special Assistance as of May 2022	216
4.2.2 (A)	Statement showing bills drawn against fake invoices by PWD (R&B), South Division, Kohima	217
4.2.2 (B)	Statement showing bills drawn against Duplicate invoices by PWD (R&B), South Division, Kohima	219
4.3.1	Statement showing Department-wise list of double/ excess/ fraudulent drawals	220
4.3.2	Statement showing excess drawal by inflating the net total of pay bills	221
4.3.3	Statement showing double drawal of pay & allowances including arrears	222
4.3.4	Statement showing Fraudulent inadmissible drawal of pay & allowances including arrears	223
4.3.5	Statement showing fictitious drawal by manipulating the bills	227
4.3.6	Statement showing fictitious drawal of TA bills	228
4.3.7	Statement showing details of similar cases highlighted in the last five years Audit Reports	229

Appendix	Subject	Page
4.3.8	Statement showing details of department-wise cases of irregularities highlighted in the last five years Audit Reports	230
4.4.1	Details of Travelling Allowance paid to Work-Charged employees by diverting funds from salary bills during 2018-20	232
4.5.1	Statement showing details of regular and additional monthly Ration Allowance bills drawn by three DDOs	239
5.2.1	Details of inter-State purchase and stock transfer in C form and F form for the year (tax period) 2015-16	241
6.1.1	Statement showing Investments by the State Government in State Public Sectors Undertakings whose accounts are in arrears	243
6.1.2	Statement showing summarised financial results of Government Companies for the latest year for which accounts are finalised as on 30 September 2022	244
6.1.3	Statement showing Rate of Real Return on Government Investment	246
6.2.1	Sampling Methodology adopted for test check	247
6.2.2	Statement showing interest remittance by DoPN	250
6.2.3	Statement showing details of payment made to PMA by DoPN (as of September 2021)	251
6.2.4	Statement showing details of delay in award of contracts	252
6.2.5	Statement showing comparative cost of energy meters	253
6.2.6	Statement showing amount sanctioned for awareness programme	255
6.2.7	Statement showing status of Quality Monitoring Inspections	256

PREFACE

1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Nagaland under Article 151 of the Constitution of India for being laid on the floor of the State Legislature.
2. The Report contains significant results of the performance audit and compliance audit of the Departments of the Government of Nagaland under the Social, Economic, General and Revenue Sectors including Municipal Affairs Department, Urban Development Department, Agriculture Department, Planning and Co-Ordination Department, Food and Civil Supplies Department, Finance (Treasuries & Accounts and Taxation) Department, Public Works Department, Home (Village Guards) Department, Power Department and State Public Sector Undertakings.
3. The cases mentioned in this Report are those which came to notice in the course of test audit during the years 2020-21 and 2021-22 as well as those which came to notice in earlier years but could not be reported in the previous Reports. Matters relating to the period subsequent to 2020-21 and 2021-22 have also been included, wherever necessary. The Report has been finalised after considering the response of the Government Departments, wherever received.
4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

Chapter-I Introduction

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the Performance Audits and test audit of transactions of various Departments of the Government of Nagaland pertaining to Social, Economic, General and Revenue Sectors. The primary purpose of this Report is to bring to the notice of the State Legislature the significant results of audit.

During 2020-22, the Principal Accountant General (Audit), Nagaland, planned for audit of 363 units¹ out of total 1,155 units, after carrying out risk assessment and keeping in view the available manpower, of which 438 units² were audited.

This Report contains three Performance Audits titled “**Performance Audit of Kohima Smart City Mission**”, “**Implementation of Pradhan Mantri-Kisan Samman Nidhi Scheme in Nagaland**” and “**Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)**” and 12 Compliance Audit Paragraphs which includes two Subject Specific Compliance Audits on “**Review of Ministry of Development of North Eastern Region funded under Non Lapsable Central Pool of Resources and North Eastern Special Infrastructure Development Schemes in Nagaland**” and “**Funds released under Special Assistance– Creation of Capital Assets**”.

The Report has 48 appendices, containing data collected from the departments as well as several sources in support of the audit observations.

Chapter-II Social Sector

Performance Audit

Municipal Affairs Department

Performance Audit of Kohima Smart City Mission

A Performance Audit of “Kohima Smart City Mission” was carried out covering the period from 2016-17 to 2020-21. The Performance Audit revealed several deficiencies in implementation of mission as highlighted below:

Out of 61 prioritised projects under Kohima Smart City Development, only 28 DPRs was completed. Out of completed DPRs, only eight projects were completed (October 2021). The delay in implementation of projects is attributable to delay in release of fund by the funding agencies and injudicious utilisation of available resources by the Management.

¹ 129 units were planned for audit during 2020-21 and 234 units were planned for audit during 2021-22

² 159 units during 2020-21 and 279 units during 2021-22

Kohima Smart City Development Limited (KSCDL) did not prioritise the core infrastructure elements, prepare any feasibility report and revenue model in violation of the guiding principles. Non-preparation of feasibility and revenue model has resulted in failure to attract PPP and implementation of projects through convergence. Improper planning in implementation of project beyond the scope and objective of Smart City Mission had resulted in infructuous expenditure of ₹70.75 lakh on procurement of water ATM and water tanker. Non-assessment of feasibility of the project before its implementation resulted in infructuous expenditure of ₹85.57 lakh on Construction of Multi Utility Duct. The State Government did not release its share of funding, GoI did not release the subsequent instalments of ₹300 crore. Instance of non-deduction of TDS on income tax and non-adherence to Ministry's Advisory and orders to roll out the EAT module through PFMS indicated deficiencies in the financial management system. Non-preparation of accounts and non-maintenance of records indicated deficiency in internal control mechanism and absence of baseline accountability of the Management.

Recommendations:

The State Government may-

- (i) formulate plans for infrastructure development as per the prevailing Smart City Mission Guidelines.***
- (ii) ensure that the Detailed Project Reports are mandatorily prepared and got approved from the competent authority before taking up any project.***
- (iii) follow the tendering procedure as laid down in the General Financial Rules/ manual of the Central Vigilance Commission for awarding the works at the most competitive rates.***
- (iv) take initiative for convergence of the ongoing projects under the Smart City Mission with other similar Central/ State Government schemes to derive the maximum benefit in implementation of the Smart City Projects in the State.***
- (v) fix responsibility for non-preparation of revenue model, execution of work without tendering, excess/ extra expenditure and deviation from the scope of project.***
- (vi) take steps to recover the excess/extra expenditure incurred in execution of works.***
- (vii) strengthen monitoring by instituting a robust reporting mechanism and conducting prescribed review meetings at various levels.***
- (viii) identify measurable indices for assessing the performance of the contractors and conduct impact assessment of the Scheme.***

(Paragraph 2.2)

Compliance Audit Paragraphs

Municipal Affairs Department

The State Government failed to execute fresh MoU for establishment of Modern Abattoir even after a lapse of more than one year from the date of cancellation of MoU

and the facility constructed at a cost of ₹17.15 crore is lying idle since the last four years.

Recommendation: *The State Government may take necessary steps to execute a fresh Memorandum of Agreement so that the objective of the project is fulfilled without further delay.*

(Paragraph 2.3)

Urban Development Department

The proposed road of 18.85 Km to connect Peren District Road (Ngwalwa) and National Highway-39 (Chumukedima) remained incomplete even after a lapse of more than 10 years leading to unfruitful expenditure of ₹9.21 crore and non-fulfilment of the intended objective.

Recommendations:

The State Government may-

- (i) *ensure that DPR is prepared after detailed survey and all requisite clearances obtained before award of work. Besides, responsibility may be fixed on the Departmental Officers for the faulty planning and survey.*
- (ii) *earmark resources to complete the balance portion of the incomplete work so that the objective of the project is fulfilled without further delay.*

(Paragraph 2.4)

Chapter-III Economic Sector

Performance Audit

Agriculture Department

Implementation of Pradhan Mantri-Kisan Samman Nidhi Scheme in Nagaland

A Performance Audit on “Implementation of Pradhan Mantri-Kisan Samman Nidhi Scheme in Nagaland” was carried out covering the period from 2018-19 to 2020-21. The Performance Audit revealed several deficiencies in implementation of the scheme as highlighted below:

Out of 3,44,983 applications uploaded, 2,13,682 applications were accepted, while 71,196 applicants were rejected as they were either ineligible (68,684) or had furnished incomplete details (2,512). Applications of 60,105 self-registered farmers were pending for approval by the implementing Department. New registration of beneficiaries had been temporarily suspended (March 2020) by the implementing Department as the State had achieved the overall saturation target.

Though the State Government achieved the target, the implementation of the Scheme was fraught with shortcomings. Beneficiary lists were prepared without any checks and balances in the system. The ownership of cultivable land of beneficiaries were not verified by the concerned Administrative officers and countersigned by the DC. The beneficiaries were not correlated with the Nagaland's Agriculture Census 2015-16 as the names of operational holders/ farmers were not available on records. No landholding records were maintained at the village level and documents to cross verify the land-ownership of Pradhan Mantri-Kisan Samman Nidhi (PM-KISAN) beneficiaries was also not available with the Government. Deficiencies in identification of beneficiaries and delay in reporting of death cases led to payment of Scheme benefits to ineligible beneficiaries, multiple beneficiaries from the same family, payments released after death of beneficiaries, *etc.* No action was taken by the Department to recover and refund the amount as per the SOP. Incorrect bank account numbers, names, gender, unique biometric identities, *etc.* were captured in the PM-KISAN database indicating lack of appropriate input controls. Inaccurate data entries resulted in rejection of records during validation, failed transactions and thus deprived genuine farmers from availing the Scheme benefits. Temporary suspension of new registrations deprived 23,144 beneficiaries of the scheme benefits in four test-checked districts.

There was short release of ₹21.25 lakh under AEs by the GoI. State and District Level Review/ Monitoring Committees were not constituted. There were delays in constitution of State Project Monitoring Unit and State & District Level Grievance Redressal Monitoring Committees. Non-conduct of Social Audit and lack of participation of other stakeholders in implementation of the Scheme impacted timely detection of deceased and ineligible beneficiaries, rectification of incorrect records, *etc.*

Recommendations:

The State Government should -

- (i) take steps to identify the eligible beneficiaries and accordingly sanitize the database as per the scheme guidelines.***
- (ii) obtain self-declarations and ascertain the ownership of cultivable land of beneficiaries as envisaged in the Operational Guidelines.***
- (iii) take steps for 100 per cent validation of bank accounts so as to transfer scheme benefits to beneficiaries.***
- (iv) update the Optional Attributes such as Father's/ Husband's name, mobile number, date of birth, landholdings, etc. for each beneficiary to identify red flags for detailed eligibility verification.***
- (v) conduct State-wide verification of beneficiaries by involving destination banks and VCs to weed out ineligible beneficiaries.***
- (vi) take steps to fix responsibility for non-verification of applications submitted. Also, take necessary steps to recover the amounts unduly credited to accounts of ineligible beneficiaries for refund as per the SOP.***

- (vii) *strengthen the grievance redressal mechanism to ensure resolution of complaints as per the Scheme guidelines. Social Audit should also be conducted periodically to ensure transparency and raise awareness about the Scheme.*

(Paragraph 3.2)

Subject Specific Compliance Audit

Planning and Coordination Department

Review of Ministry of Development of North Eastern Region funded schemes under Non-Lapsable Central Pool of Resources and North East Special Infrastructure Development Schemes in Nagaland

A Subject Specific Compliance Audit (SSCA) on “Review of Ministry of Development of North Eastern Region funded schemes under Non-Lapsable Central Pool of Resources and North East Special Infrastructure Development Schemes in Nagaland” was carried out covering the projects sanctioned during 2016-17 to 2020-21. The SSCA revealed several deficiencies in implementation of the scheme as highlighted below:

DPR and Concept Note were prepared without field visits to assess the actual requirements and without analysing the actual BoQ required for the project. The estimates in the DPR were unrealistic indicating lack of proper planning, survey and economic appraisal before preparing the DPRs.

In all the five projects of NLCPR and NESIDS, there was delay in release of fund at various levels from the date of proposal by the implementing department to the date of release by Finance Department which impacted the timely completion of projects. Delay in completion of transmission line resulted in idle expenditure of Sub-Station constructed at ₹68.58 crore. The State Government irregularly deducted Departmental Charges of ₹2.85 crore. Incorrect UCs was submitted against the scheme guidelines. Non-inclusion of contract clause on interest bearing mobilisation advance in the terms and condition of the contract agreement led to loss of ₹3.91 crore to the State Government. Rates of certain items were enhanced over the approved rates of DPR without obtaining approval from the competent authority resulting in excess payment of ₹20.09 crore to contractor. There were instances of excess payment of ₹1.73 crore by recording incorrect entries in the MB without actual execution. The SLEC meetings were not held as mandated and even in the meetings held during the period, no issues related to on-going NESIDS projects were discussed. Except for one project, no inspection was conducted on the projects funded under NESIDS.

Recommendations:

The State Government may-

- (i) *ensure preparation of realistic Concept Note and DPRs based on survey and gap analysis and feasibility study at the project site.*
- (ii) *take appropriate measures to complete the time-overrun projects with timely release of funds to avoid delay in completion.*

- (iii) *initiate departmental enquiry and fix responsibility against officers/ officials responsible for passing bills based on fictitious measurements, submission of false utilisation certificates, rate enhancement and excess payments.*

(Paragraph 3.3)

Compliance Audit Paragraphs

Food and Civil Supplies Department

The State Government violated Government of India directives and diverted Superior Kerosene Oil worth ₹19.56 crore (6,113.19 KL) to other than the targeted beneficiaries under Public Distribution System.

Recommendations:

The State Government may-

- (i) *strengthen and enforce monitoring mechanism effectively at various levels to ensure accountability in implementation of the Scheme.*
- (ii) *fix responsibility on the officials concerned for diversion of the SKO meant only for distribution to beneficiaries covered under PDS.*

(Paragraph 3.4)

Agriculture Department

The Agriculture Department arbitrarily reduced/ increased procurement of Tractors, Power Tillers and Brush Cutters and deviated from the physical and financial targets approved by GoI. The financial assistance/ cost norms of ₹1.25 lakh per beneficiary was not followed and expenditure of ₹3.41 crore was incurred on five items which was not approved by GoI. The Department also made excess payment of ₹7.20 crore to the supplier without actual receipt of the full items.

Recommendations:

The State Government may-

- (i) *investigate the matter and fix responsibility on the officers/officials involved in the procurement process for making excess payment to the supplier.*
- (ii) *ensure that the Scheme is implemented as per the physical and financial targets approved by GoI.*

(Paragraph 3.5)

Chapter-IV General Sector

Subject Specific Compliance Audit

Finance Department

Funds released under Special Assistance– Creation of Capital Assets

A Subject Specific Compliance Audit (SSCA) on “Funds released under Special Assistance– Creation of Capital Assets” was carried out covering the Special Assistance (SA) funds sanctioned by the GoI during 2018-19 to 2020-21. The SSCA revealed several deficiencies in creation of capital assets out of the SA Funds released as highlighted below:

Audit examined 6 projects in 6 Departments out of 14 projects in 14 Departments. Total consolidated amount released by GoN against the earmarked projects in the six selected Departments was ₹960.65 crore³ since inception of the projects.

Nine out of 14 projects remained incomplete but were shown as complete as per the progress report. Non/short release of funds (₹57.38 crore out of ₹76.72 crore) to seven out of 14 Departments by the State Government for which fund were allocated to complete the earmarked projects. Funds of ₹38.58 crore were diverted to meet liabilities of the Departments on unapproved projects other than the earmarked projects. An amount of ₹5.29 crore out of ₹70.01 crore was utilised to meet revenue expenditure instead of capital expenditure. Release of fund to two implementing Departments were delayed by 7 to 11 months after the financial year for which it was sanctioned.

Recommendations:

- *SA fund released by GoI to complete the earmarked works should be released in accordance with the terms and conditions of GoI sanction and funds received for completed projects should be returned back to GoI.*
- *Funds provided by GoI for the intended purpose should be released as earmarked and all incomplete projects should be expeditiously completed.*
- *Submission of UCs as envisaged in the terms and conditions of the sanction order should be mandatorily followed to give a reasonable assurance that the target of creating Capital Assets is met.*
- *The State Government should ensure that the departments do not utilise funds meant for Capital Expenditure for expenditure of Revenue nature.*

(Paragraph 4.2)

³ ₹524.33 crore (since 2006) + ₹366.32 crore + ₹70 crore (State Development fund released to two Battalions for clearing liabilities)

Compliance Audit Paragraphs

Finance (Treasuries & Accounts) Department

Failure of the Drawing and Disbursing Officers and Treasury Officers to exercise prescribed checks resulted in fraudulent/ double/ excess drawals of ₹2.26 crore.

Recommendations:

The State Government may-

- (i) investigate the matter and take appropriate action against the delinquent officers for the criminal offense of fraudulent withdrawal/ theft of public money.***
- (ii) take steps to recover the amount misappropriated immediately from the concerned employees/ DDOs/ TOs with penal interest.***
- (iii) investigate all such matters for all the Departments of the State.***
- (iv) initiate steps to strengthen the internal control mechanism in all departments to prevent recurrence of fraudulent drawals and ensure that appropriate checks and balances are in place.***
- (v) refer the cases to State Vigilance Commission for further investigation.***

(Paragraph 4.3)

Public Works (Mechanical) Department

Failure of the Treasury Officer in exercising the prescribed checks while passing Work-Charged salary cheques/ bills facilitated unauthorised diversion of funds of ₹83.50 lakh from the Salary head by the Mechanical Engineer, Public Works Department, Mechanical Division-I, Kohima.

Recommendations:

The State Government may-

- (i) strengthen the internal control mechanism to ensure that such diversions do not occur in future.***
- (ii) fix responsibility on the officials concerned for such violations of the budgetary norms.***

(Paragraph 4.4)

Home (Village Guards) Department

Failure of the Treasury Officers in exercising the prescribed checks while passing the additional Ration Allowance bills presented by three Drawing and Disbursing Officers of the Village Guards Organisation resulted in unauthorised drawal of ₹2.40 crore.

Recommendations:***The State Government may-***

- (i) *initiate appropriate action against the erring officers responsible for the fraudulent drawals and recover the amount from the concerned employees/ DDOs/ TOs.*
- (ii) *take steps to strengthen the internal control mechanism in VG organisation to prevent recurrence of fraudulent drawals and ensure that the checks and balances are in place.*

(Paragraph 4.5)

Chapter-V

Revenue Sector

Compliance Audit Paragraphs**Finance (Taxation) Department**

Non-assessment of returns of 11 dealers within the stipulated time limit by the Assessing Authority led to loss of revenue of ₹15.60 crore as the assessment had now become time barred.

Recommendations:***The State Government may-***

- (i) *take necessary steps to fix responsibility on the officers concerned for causing loss of revenue to Government. Immediate action may be taken to assess the six dealers before the cases become time barred.*
- (ii) *take appropriate action against the dealers as per the Act/ Rules for wilful pilferage of Government revenue.*
- (iii) *put in place effective monitoring mechanism and controls to prevent such occurrences in future.*

(Paragraph 5.2)

Allowance of concessional rate of tax on inter-State sales turnover not supported by statutory 'C' forms and acceptance of fake 'C' form by the Superintendent of Taxes resulted in evasion of tax of ₹1.14 crore on which an interest of ₹1.40 crore was also leviable.

Recommendations:***The State Government may-***

- (i) *fix responsibility on the officials for wilful negligence, failure to exercise due diligence and non-compliance of acts and rules leading to loss of revenue besides recovery of the pending dues from the assessesee.*
- (ii) *take appropriate action against the dealer for wilful pilferage of Government revenue.*
- (iii) *introduce internal controls to check the leakage of Government revenue.*

(Paragraph 5.3)

Failure to undertake reconciliation of challans submitted by two dealers with Treasury receipts in Government Account resulted in loss of Government revenue of ₹1.36 crore due to forged challans. Besides, the two dealers defaulted in payment of tax of ₹3.85 crore and were also liable to pay interest of ₹2.26 crore.

Recommendations:

The State Government may-

- (i) *establish an institutional mechanism for verification of challans submitted by dealers with Treasury advice list/Treasury records and ensure that only verified payment of taxes is taken into consideration while making assessment.*
- (ii) *fix responsibility on the officials concerned for their negligence to exercise due diligence while making assessments and ensure that the amount of tax due from the dealers is recovered with penal interest.*
- (iii) *take appropriate legal action against the dealers as per the Act/ Rules for wilful pilferage of Government revenue.*

(Paragraph 5.4)

Chapter-VI

Economic Sector (Public Sector Undertakings)

As on 31 March 2022, the State of Nagaland had seven PSUs (five working companies and two non-working companies), wherein the investment of the State Government (capital and long-term loans) in six PSUs was ₹118.59 crore consisting of ₹42.26 crore (35.64 *per cent*) towards capital and ₹76.33 crore (64.36 *per cent*) towards long-term loans. The combined investment of State and Other Stakeholders as on 31 March 2022 in PSUs under various important sectors stood at ₹118.59 crore. The combined investment was highest in the Finance Sector PSUs (₹81.99 crore) followed by Miscellaneous Sector PSUs (₹20.31 crore).

(Paragraphs 6.1.1, 6.1.2 and 6.1.2.1)

As per the information available as on 30 September 2022, five working PSUs had arrears of total 15 accounts ranging from one to five years. During 2021-22, three working PSUs finalised total three accounts, while remaining two PSUs namely Nagaland State Mineral Development Corporation and Nagaland Hotels Limited did not submit any account during the year 2021-22.

(Paragraph 6.1.5)

As per the information furnished by the PSUs, during 2021-22 the State Government has provided budgetary support of ₹32.58 crore in the form of long-term loans (₹4.28 crore) and grants/subsidy (₹28.30 crore).

(Paragraph 6.1.7)

As per the latest finalised accounts of PSUs as on 30 September 2022, the turnover of four working PSUs stood at ₹6.05 crore. The accumulated losses (₹73.33 crore) of three out of four working PSUs had completely eroded their paid-up capital (₹24.85 crore)

as per their latest finalised accounts. During 2021-22, four working PSUs incurred overall losses of ₹5.84 crore as per their latest finalised accounts.

(Paragraphs 6.1.8.1 and 6.1.8.2)

Performance Audit

Department of Power

Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)

A Performance Audit on “Implementation Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)” was carried out covering the period from 2014-15 to 2020-21. The Performance Audit revealed several deficiencies in implementation of the scheme(s) as highlighted below:

GoI approved 63 DPRs (₹315.35 crore) for implementation of DDUGJY and Saubhagya schemes in all the 11 districts of Nagaland (2014-20). Out of 11 districts, 30 DPRs in six districts⁴ (₹213.52 crore) were selected for audit.

Department of Power, Nagaland (DoPN) completed electrification works in 793 villages (88 *per cent*) under the scheme as on 31 March 2021 against the envisaged target of 900 villages (UE: 82 + PE: 818).

The Department could not achieve the objectives of DDUGJY/ Saubhagya schemes to provide 24x7 power supply and reduction of Aggregate Technical & Commercial (AT&C) losses. There was cost-overrun of ₹4.66 crore on re-tendering, forfeiture of ₹11.45 crore additional GoI grant due to delay in completion of works and extra expenditure of ₹2.46 crore on procurement of consumer meters. The Department incurred idle expenditure of ₹25.74 crore on metering of rural BPL households, ₹9.85 crore on metering of Distribution Transformers and free electricity connections provided to ineligible beneficiaries. The Quality Assurance Inspections and Monitoring was ineffective.

Recommendations:

The Department of Power should-

- (i) ensure conduct of detailed field study prior to preparation of DPRs.***
- (ii) devise effective systems to ensure efficient billing based on actual meter reading and collection of revenue to reduce AT&C losses.***
- (iii) institute a system for conduct of periodic Energy Accounting and Audit.***

(Paragraph 6.2)

⁴ Dimapur, Wokha, Peren, Mon, Phek and Tuensang

Chapter-VII

Follow-up of Audit observations

As of March 2022, out of 1,739 recommendations of the PAC made during the period from 1990-91 to 2021-22, 1,217 ATNs on the recommendations had been submitted to the PAC and discussed.

(Paragraph 7.1)

As of March 2022, 1,751 IRs containing major paragraphs issued from 1997-98 onwards were pending for settlement. The large pendency of IRs was indicative of absence of adequate action to rectify the defects, omissions and irregularities pointed out through IRs by the Heads of Offices and Heads of the Departments.

Recommendation:

The Government may look into the matter and consider streamlining the system to ensure timely response to audit observations. Action may be taken against the officials who fail to send replies to IRs/paragraphs as per prescribed time schedule and the losses/ outstanding advances/overpayments may be recovered in a time bound manner.

(Paragraph 7.3)

During 2020-21, three Audit Committee Meetings (ACM) were convened to clear the outstanding audit observations. In the ACM, 06 IRs consisting of 30 paragraphs pertaining to SCERT Department, 06 IRs consisting of 29 paragraphs pertaining to Technical Education Department and 03 IRs consisting of 18 paragraphs pertaining to Fire & Emergency Services Department had been discussed. Out of which 2 IRs and 18 paragraphs in respect of SCERT, 4 IRs and 22 paragraphs in respect of Technical Education and 2 IRs and 12 paragraphs in respect of Fire & Emergency Services Departments respectively had been settled.

Similarly, during 2021-22, two Audit Committee Meetings were convened to clear the outstanding audit observations. 20 IRs consisting of 72 paragraphs pertaining to Horticulture Department and 21 IRs consisting of 73 paragraphs pertaining to Water Resources Department respectively had been discussed, out of which 11 IRs and 50 paragraphs in respect of Horticulture Department and 5 IRs and 38 paragraphs in respect of Water Resources Department respectively had been settled.

(Paragraph 7.4)

CHAPTER-I

INTRODUCTION

CHAPTER I: INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the performance audits and test audit of transactions of various departments of Government of Nagaland (GoN) pertaining to Social, Economic, General and Revenue Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management and contribute to better governance.

This chapter, in addition to explaining the planning and coverage of audit, provides a synopsis of significant instances of non-compliance with applicable laws, rules, regulations, various orders and instructions issued by competent authorities.

1.2 Profile of the Office of the Principal Accountant General (Audit), Nagaland

The Office of the Principal Accountant General, Nagaland, Kohima was established on 17 December 1974. Following a restructuring of cadres in 1984, the audit functions were entrusted to the office of the Principal Accountant General (Audit), Nagaland and the Accounts and Entitlements functions were entrusted to the Principal Accountant General (A&E), Nagaland.

Under the directions of C&AG, the Office of the Principal Accountant General (Audit), Nagaland conducts audit of government departments, Public Sector Undertakings, Autonomous Bodies and other Institutions¹ under Social, Economic, General and Revenue Sectors, which are spread all over the State. The Principal Accountant General (Audit) is assisted by one Deputy Accountant General.

The authority of audit is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's (DPC) Act). Under Section 13 of the C&AG's (DPC) Act, the Office of the Principal Accountant General (Audit) has been entrusted with the audit of all expenditure incurred from the Consolidated Fund of GoN. This office conducts audit of revenue receipts of GoN under Section 16 of the C&AG's (DPC) Act. the Office of the Principal Accountant General (Audit) also conducts supplementary audit of the Balance Sheet of all State Government companies under Section 143 (6) (a) of the Companies Act, 2013. This office is responsible for audit of accounts of autonomous bodies and authorities falling under Section 14, 15, 19 (2), 19 (3) and 20 (1) of C&AG's

¹ Audit of World Bank assisted projects, Asian Development Bank assisted projects, etc.

(DPC) Act. The C&AG prescribes the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts, 2007.

1.3 Planning and conduct of Audit

The audit process commences with the assessment of risk of the departments based on the expenditure incurred, criticality/complexity of activities, priority accorded for the activity by the Government, level of delegated financial powers, assessment of internal controls, concerns of stakeholders, previous audit findings, *etc.* Based on this risk assessment, frequency and extent of audit are decided and an annual audit plan is formulated to conduct audit.

After completion of each audit, an Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the IR. Wherever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in the Government, are processed for inclusion in the Audit Reports which are submitted to the Governor of Nagaland under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

The Audit Plan is prepared in such a way that it fits into the long term and short term goals of audit in consonance with the overall “Vision and Mission” of the Supreme Audit Institution of India. It has been prepared after carrying out risk assessment and keeping in view the available manpower. Elements of the Audit Quality Management Framework (AQMF) *viz.* materiality, inputs from Voucher Level Computerisation (VLC), financial size of the units, data from various e-governance initiatives taken by government, flagship programmes undertaken by auditees, press reports/electronic media coverage, expected audit impact and continuous improvement based on past experience, *etc.* were taken into account to the extent possible while framing the plan. A sector-wise analysis of government spending, investment policy of the government in infrastructure development, industrialisation and socio-economic activities along with due consideration of possible audit impact were taken into account in prioritising auditee units for preparing the audit plan.

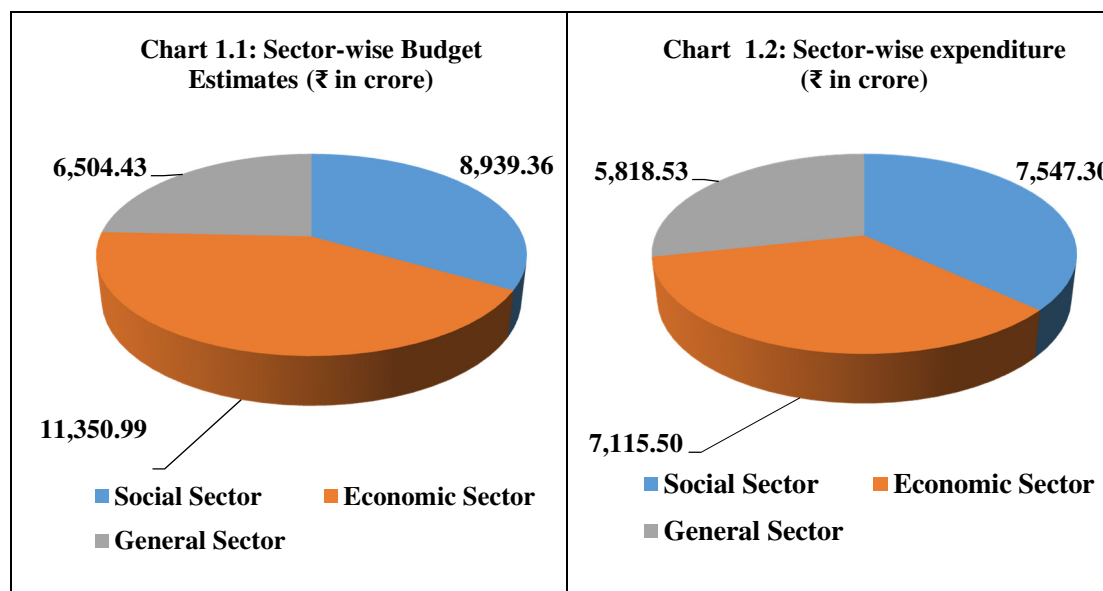
Considering the availability of resources, focus has been given on areas of high financial risk rather than thinly spreading out the available resources throughout the government activities. This would have better socio-economic impact and add value to governance. Out of 1,155 units, 363 units² were planned for audit during 2020-22 after carrying out risk assessment and keeping in view the available manpower, of which 438 units³ were actually audited during 2020-22.

² 129 units were planned for audit during 2020-21 and 234 units were planned for audit during 2021-22

³ 159 units during 2020-21 and 279 units during 2021-22

1.4 Significant Audit Observations

During the years 2020-22, the State Government incurred an expenditure of ₹20,481.33 crore⁴ against the budget provision of ₹26,794.78 crore⁵ under Social, Economic and General Sectors. Sector-wise expenditure is depicted in **Charts 1.1** and **1.2**.



Source: Appropriation Accounts, 2020-22

This Report *inter alia* contains five Performance Audits viz. “Implementation of Pradhan Mantri-Kisan Samman Nidhi Scheme in Nagaland”, “Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)”, “Kohima Smart City Mission”, two Subject Specific Compliance Audits viz. “Review of Ministry of Development of North Eastern Region (MDoNER) funded under Non-Lapsable Central Pool of Resources (NLCPR) and North East Special Infrastructure Development Schemes (NESIDS) in Nagaland” and “Funds released under Special Assistance– Creation of Capital Assets” and major findings of audit from test check of the transactions of 426 units⁶ involving an expenditure of ₹24,179.94 crore⁷ under Social, Economic and General sectors. Significant audit findings are discussed in the respective chapters.

⁴ 2020-21: Social: ₹3,466.71 crore; Economic: ₹3,588.64 crore; General: ₹2,948.66 crore, and 2021-22: Social: ₹4,080.59 crore; Economic: ₹3,526.86 crore; General: ₹2,869.87 crore

⁵ 2020-21: Social: ₹4,258.12 crore; Economic: ₹5,595.24 crore; General: ₹3,331.16 crore, and 2021-22: Social: ₹4,681.24 crore; Economic: ₹5,755.75 crore; General: ₹3,173.27 crore

⁶ 2020-21: Social: 20 units; Economic: 117 units; General: 18 units; Revenue: four units, and 2021-22: Social: 95 units; Economic: 123 units; General: 53 units

⁷ 2020-21: Social: ₹612.51 crore; Economic: ₹11,614.06 crore; General: ₹1,940.11 crore, and 2021-22: Social: ₹3,380.56 crore; Economic: ₹4,600.65 crore; General: ₹2,032.05 crore

CHAPTER-II

SOCIAL SECTOR

CHAPTER - II

SOCIAL SECTOR

2.1 Introduction

This chapter of the Audit Report for the years ended 31 March 2021 and 31 March 2022 deals with the findings on audit of the State Government units under Social Sector.

The names of the departments under Social Sector and their budget *vis-à-vis* expenditure details during 2020-21 and 2021-22 are shown in **Table 2.1.1**.

Table 2.1.1: Details of Department-wise Budget allocation and Expenditure

(₹ in crore)

Sl. No.	Name of the Departments	2020-21		2021-22	
		Total Budget Allocation	Expenditure	Total Budget Allocation	Expenditure
1.	Art & Culture	26.10	21.11	27.22	26.54
2.	Employment & Craftsmen Training	40.30	38.09	52.95	50.74
3.	Health & Family Welfare	864.77	723.22	1,201.53	922.50
4.	Higher Education	288.69	191.18	284.99	150.23
5.	Information & Public Relations	38.89	37.38	39.58	39.54
6.	Labour	11.10	10.55	10.58	10.50
7.	Municipal Affairs	298.54	169.22	271.96	196.83
8.	School Education	1,752.06	1,505.00	1,777.38	1,721.51
9.	Social Welfare	323.69	270.29	328.29	295.74
10.	State Council for Education, Research & Training	53.23	45.43	51.02	43.78
11.	Technical Education	33.43	27.64	39.65	36.81
12.	Urban Development	171.77	106.95	148.19	143.99
13.	Water Supply & Sanitation	258.25	251.54	331.92	331.44
14.	Women Welfare	13.64	10.38	10.97	10.85
15.	Youth Resources & Sports	83.66	58.73	105.01	99.59
Total		4,258.12	3,466.71	4,681.24	4,080.59

Source: Appropriation Accounts, 2020-21 and 2021-22

It can be seen from the table above that:

- In social sector, during 2020-21 the expenditure incurred by the Government ranged between 57 and 97 *per cent* and during 2021-22, the expenditure incurred by the Government ranged between 53 and 100 *per cent*.
- The Departments had utilised lesser amount than the budgeted allocation during 2020-22.

During 2020-22, an expenditure of ₹3,663.07 crore⁸ (including funds pertaining to previous years audited during the year) of the State Government under Social sector

⁸ During 2020-21: ₹612.51 crore and during 2021-22: ₹3,380.56 crore

were test-checked. This Chapter contains audit observations on the performance audit of “Kohima Smart City Mission” and two compliance audit paragraphs.

Performance Audit

MUNICIPAL AFFAIRS DEPARTMENT

2.2 Kohima Smart City Mission

The Kohima Smart City Development Limited (KSCDL) functions as a Special Purpose Vehicle (SPV) in implementation of the Smart City Mission (SCM) for Kohima. In accordance with the Smart City guidelines (SCG), KSCDL implements the mission within the area under Kohima Municipal Council (KMC) under Pan-City Development⁹ and Area Based Development¹⁰ (ABD) comprising of three Wards (Naga Bazar, Dak Lane, Kitsubozou) of Kohima. A Performance Audit was carried out covering the period 2016-21 to ascertain the effectiveness and efficacy of implementation of the Smart City Programme in Nagaland.

Highlights

KSCDL did not prepare feasibility report and revenue model for the projects implemented and core infrastructure elements were not prioritised as envisaged in the Smart City Guidelines.

(Paragraph 2.2.8)

Improper planning in implementation of project beyond the scope and objective of Smart City Mission had resulted in infructuous expenditure of ₹70.75 lakh on procurement of water ATM and water tanker.

(Paragraph 2.2.8.3)

Weak financial management resulted in delay in release of funds ranging from three to 15 months and short release of State matching share of ₹178 crore.

(Paragraphs 2.2.9 and 2.2.9.1)

Non-assessment of feasibility of the project before its implementation resulted in infructuous expenditure of ₹85.57 lakh on Construction of Multi Utility Duct.

(Paragraph 2.2.10.5)

2.2.1 Introduction

Government of India (GoI) launched the flagship program 'Smart Cities' on 25 June 2015 with the objectives to promote cities that provide core infrastructure, decent quality of life to its citizens, clean and sustainable environment and application

⁹ As per Paragraph 5.1.4 of Mission Statement Guidelines, Pan-city development envisages application of selected Smart Solutions to the existing city-wide infrastructure, which would involve the use of technology, information and data to make infrastructure and services better

¹⁰ As per Paragraph 5.1.4 of Mission Statement Guidelines, Area Based Development (ADB) in the Smart Cities Mission are city improvement (retrofitting), city renewal (redevelopment) and city extension (greenfield development)

of “Smart Solutions”. The core infrastructure of Smart Cities includes (i) adequate water supply; (ii) assured electricity supply; (iii) sanitation, including solid waste management; (iv) efficient urban mobility and public transport; (v) affordable housing; (vi) IT connectivity and digitalisation; (vii) good governance, especially e-Governance and citizen participation; (viii) sustainable environment; (ix) safety and security of citizens, particularly women, children and the elderly and (x) health and education.

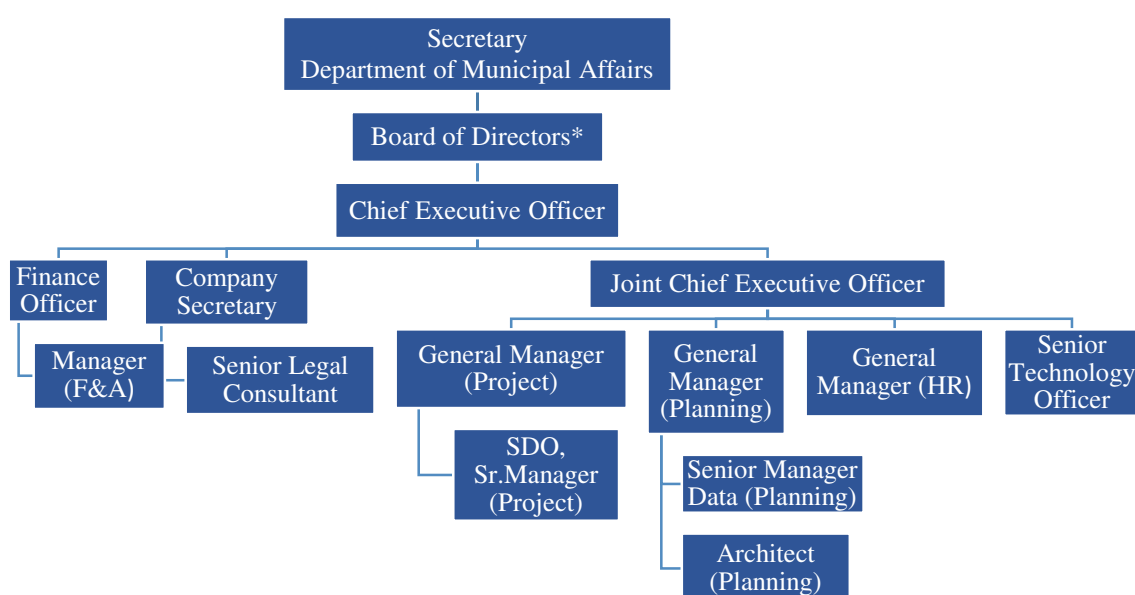
SCM envisioned developing 100 cities in the country as model areas based on an area development plan selected through a city challenge process which includes evaluation of Smart City Proposal (SCP) prepared by each city depicting the vision, plans for mobilisation of resources and intended outcomes. These 100 cities were selected in four rounds and Kohima City was selected (September 2016) in the second round.

To implement the SCM of Kohima, KSCDL was registered under the Companies Act, 2013 *vide* Government of Nagaland (GoN) notification¹¹ as an SPV. GoI was to provide ₹200 crore to each selected City to create initial corpus and ₹100 crore every year for the three subsequent years. The State Government was required to contribute proportionately.

2.2.2 Organisational setup

The organisational setup of SCM Kohima is as under:

Chart 2.1: Organisational setup



Source: KSCDL Records

* Board of Directors comprising of Secretary, Finance Department (Chairman, SPV/KSCDL); Principal Secretary, IT & C and Power (Member); Chief Engineer, Distribution & Revenue, Power Department (Member); Chief Engineer PWD-Housing (Member); Deputy Commissioner, Kohima (Member); Senior Superintendent of Police, Kohima (Member); Additional Director & HoD, Municipal Affairs Department (Member); Chief Executive Officer, KSCDL & Administrator, Kohima Municipal Council (Member) and Director (HFA), Government of India (Member)

¹¹ No.MA-8/2015 (Pt-II) Dated Kohima, 30 May 2016

2.2.3 Scope of Audit

The Performance Audit (PA) was carried out during August 2021 to October 2021 and covered the activities of KSCDL under Directorate of Municipal Affairs (DMA) for the period from 2016-17 to 2020-21.

2.2.4 Audit Objectives

The audit objectives were to assess whether:

- The planning process of the mission was comprehensive and adequate;
- The funds provided were adequate, released timely and utilised efficiently and economically;
- The development works taken up were in consonance with the core objective envisaged in SCM guidelines;
- The monitoring and control mechanisms were adequate and effective; and
- The outcome of the programme was achieved with respect to the scheme objectives.

2.2.5 Audit Criteria

The findings of audit were benchmarked against the following criteria:

- Smart City Mission Guidelines;
- Sanction orders issued by Ministry of Housing and Urban Affairs (MoHUA) and GoN;
- Nagaland Public Works Account Code, Schedule of Rates and General Financial Rules (GFRs);
- Provisions of the Companies Act, 2013; and
- Norms, Circulars and instructions with regard to financial management and implementation of the Mission issued by the Government of India (GoI) and the State Government from time to time.

2.2.6 Audit Methodology

The PA commenced with an Entry Conference (09 August 2021) with the Management of KSCDL and representatives from the State Government. The audit methodology included scrutiny of data/records, issue of audit queries/observations and obtaining response of the Management before finalisation of the report. Joint physical verification (JPV) of ongoing/completed projects executed by the line departments were also carried out to assess the impact and actual achievement of the projects.

The draft audit report was discussed (26 July 2022) with the representatives of KSCDL and GoN in the Exit Conference. The replies as well as the views expressed by the representatives of GoN and the KSCDL in the Exit Conference have been appropriately taken into consideration while finalising the Report.

2.2.7 Acknowledgement

The co-operation extended by the Kohima Smart City Development Limited and Municipal Affairs Department, GoN during the course of audit is acknowledged.

Audit Findings

The audit findings are discussed in the succeeding paragraphs:

2.2.8 Planning

As per Paragraph 6.1 of the Smart City Guidelines, the Government does not prescribe any particular model to be adopted by the Smart Cities. The approach is not ‘one-size-fits-all’; each city has to formulate its own concept, vision, mission and plan for a Smart City that is appropriate to its local context, resources and levels of ambition. For this, cities were to prepare their SCP containing the vision, plan for mobilisation of resources and intended outcomes in terms of infrastructure up-gradation and smart applications.

The SCP was prepared by the Municipal Affairs Department. The KSCDL as a SPV came into existence after the SCP was approved (September 2016) and Kohima was selected for implementation of the Smart City Program.

2.2.8.1 Non-prioritisation of essential features

As per Paragraph 6.2 of the Smart City Guidelines, the essential features were “assured electricity supply with at least 10 *per cent* of the Smart City’s energy requirement coming from solar, adequate water supply including waste water recycling and storm water reuse, sanitation including solid waste management, rain water harvesting, smart metering, robust IT connectivity and digitalisation, pedestrian friendly pathways, encouragement of non-motorised transport, intelligent traffic management, non-vehicle streets/zones, smart parking, energy efficient street lighting, innovative use of open spaces, visible improvement in the Area (*e.g.* replacing overhead electric wiring with underground wiring, encroachment-free public areas, *etc.*). At least 80 *per cent* buildings should be energy efficient and green buildings. Additionally, out of the total housing provided in greenfield development, there should be at least 15 *per cent* in the affordable housing category”.

It was observed that the SPV had identified 54 projects under Kohima Smart City Mission (SCM) and prioritised 61 works in these 54 projects, to be completed by March 2021. Details of identified 54 projects are shown in **Appendix-2.2.1 (A)**. Out of these prioritised works, only eight works were completed, another six works were ongoing beyond their scheduled date of completion while the remaining 47 works¹² had not yet been taken up (July 2022). Details of financial progress *vis-à-vis* physical progress are shown in **Appendix 2.2.1 (B)**. Further scrutiny of the completed projects revealed that the projects were implemented without proper planning and evaluation and were beyond the scope of the SCP. As a result, none of the eight completed projects could provide the facilities featured as essential in the guidelines as well as in the SCP of Kohima Smart City. Moreover, delay in completion of the project denied the essential features as envisaged in the Guidelines.

¹² Detailed Project Reports (DPRs) completed: 13 works; DPRs under preparation: 32 works; No details: 01 work and Tender stage: 01 work = 47 works

Recommendation: *The State Government needs to ensure that the essential features of Smart City are prioritised and executed as per the Guidelines as well as the Plan.*

2.2.8.2 Non-Convergence with other Government schemes

As per Paragraph 14 of the SCM Guidelines, the success of the Mission will depend upon the robustness of SPV's revenue model and benefit can be derived by seeking convergence with other Central and State Government Programs/Schemes. At the planning stage itself, cities should seek convergence in the SCP with AMRUT¹³, JNNURM¹⁴, Swachh Bharat Mission (SBM), Heritage City Development and Augmentation Yojana (HRIDAY), Digital India, Skill Development, Housing for All, Construction of Museums funded by the Culture Department and other programs connected to social infrastructure such as Health, Education and Culture in line with the SCM Guidelines.

It was observed that the SPV had projected 18 projects in its SCP under Convergence and Public Private Partnership (PPP) Mode for ₹388.69 crore¹⁵. KSCDL had entered into Memorandums of Understanding (MoU) with the concerned Line Departments and private companies during March-April 2016, with validity of one to five years to coordinate and collaborate in the implementation of the Mission. However, it was observed that during implementation no scheme with any line department was converged except for one project¹⁶ which was implemented through convergence with Power Department under electricity supply. Further, KSCDL did not prepare a revenue model to attract private participation for any project. This had resulted in non-participation of private companies and other local organisations in implementation of the projects.

2.2.8.3 Improper planning resulted in infructuous expenditure

As per Paragraph 10.6 of the Mission Guidelines, the Project Management Consultant (PMC) was required to prepare Feasibility Report and Preliminary Project Report (PPR)/DPR, which shall include Operation and Maintenance (O&M) aspects, Environmental and Social Impact Assessment, Project Proposal, Detailed estimates, Revenue Projection, Designs, etc. before approval and execution of the work.

KSCDL had projected ₹46.43 crore under Water Supply in ABD (₹13.60 crore), Pan-City (₹32.28 crore) and Convergence/PPP Mode (₹0.55 crore) as shown in **Table 2.2.1**.

¹³ Atal Mission for Rejuvenation and Urban Transformation

¹⁴ Jawaharlal Nehru National Urban Renewal Mission

¹⁵ Cost through Convergence of various scheme = ₹197.70 crore and Cost reduction through PPP/ JV and Soft Borrowing route= ₹190.99 crore

¹⁶ Modification of Distribution lines (HT/LT) and Street Lights along the main road Kohima

Table 2.2.1: Details of Projects under Water Supply as per SCP

(₹ in crore)

Sl. No.	Name of the Project under Water Supply	ABD	Pan-City	Convergence/ PPP Mode	Total
1.	Supervisory Control And Data Acquisition (SCADA) System for Water	4.50	0	0	4.50
2.	Water quality monitoring system and real time display	0.55	0	0.55	1.10
3.	Smart metering with leakage control system and theft control	8.55	0	0	8.55
4.	Water supply network (Kohima MC Area inclusive of ABD area)	0	32.28	0	32.28
Total		13.60	32.28	0.55	46.43

Source: KSCDL records

Examination of records revealed that the Board of Directors (BoD) approved in its 19th meetings (February 2019) procurement of water ATMs. However, procurement of water tanker and the amount for procurement of water ATMs and water tanker were not approved by the BoD. Pending approval of the water tanker, KSCDL collected quotations (15 July 2019) in violation of Rule 161 of GFR 2017 which stipulates advertised open tender for work value of above ₹25 lakh, as shown in **Table 2.2.2**.

Table 2.2.2: Details of supply order issued to the dealers

(Amount in ₹ and inclusive of taxes)

Sl. No.	Name of the Dealer	Item	Qty.	Rate	Amount
1.	M/s Libra International, Kohima	Water ATM 150 LPH with RO Purification and Chilling	5	9,15,000	45,75,000
2.	M/s Chabou & Co., Dimapur	Mahindra Furio Water Tanker 7KL BSIV	1	25,00,000	25,00,000
Total					70,75,000

Source: KSCDL records

It was observed that Kohima Chamber of Commerce and Industries (KCCI) was designated to arrange the operators (Business establishment) and location for setting up of the water ATMs in Kohima with the condition that the operation of the ATMs will be on revenue sharing model¹⁷. The dealer (M/s Libra International, Kohima) supplied and installed the water ATMs at five locations¹⁸ as directed by KCCI and was paid (November 2019) ₹44.97 lakh. However, it was seen that none of the water ATMs was operational.

Further scrutiny of records and JPV showed the following:

- i. While approving the project, the Board resolved that the PMC should put its expertise in the preparation of the DPRs and put forward the feasibility projects on priority. However, no DPR/Feasibility Report to assess the actual requirement and viability of the project “Water ATM” and “Water Tanker” was

¹⁷ As per the agreement, revenue sharing was to be determined by the auditor of the escrow account appointed by the parties. However, till the date of Audit, no escrow account was opened due to non-operation of Water ATMs

¹⁸ (1) Select Café near NST, (2) Baskin Robbins near High School Junction, (3) Home Makers near Razhu Point, (4) NCS building in Old NST again shifted to Teziepfu Society - Baroda Bank ATM Kiosk (opposite of Oking Hospital) and (5) L. Enterprise near BOC area

prepared by the PMC or KSCDL. The procurement of water ATMs and tanker without preparing DPR and Feasibility Report not only contravened the scheme guidelines but also resulted in infructuous expenditure, as the project had not served any purpose in augmenting the water supply system.

- ii. One of the vendors had requested KSCDL to cancel the contract for operation of Water ATM and remove the machine from their premises on the ground of supply of defective machine by the dealer.
- iii. During JPV (June and September 2019), it was seen that the water tanker and water ATM, were kept unutilised after installation. One of the vendors had dumped the water ATM in the basement of their building (as shown in **Photograph 2.1 (B)** below) and another vendor stated that water dispensed from the machine was not clean and was unpotable.

Photograph 2.1 showing the status of Water ATMs



Thus, improper planning and deviation from approved SCP, as envisaged in Mission guidelines resulted in infructuous expenditure of ₹70.75 lakh.

The Management, in reply (July 2022), stated that procurement of water ATM was made with approval from Procurement Board - KSCDL and the BOD. Water ATM project was taken up as a pilot project to provide convenient and affordable potable water to the citizens. At present, all the water ATMs are operational, and the water tanker is utilised for KSCDL projects and occasionally leased out for revenue generation.

The reply is not justified in view of the fact that the SCP included 100 *per cent* coverage of adequate water supply, development of water supply network efficiency with SCADA and water recycling and recirculation projects. Moreover, the Management procured water ATM and water tanker that was not envisaged in SCP and without the approval of the BoD.

2.2.9 Financial Management

As per paragraph 11.1 of the guidelines, the SCM was to be operated as a Centrally Sponsored Scheme (CSS) and the Centre was to provide ₹500 crore for each city and an equal amount on a matching basis was to be contributed by the State/ Urban Local Bodies (ULB).

It was seen that GoI had released ₹200 crore out of which ₹four crore (two *per cent*) was deducted by the Ministry as Administrative & Office Expenses (A&OE). The State Government made a budget allocation of ₹two crore in 2017-18 and ₹20 crore in 2020-21 and released the same towards State matching share. Except for these two years, further budget allocation was not made by the State Government. Thus, the State contributed only ₹22 crore resulting in short release of ₹178 crore. The details of receipts and expenditure are shown in **Table 2.2.3**:

Table 2.2.3: Details of funds received and expenditure incurred

(₹ in crore)

Year	Opening Balance	Receipts			Expenditure	Closing Balance
		GoI	State share	Total		
2015-16	0.00	2.00	0.00	2.00	0.00	2.00
2016-17	2.00	0.00	0.00	0.00	0.00	2.00
2017-18	2.00	2.00	2.00	4.00	0.00	6.00
2018-19	6.00	107.00	0.00	107.00	12.28	100.72
2019-20	100.72	85.00	0.00	85.00	89.12	96.60
2020-21	96.60	0.00	20.00	20.00	62.84	53.76
Total	-	196.00	22.00	218.00	164.24	--

Source: Figures of KSCDL

In reply, the Management stated (July 2022) that the funding pattern for North Eastern and Himalayan States was changed (May 2022) from 50:50 to 90:10 wherein overall financial support of GoI will remain capped at ₹500 crore *i.e.*, ₹500 crore (GoI share): ₹50 crore (GoN share).

Although the GoI has subsequently modified the funding pattern for North Eastern and Himalayan States, the State Government failed to honour its commitment made while participating in the competition for selection of Smart Cities. Moreover, delay in flow of funds from GoN had led to non-achievement of milestones as envisaged in SCP which resulted in non-release of funds by GoI as achievement of milestones was one of the conditions for release of subsequent instalment.

Recommendation: *Government should ensure timely release of funds as committed to avoid delay in achievement of the milestones.*

2.2.9.1 Delay in release of fund by the State Government

As per the sanction order of MoHUA, the funds released should be transferred electronically to the bank account of the SPV within seven days of receipt.

It was observed that there was delay in release of funds by the State Government ranging from 3 to 15 months in contravention of the orders of the Ministry as detailed in **Table 2.2.4**.

Table 2.2.4: Delay in release of Central fund

Sl. No.	Central		State		Delay (in months)
	Date	Amount (₹ in crore)	Date	Amount (₹ in crore)	
1.	01/09/2015	2.00	15/12/2015	1.00	3.5
			16/03/2016	1.00	6.5
2.	20/04/2017	2.00	28/11/2017	2.00	7
3.	20/04/2017	107.00	13/09/2017	107.00	5
4.	21/12/2018	6.00	27/03/2020	6.00	15
5.	03/10/2019	79.00	19/02/2020	79.00	4
Total		196.00	--	196.00	--

Source: KSCDL records

In reply, the Management accepted (July 2022) the audit observation.

2.2.9.2 Non-deduction of TDS on income tax

As per Section 194 C and 194J of the Income Tax (IT) Act, 1961, any person, except Individuals and HUFs when such services are availed solely for personal purposes, who is liable to make payment for availing professional or technical services shall deduct TDS, provided the threshold limit of ₹30,000 per annum is met. The Drawing and Disbursing Officer (DDO) is responsible to deduct the TDS (Tax Deducted at Source) at the appropriate rate from the contractor's bills and remit the same to tax authorities.

Scrutiny of records relating to implementation of projects by KSCDL revealed that the following companies were engaged for the works as shown in **Table 2.2.5**.

Table 2.2.5: Details of companies engaged by KSCDL

Sl. No.	Name of Contractor	Nature of work	Rate of Income tax (in per cent)	Value of work (₹ in crore)
1.	Bharat Electronics Limited (BEL)	Integrated Command Control Centre (ICCC)	2	131.16
2.	M/s WAPCOS	Project Management Consultancy (PMC)	10	10.19
3.	M/s Symbios Creations Pvt. Ltd.	WIFI Project	2	4.53

Source: KSCDL records

It was observed that KSCDL made payment to the three firms without deducting TDS on income tax as required under the IT Act, 1961 though none of the above firms fall under exemption category. The income tax liability of ₹1.99 crore pertaining to the three firms are given in **Appendix-2.2.2**.

In reply, the Management stated (July 2022) that KSCDL had issued instructions to the firms to submit Income Tax Return (ITR) following which only M/s Symbios Creations Pvt. Ltd. had furnished ITR up to assessment year 2020-21.

2.2.9.3 Transfer of fund against advisory of the Ministry

As per the advisory of MoHUA (January 2019) "there shall not be any transfer of funds from SPV to Government Department/agency. The payments should be disbursed directly by the SPV to the contractor on completion of each milestone. The line Department/agency shall check and verify contractor's bills as per the standards of financial rules and schedule of powers and submit to SPV for payment".

- (i) It was observed that the SPV had transferred ₹45.62 crore to DMA in three instalments¹⁹ for construction of two Multi-Level Vehicle Parkings (MLVPs). It was also observed that the actual payments made by DMA to the contractor as per the progress of work of the two MLVPs were only 43 and 52 *per cent* against the completed work of 55 and 65 *per cent*. The transfer of fund to DMA was against the advisory of the Ministry. Further, KSCDL had to forgo interest which could have been earned from the unspent balance of the project fund.

In reply, the Management stated (July 2022) that the BoDs decided to hand over the two MLVP and Cultural Hall projects to the Urban Development Department for implementation. The amount of ₹45.62 crore was transferred to DMA in three instalments on the request of DMA.

The justification provided by the Management was not acceptable as the BoDs was not empowered to take decisions in contravention of the Ministry's advisory.

- (ii) It was observed that DPR for the work "Modification of Distribution lines (HT/LT) and Street Lights along the main road Kohima" for ₹177.57 lakh was prepared by Department of Power Nagaland (DoPN) to be implemented under convergence with KSC Project. Out of the total project cost, 42 *per cent* i.e. ₹74.56 lakh being the equity portion was funded by KSCDL and 58 *per cent* i.e. ₹103.02 lakh by DoPN. DoPN awarded the work to three firms (**Table 2.2.6**) without floating tender/NIT on the grounds of their competency and having experience of executing similar nature of works. The same was necessitated due to time constraints as there was direction from Commissioner & Secretary (Department of Power) to immediately take up the work.

Table 2.2.6: Details of payment for the project "Modification of Distribution lines (HT/LT) and Street Lights along the main road Kohima"

Sl. No.	Name of the Contractor/Supplier	Name of the work	Qty.	Rate	Amount (in ₹)
1.	M/s Caravan Power and Constructions (India) Pvt. Ltd.	Supply and erection of Material for Shifting & Re-location of HT and LT Lines at Kohima from Mohan Khola to High School Jn.			63,65,939.00
2.	Light House	Supply of Streetlights	62 Nos.	5,950.00	3,68,900.00
3.	SD Electrical	fittings (60 Watts LED)	100 Nos.	5,950.00	5,95,000.00
Total					73,29,839.00

Source: KSCDL records

KSCDL released ₹74.56 lakh²⁰ to EE, Kohima Electrical Division instead of disbursing directly to the contractor in violation of the advisory of the funding agency.

¹⁹ ₹6,15,18,103 (Cheque No. 000014 dated 19/12/2018) + ₹4,59,81,000 (Cheque No. 641092 dated 20/05/2019) + ₹34,86,69,897 (Cheque No. 641093 dated 23/5/2019) = ₹45,61,69,000/-

²⁰ Vide cheque No.641094 dated 23/05/2019

2.2.9.4 Non-adherence to Government order on digitisation of payment

As per Office Memorandum²¹ of Ministry of Urban Development, GoI, all the SPVs were to reflect the expenditure incurred on Public Financial Management (PFMS). Accordingly, GoI directed (August 2019) all the 100 Smart Cities to roll out Expenditure, Advance and Transfer (EAT) modules of the PFMS not later than September 2019 under digitisation of Government's financial transactions to improve efficiency and timelines of payments, and also strengthen transparency and accountability in public expenditure.

Scrutiny of bank statements of KSCDL showed that the Management issued cheques amounting to ₹4.41crore²² between 01 October 2019 to 31 March 2021 for various expenditure under A&OE and Projects heads in contravention of the directives of the Ministry as shown in **Table 2.2.7**.

Table 2.2.7: Details of expenditure made through cheque

Year	Name of Bank	Head	Amount(in ₹)
2019-20 (from October 2019)	IDBI Account No. XXXX840	A&OE	1,30,21,229
2020-21			2,83,97,731
Sub-Total (A)			4,14,18,960
2019-20 and 2020-21	SBI. Account No. XXXX235	Project implementation	26,51,314
Sub-Total (B)			26,51,314
Grand Total (A+B)			4,40,70,274

Source: Bank Statement KSCDL

While accepting the fact, the Management in reply (July 2022) stated that payment through PFMS has started from 26 June 2022.

2.2.9.5 Determination and collection of user charges, taxes, surcharges, etc.

As per Point 5 of Smart City Guidelines Annexure-V, one of the key functions and responsibilities of the SPV are to determine and collect user charges and collect taxes, surcharges, etc., as authorised by the KMC.

It was observed that KSCDL had neither executed any agreement nor determined the scope for collection of user charges, taxes and surcharges in line with SCG. The Management had also not initiated any action with KMC to determine and collect user charges, taxes, surcharges, etc. which was in violation of the SCG.

2.2.10 Implementation of Projects

2.2.10.1 Implementation of Multi-Level Vehicle Parking (MLVP)

As envisaged in SCM Guidelines, the SCP of Kohima made provision for Multi-level car parking under Urban Mobility to be implemented within the ABD and Pan-City solution. Scrutiny of the records in implementation of two MLVPs revealed the following:

²¹ OM No. K-14012/101(02) 2016-SC-III-A dated 23/10/2017

²² ₹4.14 crore + ₹0.27 crore = ₹4.41 crore

(A) Non-execution of MLVP project as per SCP

As per the SCP of Kohima Smart City, the multi-level vehicle parking was to be a fully automated sensor-based car parking with provision of Adaptive Traffic Management System and other possible activities with roof-top solar cells installation.

It was observed that the SPV, instead of preparing its own DPR as per the SCP, had taken up the incomplete multi-level parking initially executed under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme by Urban Development Department which could not be completed due to delay in handing and taking over of the site to the contractor and discontinuation of the scheme by the Ministry for projects which could not be completed by 2014. The current MLVPs did not have all the facilities (fully automated sensor-based car parking, roof-top solar cells installation, etc.) as envisaged in the SCP.

In the Exit conference, the Management stated that completion of MLVP is expected by October 2022 and facilities as envisaged in SCP will be installed after completion of civil works.

(B) Execution of work without inviting tender

Rule 136 (1)(vi) of the GFR 2017 and Paragraph 1.10 (xi)(vii) of Central Vigilance Commission (CVC) Manual states that “No works shall be commenced, or liability incurred in connection with it until tenders are invited and processed in accordance with rules”.

It was observed that the BODs in its meeting (September 2018) decided to issue a supplementary work order to the initial contractors who executed the work of the two MLVPs under JNNURM Scheme without inviting tender at revised rates. The issue of work order without inviting tenders not only contravenes the provisions of the GFR/ CVC manual but also provided undue benefit to the contractors.

(C) Non-preparation of revenue model and Operation & Maintenance plan

Paragraph 11.2 of the guidelines on Smart Cities envisaged that the success of the Mission will depend upon the robustness of the SPV's revenue model.

It was observed that KSCDL had made revenue projection from the parking space in its Smart City Plan. However, the new DPR was not prepared by SPV in compliance with the SCP {highlighted in **Paragraph 2.2.10.1 (A)**}. The DPRs for the two ongoing MLVPs did not have the provision of revenue generation and Operation and Maintenance plan.

Revenue model and Operation and Maintenance plan should be prepared to get adequate return on the investment made and for sustenance of the project.

The Management during the Exit conference stated that revenue model and O&M was yet to be finalised.

2.2.10.2 Integrated Command & Control Centre (ICCC) under IT infrastructure

The objective of the ICCC project was to establish a collaborative framework where inputs from different departments of KMC and other stakeholders such as transport, water, fire, police, e-governance, *etc.*, can be assimilated and analysed on a single platform; resulting in aggregate city level information. Further, this aggregated city-level information can be converted to actionable intelligence, which would be propagated to relevant stakeholders and citizens.

KSCDL identified Smart Information & Communication Technology (ICT) intervention required to make the city smart. Bharat Electronics Limited (BEL) was selected (March 2019) as a Master System Integrator (MSI) to implement the required ICT for setting up ICCC for Kohima Smart City on turnkey basis at a cost of ₹131.17 crore. Accordingly, the ICCC was set up at KSCDL and BEL had installed CCTVs for surveillance across the city, four intelligent poles and 600 Smart Street Lights across the city (October 2021). Following observation were made in implementation of ICCC Project:

(A) Non-execution of MoU and Standard Operating Procedures (SOP) with the Line Department

Examination of records showed that no agreement or framework was made with any of the line Departments for ICCC Project. It was also observed that traffic in the city is managed by Police who have their own control room with CCTVs installed at six locations in the City. The street lighting is under the control of Power Department. The framework on operation and service utilisation to be provided by ICCC was not made. It was seen that the KSCDL had entered into MoU with all the Departments between 2015 and 2016 which had expired between 2017 and 2020.

The Management stated in the Exit conference that MoU was signed with KMC for e-KMC and SOP with the Police Department was finalised and was issued as an order by the Police Department.

(B) Deviation from the Scope of the Project

As per the scope of the project, smart streetlights were to be fitted with solar panels with solar charging battery in consonance with the sustainable objective of SCGs.

It was observed that the streetlights were drawing power from electricity supplied by Power Department and from the existing poles. Fitting streetlights on the existing poles indicated that the location and requirement for smart streetlights were not pre-assessed by KSCDL and in absence of SOPs/ MoU with DoPN, no responsibility was fixed on operation, charges and maintenance of streetlight.

2.2.10.3 Wi-fi Project

With the objective to provide cheap internet access to the masses and accelerate delivery of e-Governance services while also generating revenue by advertisements and leasing, *etc.*, the BoDs decided (October 2018) to implement Wi-fi project at the cost

of ₹four crore. Accordingly, the Request for Proposal (RFP) and tender was floated (March 2019) by Information Technology & Communication (IT&C) Department, GoN for KSCDL. M/s Symbios Creations Pvt. Ltd. was awarded (July 2019) the work based on the assessment made by the techno-financial committee on the bid document. Following observations are made on implementation of Wi-fi project:

(A) *Non-preparation of Detailed Project Report/Estimates of the Project*

Rule 144 (vii) of GFR 2017 states that the procuring authority should satisfy itself that the price is reasonable and consistent with the quality required. Paragraph 10.1 of Smart City guidelines specifically states that implementation of the Mission at City level will be done by a SPV created for the purpose. The SPV will plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Smart City development projects.

Scrutiny of records revealed that besides approval of the cost for ₹four crore and scope of work as specified in RFP, no DPR of the project was prepared by the KSCDL. As a result, KSCDL could not assess the reasonability of the price quoted by the bidder and also the feasibility of the project.

In reply, the Management stated (July 2022) that the RFP and bid process management was entirely carried out by IT&C Department by forming a committee for Wi-fi project comprising of officials from Finance, KSCDL, KMC and IT&C departments. Hence, KSCDL cannot comment on this matter since this falls under the purview of IT&C Department.

The replies of the Management validate the fact that the SPV failed to monitor the implementation of the project.

(B) *Payment and transfer of ownership*

Paragraph 5.15 (a) of the RFP for Kohima Wi-fi City Project Phase-I of SCM envisaged that “the successful bidder shall raise the component-wise invoice against the milestones achieved and submit the invoice to KSCDL”.

Paragraph 22 (1) of the Contract agreement also stated that “M/s Symbios Creations Pvt. Ltd. must transfer all titles of the assets and goods procured for the project to KSCDL at the time of Acceptance of System.”

Scrutiny of the bills submitted by M/s Symbios Creations Pvt. Ltd. revealed that the Lumpsum bill of ₹1.36 crore was not supported by invoices. The KSCDL made payment for the bill without checking the component-wise cost and genuineness of the components in the absence of invoices. It was also observed that the KSCDL did not maintain any store/stock or asset register on the account of Wi-fi project transferred by the firm.

In reply, the Management stated (July 2022) that payment was made on the “Payment Terms” in the contract agreement. Users Acceptance Test (UAT) and Final Acceptance Test (FAT) were also prepared by PMC to investigate all the items in the Bill of

Material (BOM) mentioned in the agreement. Since FAT was prepared, no stock register or asset register was maintained.

Reply of the Management is not acceptable as the UAT and FAT does not contain cost of each component.

(C) Non-Preparation of revenue generation model

The Wi-fi project aimed to generate revenue and as per the agreed document M/s Symbios Creations Pvt. Ltd was to provide revenue sharing model with details of revenue required for operation expenditure, warranties, O&M, manpower costs, etc., and provide provision for setting aside funds from revenue generated from Wi-fi services for self-sustenance of the Kohima Wi-fi City Project.

It was observed that no revenue model was approved to make the project sustainable even after a lapse of 20 months from the date of commencement of Go-live (November 2019). The objective of setting up Wi-fi to provide cheap internet access while generating revenue was not achieved.

(D) Avoidable expenditure on O&M

As per Paragraph 5.43 of the RFP for Kohima Wi-fi City Project Phase-I of SCM, the successful bidder shall provide and deploy skilled and experienced manpower on site for carrying out maintenance work. If the bidder does not deploy the required specified quantity and quality of manpower as per RFP, penalty per person per day would be deducted from the quarterly payment at the prescribed rate²³. JPV (August 2021) revealed that against the target to install three computers for monitoring and functioning of Wi-fi project, only one was set up and the room allocated also could accommodate only one out of three technicians. Thus, payment for the services of other manpower should have been deducted as per the agreed terms. Non-deduction and payment for manpower whose services were not utilised had resulted in avoidable expenditure of ₹17.05 lakh for the period from April 2020 to September 2020.

In reply, the Management stated (July 2022) that M/s Symbios was informed that there was no space for them to install the remaining two systems as the entire space had to be allocated to ICCC due to which the other two personnel were based at M/s Symbios Office, Kohima and were actively involved in the project since inception. Additional manpower was also deployed by M/s Symbios to ensure high uptime.

The reply of the Management is not tenable as it was specifically stated in the RFP that the manpower was to be deployed at site and availability of space should have been considered before implementation of the project.

Recommendations:

The State Government may-

- (i) fix responsibility against the defaulting officers for non-preparation of DPR and non-preparation of revenue generation model.***

²³ Project Manager - ₹5,000/- per day per person and Technical Support Service Team and Helpdesk executive – ₹2,000/- per day per person

- (ii) *initiate disciplinary action after investigating the matter against the defaulting officers for making payments to the contractor without invoices and without ensuring deployment of manpower by the contractor.*
- (iii) *take action against the contractor for claiming bills without producing invoices and without deploying manpower. Also, take steps to recover the excess amount from the contractor.*
- (iv) *ensure that the DPR is prepared after detailed survey to assess the feasibility of the project.*

2.2.10.4 Transport Sustainability

The guidelines of the Smart City envisaged the features of transport sustainability in developing infrastructure under SCM. Accordingly, KSCDL also incorporated in its plan the following sustainable transport features:

- Encourage non-motorised transport system by developing walkways and ropeways; use of congestion pricing mechanism to deter private vehicles in core areas during peak hours and expand/connect pedestrian network with public spaces, key nodes and motorable road,
- Develop intelligent traffic management that monitors and manages traffic on real time basis to improve traffic flow and safety,
- Development of Non-vehicle streets/Zones and Smart Parking.

The Comprehensive Urban Mobility Improvement Centre (CUMIC) envisaged in SCP of KSC proposed to create an Intelligent Interactive Mobility Ecosystem Centre for citizens and tourists, facilitating comfortable and safe urban commute supported by Integrated Real Time Mobility Information system. It was observed that the ICC project was to operate separate control room for CUMIC but Smart Transport was excluded from ICC project and was replaced by increasing the number of CCTVs and Street Lights.

The development of alternative non-motorised transport systems like ropeways and walking projects was not feasible and non-motorised street for pedestrians was also not feasible on grounds of non-availability of accessible land. As a result, KSCDL did not implement any project to achieve the sustainable transport system.

In reply, the Management stated (July 2022) that Smart Transport was excluded from ICC since the public transport system in Kohima was informal, unstructured and no public company was running any fleet of buses.

2.2.10.5 Construction of Multi Utility Duct without assessing its viability

As per Paragraph 12 of SCP of Kohima Smart City, 'Improved urban aesthetic' and 'public space gain' through removal of overhead utility lines and laying underground duct for services and cables was one of the 'smart' characteristics included under Smart Urban Form in the SCP.

BoDs approved (April 2018) the Project “Beautification work” as the First Phase of Beautification of Kohima Town under KSC Mission with the objective to provide proper and clean footpaths. The construction work involved ‘Widening of Road,

construction of RCC Retaining Wall, Coursed Rubble Stone Masonry (CRSM) Retaining Wall, Road Side Drain, Multi Utility Ducts, Footpath, *etc.* Multi Utility Duct was to house various cable lines to avoid blocking the pedestrian footpath. This would also obviate the need for frequent digging of roads for connections and repair of telephone cables.

Scrutiny of records revealed that the work for “Beautification of Kohima Town Phase-I” was approved at an estimated cost of ₹10.57 crore and awarded (November 2018) to M/s Viu Angami & Sons for ₹10.28 crore based on e-tender. However, the DPR for the work was revised²⁴ to ₹16.19 crore (May 2021) and in the revised DPR, the cost of Multi Utility Duct was estimated at ₹0.86 crore.

It was also observed that KSCDL neither prepared feasibility report nor entered into any agreement with the end users (DoPN, Public Health Engineering Department (PHED), Telecom Companies, *etc.*) to utilise the duct. DoPN unequivocally objected to laying of underground power lines within the main

town area and suggested that the funds under this component should be utilised for other developmental projects. Even after construction, overhead utility lines were neither removed nor digging of pits along the road for laying of pipelines prevented. Digging of pits for laying of pipelines instead of using the duct was noticed (October 2021) during JPV as shown in the photograph placed alongside.

The objective of constructing Multi Utility Duct did not serve the purpose of housing utility lines rendering the expenditure of ₹85.57 lakh (August 2020) unfruitful.

The Management, in reply stated (July 2022) that the utility duct under beautification was taken up and completed comprising of widening the existing road, protection wall drainage, utility ducts as a pilot/trail project before starting the multi services utility duct along the footpath. The Underground Electrical Network was dropped on the advice of the DoPN. Only utility duct and not Multi Service utility duct which is mainly for the cable fibres and individual water consumer pipelines is being covered. Various site visits/ meetings are taken up regularly with Telecom and Cable service provider and PHED.

The Management’s justification is not acceptable as the duct was supposed to house all overhead wires and over ground pipes.

Photograph 2.2



Digging of pits for laying of pipelines instead of using the duct.

²⁴ The revised DPR was necessitated due to unprecedented landslides along the stretch of the project and Engineer-in-Chief, PWD proposal for additional protection wall during Technical site inspection

Recommendation: *The KSCDL needs to take up the issue of using the ducts with the line Departments on a priority basis.*

2.2.10.6 Undue financial benefit to contractors

As per Rule 135 of Receipts and Payments Rules, payment for all work done other than by daily labour and for all supplies shall be made on the basis of measurements recorded in Measurement Books (MBs). No payment other than an advance payment may be given unless a responsible officer carefully checks the correctness of the claim in respect of quantities and rates as well as the quality of the works done.

As per Paragraph 341 of the NPWD Code, before the bill is prepared, entries in the MB relating to the description and quantities of work/supplies should be scrutinised by the sub-divisional officer and calculation of 'contents or area' should be checked.

Scrutiny of records revealed that ₹163.64 lakh was paid (July 2021) to the contractor M/s Viu Angami & Sons for the work "Construction of Community Hall cum Car Parking at New Market Colony, Kohima, Nagaland" and full payment was made to the contractor after undertaking measurement of the works done.

To ascertain the veracity, JPV was conducted (September 2021) which revealed that the contractor was paid ₹11 lakh without actual execution of 10 items of works as detailed in **Appendix-2.2.3**. This indicates that fictitious entries were made in the MB, which led to excess payment of ₹11 lakh.

The Management stated (July 2022) that all the above-mentioned items of works had been constructed after the JPV.

Recommendation: *Responsibility may be fixed on the erring officers for false entry and releasing of money without actual execution of work.*

2.2.10.7 Inefficient managements in procurement of machineries

SCG 10.1 stipulates that the States/ULBs shall ensure, (a) a dedicated and substantial revenue stream is made available to the SPV to make it sustainable and evolve its own credit worthiness for raising additional resources from the market and (b) Government contribution for Smart City is used only to create infrastructure that has public benefit outcomes.

Advisory 13 (January 2019) issued by the MoHUA, GoI envisage that changes in financial parameters and changes in cost of projects is permissible, provided there are no material modifications, and the overall amount does not undergo a significant change due to reduction in value. An increase in the overall amount of SCP is permissible only on clear fund availability or where the alternative source of financing for the project has been finalised. Change in source of funds is permissible provided clear fund availability is ensured. However, for projects being funded from SCM funds of the Central Government/State Government/ULB (upto ₹1,000 crore), no additional allocation of funds shall be made by the Central Government under this head.

As per SCP, KSCDL projected an amount of ₹23.49 crore for procurement of vehicle/equipment as shown in **Table 2.2.8**.

Table 2.2.8: Details of projects for procurement of vehicles and equipment

(₹ in crore)

Sl. No.	Name of the Project	Module in SCP	ABD	Pan-City	Total
1.	Road cleaning vehicles/equipment	Urban Mobility	1.65	0.00	1.65
2.	Additional Buses for lease		0.00	16.00	16.00
Total			1.65	16	17.65
3.	GPS enabled vehicles for waste collection	Solid Waste Management	1.44	0.00	1.44
4.	Smart Ambulance	Disaster Management	0.00	4.40	4.40
Total					23.49

Source: Kohima Smart City Mission SCP

Scrutiny of records revealed that KSCDL incurred an expenditure of ₹6.77 crore for procurement of vehicles under SCP as shown in **Table 2.2.9**.

Table 2.2.9: Details of payment for procurement of vehicles and equipment

(Amount in ₹)

Sl. No.	Item	Supplier	Rate	Qty.	Amount	Modules in SCP
1.	Jatayu Litter Cleaning Machine (Road Vacuum Trucks)	Standard Supply	25,00,000	6	1,50,00,000	Urban Mobility
2.	Revolution Maxi, Road Sweeping Machines	DULEVO India	1,70,00,000	1	1,70,00,000	
3.	AC Bus 20 seaters BS IV	Chabou & Co. (Mahindra)	21,05,000	4	84,20,000	
Total					4,04,20,000	--
4.	Mahindra Load King Optimo Tipper (Mini Trucks)	Chabou & Co. (Mahindra)	13,27,095	2	26,54,190	Solid Waste Management
5.	Back Hoe Loader JCB (4x4)	Chabou & Co. (Mahindra)	28,72,817	1	28,72,817	Solid Waste Management
6.	Bolero Pick Up Trucks	Apex Motor Enterprise	7,30,510	21	1,53,40,710	
7.	Two Wheeler (Scooty)	Riven Auto Authorised Honda 2 Wheelers	76,822	5	3,84,410	
Total					2,12,52,127	--
8.	Ambulance	Chabou & Co. (Mahindra)	30,00,000	2	60,00,000	Disaster Management
Grand Total					6,76,72,127	--

Source: Management figures

As seen from above, KSCDL spent ₹2.13 crore under Solid Waste Management against the allocation of ₹1.44 crore resulting in excess expenditure of ₹0.69 crore.

It was also observed that the KMC operated 34 vehicles and equipment (Sl. No. 1, 2, 5, 6 & 7 of **Table 2.2.9**) and the Naga Hospital Authority, Kohima (NHAK) operated two ambulances which were procured through funding under SCM without entering into any formal agreement/MoU with the Management.

JPV revealed that four AC Bus-20 seaters BS IV, two Mahindra Load King Optimo Tipper (Mini Trucks) and one Scooty were kept idle/ unutilised with the KMC since the date of procurement²⁵.

This indicated inefficient management in procuring machineries thereby rendering the expenditure of ₹1.12 crore²⁶ unproductive.

The Management, without addressing the issue of expenditure in excess of allocation, stated (July 2022) that for the vehicle assets under KMC, an official notification and MoA between KSCDL and KMC was signed (October 2019) on the handling of Solid Waste Management vehicles and management of solid waste for Kohima city and an office memorandum was signed for operation of the two ambulances. The Management further stated that all the vehicles are now utilised.

2.2.10.8 Bio-toilets project under the component Sewage Infrastructure in ABD

Bio-toilet is an eco-friendly toilet that consists of Bio Digester, Squat Pan, Water Tank, etc. Bio-digester toilet is designed to convert human waste into gases and manure. It is an inexpensive and easy-to-operate alternative to traditional waste disposal; eco-friendly toilet is a great way of meeting new Sustainable Development Goals.

KSCDL projected an amount of ₹15.40 crore in the SCP for the Bio-toilets project under the component Sewage Infrastructure in ABD. The BoDs approved implementation of the “Bio-toilets” project (February and May 2019). Accordingly, the KSCDL collected quotation from a dealer, M/s WJ Decor, Dimapur, in violation of Rule 161 of GFR 2017 which stipulates advertised open tender for work value above ₹25 lakh, and supply order for 25 units was issued (July 2019). As per the quotation, the cost for supply and installation of 25 Bio-toilets along with all accessories was ₹99.71 lakh inclusive of GST, TCS including installation and commissioning.

The materials were delivered at KMC waste management site, Lerie (January 2020). It was also agreed that the civil works for installation of 25 Bio-toilets will be undertaken by the supplying firms with the condition that expenditure incurred on civil works will be released only after completion certificate is submitted by the KSCDL Project team.

It was seen that ₹1.03 crore was paid to M/s WJ Decor through PFMS for supply, installation and civil works of Bio-toilets as shown in **Table 2.2.10**.

Table 2.2.10: Details of payment made for Bio-Toilets

Sl. No.	Date of payment	Particular	Amount (in ₹)
1.	12/09/2019	30 per cent M/Advance for Supply & Installation	30,00,000
2.	29/05/2020	Final bill for Supply of 24 Nos. of Bio-toilets & Installation	68,02,000
Total for Supply & Installation			98,02,000
3.	22/12/2020	Site Development work (Civil Works) of Bio-toilets.	4,85,450
Grand Total			1,02,87,450

Source: KSCDL records

²⁵ Buses and Mini Trucks were procured on 10 June 2019 and Scooty on 30 September 2019

²⁶ Cost of 4 Nos. of AC Bus 20 seaters BS IV= ₹84,20,000/- + Cost of 2 Nos. of Mahindra Load King Optimo Tipper (Mini Trucks) = ₹26,54,190/-+ Cost of 1 No. of Scooty (Two wheeler) = ₹76,822/-

Further scrutiny of records revealed the following irregularities:

(A) Commencement of work/project before acquisition of land

Rule 225 of the NPWD code stipulates that no work should commence on a land, the possession of which has not been delivered by responsible Civil (Revenue) Authorities.

As per the completion certificate issued (November 2020) by the Committee for Bio-toilets, out of 25 units of Bio-toilets procured, 13 units only were installed in 12 locations in Kohima Municipal Areas. The remaining 12 units could not be installed till date (October 2021) even after a lapse of 20 months from the date of receipt of materials due to non-availability of land/site at the wards initially proposed by KSCDL.

The Management did not ensure that land free from all encumbrances, was in its possession before issue of work orders resulting in delay in commencement of the projects/works. In addition to the above irregularities, payment made to M/s WJ Decor including the cost for installation, commissioning and civil works without actual installation of 12 Bio-toilets was irregular.

In reply, Management stated (July 2022) that Government-owned land is a scarcity in Kohima as the land belongs to private individuals/communities as such KSCDL implemented the Bio-toilet project through private/community participation. Based on the requirement of public toilet amenities in and around Kohima Municipal wards, KSCDL identified plots and obtained necessary certification from the landowners for installation of Bio-toilets. Also, Management, during the exit meeting stated that only two Bio-toilets were yet to be installed.

The justification provided by the Management is not acceptable as the fact about land scarcity was already known and the same could have been taken into consideration at the time of preparation of DPRs.

(B) Execution of work without preparing Detailed Estimates

Rule 136 (1) of GFR, 2017 states that "No works shall be commenced, or liability incurred in connection with it until – (i) a properly detailed design has been sanctioned while designing the projects *etc.*, principles of Life Cycle cost may also be considered and (ii) Estimates containing the detailed specifications and quantities of various items have been prepared based on the Schedule of Rates maintained by CPWD or other Public Works Organisations and sanctioned."

It can be seen from the above **Table 2.2.10** that KSCDL paid ₹4.85 lakh to M/s WJ Décor for Civil Works of Bio-toilets. However, it was observed that no Detailed Estimates for Site Development work (Civil Works) of Bio-toilets was prepared and approved by the competent authority and no formal work order was issued incorporating the terms and condition of the contract.

In reply, the Management stated (July 2022) that the civil work component under bio-toilet was taken up as ancillary works and the cost implication was site specific. The Management further added that wherever necessary, approvals were taken for the

procurement of the main component “Bio-toilet units”, however, execution of work was done without the need of preparing a detailed estimate due to urgency.

The urgency stated by management is not justified, due to the fact that even after a lapse of 20 months from the date of receipt of materials, 12 out of 25 could not be installed.

(C) Execution of work outside the ABD areas

MoHUA, GoI Advisory No.13 (Revised) (21/01/2019) advised that addition of projects outside ABD location is not permissible, unless it is as per the guidelines of the Mission and/or further modifications to the mission guidelines issued by the Ministry from time to time. Addition of non-ICT projects as a Pan-City initiative is not permissible. Only projects that follow the guidelines prescribed in Section 5.1.4 of the SCG and having clear fund availability can be included in Pan City Initiatives.

Bio-toilets (Public Convenience) is a project under the component Sewage Infrastructure approved in SCP to be implemented in ABD areas. It was observed that nine²⁷ out of 10 Bio-toilets were installed outside the ABD²⁸ areas in contravention of the Scheme Guidelines, Advisory and SCP.

In reply, the Management stated (July 2022) that due to lack of available space within ADB area and considering the need for public toilet amenities in and around KMC wards, Bio-toilet project was executed outside ADB demarcated areas on need basis.

The implementation of the project outside the demarcated area not only contravened the Ministry’s Advisory, but the objective of developing ABD areas as a modular city area could not be achieved by incorporating all the essential features/elements prescribed in the SCM Guidelines.

2.2.10.9 Execution of work beyond the scope and objective of KSCM

As per the approved SCP point no. 34, the components approved under Distribution of Electricity in the ABD Areas under convergence scheme with the DoPN are Smart Metering for Electricity and Underground cabling and automation of services. The following role/responsibility was given to DoPN:

- i. to converge funding (IPDS²⁹ and State Scheme) and timelines with SCM,
- ii. technical support for procurement,
- iii. delegation of power to SPV for supply and distribution of electricity and collection of user charges in ABD, and
- iv. oversee execution of works on behalf of SPV.

²⁷ (1) Ward 10 Hospital/Officers Hill (Below SP Office), (2) Ward 11 PWD (New PWD Jn.), (3) Ward 12 Upper Chandmari (New Power Office), (4) Ward 13 Lower Chandmari (Weekly Bazaar Area), (5) Ward 14 Old MH/Poterlane (Near Big Bite), (6) Ward 17 AEF (Below Agri Rest House), (7) Ward 19 Jail/PR Hill (Near State Library), (8) Joggers Park (2 Location) and (9) Kenuozou Junction

²⁸ (1) Ward 3 North Block, (2) Ward 4 Naga Bazar, (3) Ward 5 Kitsubozou, (4) Ward 6 D Block, (5) Ward 7 Dak Lane, (6) Ward 8 New Market and (7). Ward 9 Mid Land

²⁹ Integrated Power Development Scheme

Scrutiny of records of the project “Modification of Distribution lines (HT/LT) and Street Lights along the main road Kohima” under convergence scheme revealed the following irregularities:

- a. DPR for ₹177.57 lakh was prepared by the DoPN under convergence scheme. The DPR was required to be vetted by the SPV to check that the estimates align with SCP and that smart city features are incorporated. It was observed that the DPR did not incorporate any smart city features as envisaged in SCP/SCM. The works were executed without technical vetting by the SPV leading to execution of unapproved components of works for ₹74.56 lakh.
- b. Out of ₹73.30 lakh to be paid to DoPN, KSCDL made payment of ₹74.56 lakh resulting in excess payment of ₹1.26 lakh.
- c. KSCDL also did not monitor whether the equity portion of KSCDL was fully utilised for the purpose for which it was sanctioned.
- d. As per DPR, the project was approved for ₹177.57 lakh, however, records of works for ₹73.30 lakh only were furnished and records for ₹103.02 lakh (58 *per cent*) were not furnished to KSCDL by DoPN. Payment of ₹74.56 lakh was thus irregular without verifying whether DoPN had executed the works from its equity portion.
- e. As per the sanction order of KSCDL, the share of the SPV was released by way of equity investment; however, DoPN had made its contribution under O&M and in the absence of any agreement/ MoU on sharing of assets and revenue generation from this project was not justified.
- f. As per DPR, 207 streetlights for ₹10.90 lakh were to be installed and the total amount was incorporated under KSCDL share of expenditure. Scrutiny of the records revealed that only 162 streetlights were installed.

From the above observations, it is clear that no benefit could be derived through the convergence scheme.

The Management did not offer any comments on the issue.

Recommendation: *Deviation from approved DPRs and SCP should be avoided as it compromises the achievement of the Mission objectives.*

2.2.11 Monitoring

Paragraph 13.2 of the mission guidelines stipulated for appointment of a State Level High Powered Steering Committee (SLHPSC) chaired by the Chief Secretary, which would steer the Mission Programme in its entirety. The guidelines also envisaged for formation of Smart City Advisory Forum (SCAF) to be established at city level to advice and enable collaboration among various stakeholders.

SLHPSC and SCAF were constituted on 09 July 2015 and 28 June 2021 respectively. The following deficiencies in the monitoring of implementation of the Scheme were observed.

2.2.11.1 Ineffective monitoring by PMC

As per RFP and Contract Agreement, the scope of PMC under KSCM will be divided into three broad components namely (i) Project Management, (ii) Design & Development and (iii) Supervision. The activity-wise time schedule of PMC is given in *Appendix-2.2.4*.

Scrutiny of records revealed that M/s WAPCOS Ltd., was awarded (November 2018) the contract as the PMC at a negotiated amount of ₹8.64 crore for 36 months (till November 2021). As per the timelines, the PMC was to complete activities under Task 1 and 2 within twelve months from the date of signing of contract. However, out of the eight experts and five supporting staff under Task 1 & 3, only one expert was deployed for one day in January 2019 after a lapse of two months from the date of signing of contract. During November 2018 to February 2021, the average manpower available was only four under Tasks 1 & 3 against the mandated 13. Also, under Task 2, one Structural Engineer was available for two months and one Transport planner was available for only three days against the mandated manpower of 26 Key Experts.

The KSCDL also observed that there was no visible input from PMC and a warning letter (May 2019) was issued to delegate the required expert personnel. On the event of failure to comply with the directives, KSCDL would resort to initiate action against the firm. Despite the warning, PMC could not submit the deliverables to KSCDL.

It was also observed that PMC was not engaged in three projects as these projects were initiated prior to appointment of PMC and were dovetailed from previous projects of Urban Development and Municipal Departments' projects. Besides these three projects, the services of PMC were not utilised in Planning, Execution and Monitoring of 11 projects as shown in *Appendix-2.2.5*.

Also, out of 61 prioritised projects under KSCM, only 28 DPR was completed (October 2021). Out of 28 completed DPRs, only 14 were prepared by PMC and 14 projects were executed without involvement of PMC. DPR for 32 projects were under preparation (October 2021). Detail list of projects to be taken up by KSCDL under SCM is shown in *Appendix-2.2.1*.

It was observed that out of ₹10.19 crore³⁰ (Total cost of PMC), KSCDL incurred an expenditure of ₹3.95 crore for payment of PMC charges as shown in **Table 2.2.11**.

Table 2.2.11: Details of payment of PMC charges

Sl. No.	Particulars	Period	Amount (₹ in lakh)
1.	Mobilisation Advance	January 2019 to September 2021	86.40
2.	Task 1 & 3 Remuneration & Reimbursable		236.24
3.	Task 2 Lump Sum		71.06
4.	PMC Office Set Up		1.52
Total			395.22

Source: Management figures

³⁰ ₹863.87 lakh + ₹155.51 lakh (GST@18 per cent)

The lackadaisical attitude of PMC coupled with injudicious utilisation of high-cost human resources by the KSCDL resulted not only in delay in completion of the ongoing projects and delay in preparation of DPRs but expenditure of ₹3.95 crore on remuneration and reimbursement to PMC was not fruitful and justified.

The Management should take appropriate steps and recover the amount from PMC for non-deployment of requisite manpower.

2.2.11.2 Non-preparation of Accounts

Section 128 (1) of the Companies Act, 2013 states that “Every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis”.

KSCDL was incorporated on 24 March 2017, however, in contravention to the provisions, KSCDL had four years arrear of accounts. Non-preparation of accounts not only contravenes the provisions of the Companies Act, but also results in absence of information to assess the performance, financial position and cash flow of the Company by the Management and stakeholders.

While accepting the facts, the Management stated that action was taken to facilitate the preparation of accounts.

2.2.11.3 Non-maintenance of records

As per Receipt and Payment Rule 13 (i), every such officer should maintain a cash book in Form G.A.R.3; (ii) All monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of the Office in token of check.

Rule 34 envisages that a Bill Register in Form GAR 9 should be maintained by all Heads of Offices who are authorised to draw money on bills signed by them. The register should be reviewed monthly by a gazetted officer and the result of the review recorded thereon.

Scrutiny of records revealed that KSCDL did not maintain the following records:

- i. Bill Register and Cash Book for A&OE for the period from 2015-16 to 2020-21
- ii. Bill/Vouchers on A&OE for the period from 2015-16 to 2020-21
- iii. Bill Registers and Cash Book on Projects implementation from 2015-16 to 2020-21
- iv. Bills/Vouchers of Projects for the period from 2015-16 to 2018-19
- v. Ledger Register from 2015-16 to 2018-19
- vi. Assets Register from 2015-16 to 2018-19
- vii. Stock Registers of Stationery, IT items, furniture *etc.* for the period from 2015-16 to 2020-21

In the absence of these records, the Controlling Officer could not exercise control over financial transactions as envisaged in the financial rules. Absence of financial propriety

and internal controls over handling and management of cash and assets could led to misutilisation, diversion and even misappropriation of funds.

While accepting the facts, the Management stated that efforts are being made for preparation of the required documents with the records supplied by former incumbents.

2.2.12 Outcome of the programme

The programme of Smart City aimed to promote cities that provide core infrastructures and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' Solutions through convergence of Central/ State/ Local schemes and participatory approach. The focus was on sustainable and inclusive development and the idea was to look at compact areas, create a replicable model, which would act like a lighthouse to other aspiring cities.

As the implementation of the projects sanctioned under SCM is still at a nascent stage in Nagaland, the assessment of outcomes was premature. KSCDL could complete only eight works out of 61 works prioritised. Hence, delay in implementation of the projects would result in delay in providing core infrastructure and a decent quality of life to the citizens along with a clean and sustainable environment.

2.2.13 Conclusion

Kohima Smart City Development Limited (KSCDL) did not prioritise the core infrastructure elements, prepare any feasibility report and revenue model in violation of the guiding principles in the identified projects. Non-preparation of feasibility and revenue model has resulted in failure to attract PPP and implementation of projects through convergence. Improper planning in implementation of project beyond the scope and objective of Smart City Mission had resulted in infructuous expenditure of ₹70.75 lakh on procurement of water ATM and water tanker.

As the State Government did not release its share of funding, GoI did not release the subsequent instalments of ₹300 crore. Instance of non-deduction of TDS on income tax and non-adherence to Ministry's Advisory and orders to roll out the EAT module through PFMS indicated deficiencies in the financial management system.

The ICCC project was implemented without SOPs by executing MoU with the concerned key stakeholders and the line departments. The streetlights under ICCC project were fitted on the existing poles of DoPN without solar panel. KSCDL did not deduct payment for manpower whose services were not actually utilised which resulted in avoidable expenditure of ₹17.05 lakh. Non-assessment of viability of the project before its implementation resulted in infructuous expenditure of ₹85.57 lakh on Construction of Multi Utility Duct. Lack of planning and inefficient management in procuring machineries rendered the expenditure of ₹1.12 crore unproductive. Execution of works before ensuring land free from all encumbrances, installation of the Bio-toilets outside the ABD areas and non-preparation of feasibility report and DPR to assess the actual requirement resulted in idle and futile expenditure of ₹1.03 crore. Lackadaisical attitude of PMC coupled with injudicious utilisation of high-cost human resources in

supervision and monitoring of the projects by the KSCDL resulted not only in delays in completion of the ongoing projects and preparation of DPRs but also rendered the expenditure of ₹3.95 crore to PMC unfruitful and unjustified.

Non-preparation of accounts and non-maintenance of records indicated deficiency in internal control mechanism and absence of baseline accountability of the Management.

Out of 61 prioritised projects under KSCM, only 28 DPRs was completed and of 28 completed DPRs, only eight projects were completed (October 2021). The delay in implementation of project attributes to delay in release of fund by the funding agencies and injudicious utilisation of available resources by the Management.

2.2.14 Recommendations

The State Government may-

- (i) formulate plans for infrastructure development as per the prevailing Smart City Mission Guidelines.*
- (ii) ensure that the Detailed Project Reports are mandatorily prepared and got approved from the competent authority before taking up any project.*
- (iii) follow the tendering procedure as laid down in the General Financial Rules/ manual of the Central Vigilance Commission for awarding the works at the most competitive rates.*
- (iv) take initiative for convergence of the ongoing projects under the Smart City Mission with other similar Central/ State Government schemes to derive the maximum benefit in implementation of the Smart City Projects in the State.*
- (v) fix responsibility for non-preparation of revenue model, execution of work without tendering, excess/ extra expenditure and deviation from the scope of project.*
- (vi) take steps to recover the excess/extra expenditure incurred in execution of works.*
- (vii) strengthen monitoring by instituting a robust reporting mechanism and conducting prescribed review meetings at various levels.*
- (viii) identify measurable indices for assessing the performance of the contractors and conduct impact assessment of the Scheme.*

Compliance Audit Paragraphs

MUNICIPAL AFFAIRS DEPARTMENT

2.3 Idle investment

The State Government failed to execute fresh MoU for establishment of Modern Abattoir even after a lapse of more than one year from the date of cancellation of MoU and the facility constructed at a cost of ₹17.15 crore is lying idle since the last four years.

To set up a Modern Abattoir/Slaughter House³¹ at Kohima, Government of Nagaland (GoN) submitted (October 2013) a Detailed Project Report (DPR) to the Ministry of Food Processing Industries (MFPI), GoI for ₹21.99 crore. The Scheme would be implemented under Public Private Partnership (PPP) mode with the involvement of local bodies (Municipal Corporations and Panchayats), *etc.* and will have flexibility for involvement of private investors/ exporters on a Build-Operate-Own (BOO)/ Build-Operate-Transfer (BOT)/ Joint Venture (JV) basis.

Accordingly, MFPI approved (February 2016) the project for ₹21.99 crore (Central share: ₹15 crore and State share: ₹6.99 crore) and was scheduled to be completed within 24 months from the date of sanction of the project (February 2018).

A Memorandum of Understanding (MoU) was signed³² between Kohima Municipal Council (KMC) under Municipal Affairs Department (MAD), GoN and the Contractor, M/s CESCO³³, for establishment and operation of a Modern Abattoir at Kohima. As per the MoU, GoI would fund 75 *per cent* of the project cost and the Contractor would contribute the State Government share of 25 *per cent* of the fund and in lieu, the Contractor would operate and maintain the Modern Abattoir for 30 years.

Scrutiny (March 2020) of records revealed that MFPI released ₹14.50 crore out of the total Central share of ₹15 crore to KMC account in four instalments (between March 2016 and March 2019). Out of the fund released by GoI, KMC paid ₹14.40 crore³⁴ to the Contractor for value of works executed and measured and ₹10 lakh

³¹ Ministry of Food Processing Industries (MFPI), GoI launched a comprehensive scheme for Setting up/ Modernisation of Abattoir during the 12th Plan period with the objectives of providing scientific and hygienic slaughtering of animals, application of modern technology for slaughter waste management and pollution control, better hygiene, safety and retail cold chain management, better forward linkage facilities for finished meat and meat products, *etc.* The Scheme envisages a grant of 75 *per cent* of the cost of plant and machineries and civil work subject to a maximum of ₹15 crore per abattoir in North Eastern States. The MFPI grant would be released in four instalments (1st instalment- 10 *per cent*, 2nd instalment- 30 *per cent*, 3rd instalment- 40 *per cent* and 4th instalment- 20 *per cent*) based on the fulfilment of conditions set out in the Scheme guidelines/ Administrative Approval

³² Date of signing the MoU was not mentioned

³³ KMC replied (November 2021) that tender was invited for establishment of Modern Abattoir at Kohima and M/s Cesco was selected being the lowest bidder. However, all office records were completely burnt down due to fire incident in the KMC office building on 2 February 2017

³⁴ 1st instalment (₹0.50 crore on 16/04/2016 and ₹0.90 crore on 26/05/2016), 2nd instalment (₹4.50 crore on 13/04/2017), 3rd instalment (₹six crore on 19/01/2018) and 4th instalment (₹2.50 crore on 30/03/2019)

was paid (April 2016) to M/s Max Technology, Project Management Consultant³⁵ for preparation of DPR. Against the agreed contribution of ₹6.99 crore by the Contractor, only ₹2.65 crore was deposited into KMC account in three instalments. Contravening the provisions provided in the MoU, the State Government released ₹2.65 crore (October 2018) to MAD as State share, out of which ₹2.57 crore³⁶ was paid (December 2018) to the Contractor without actual execution of works.

When the issue of extending undue financial benefit was pointed out by Audit (August 2021), the Department stated (November 2021) that the MoU was cancelled on 24 August 2021 as the State share was partially provided by the State Government. The Department further stated that KMC was instructed to frame a fresh set of modalities for the operation and maintenance of the Project and execute a new MoU with the Contractor on revenue sharing basis. However, the State Government has not executed the revised MoU after cancellation of the old MoU.

As per MFPI Annual Report 2018-19, the project was completed, commissioned and put in operation on 23 February 2019. However, contrary to the MFPI Annual Report, the Department stated (December 2022) that commercial production would commence only after execution of fresh MoU. This indicated that the State Government had submitted false completion certificate to the MFPI.

Thus, laxity on the part of the Department to implement the programme as per the time schedule provided in the sanction order led to the facility, created at a cost of ₹17.15 crore, lying idle since the last four years and loss of potential revenue from its operation. The project objective to provide hygienically prepared meat through humane handling of animals using hygienic techniques for slaughtering and application of modern technology for slaughter waste management and pollution control remained unachieved.

Recommendation: *The State Government may take necessary steps to execute a fresh Memorandum of Agreement so that the objective of the project is fulfilled without further delay.*

URBAN DEVELOPMENT DEPARTMENT

2.4 Unfruitful expenditure

The proposed road of 18.85 Km to connect Peren District Road (Ngwalwa) and National Highway-39 (Chumukedima) remained incomplete even after a lapse of more than 10 years leading to unfruitful expenditure of ₹9.21 crore and non-fulfilment of the intended objective.

The project “Construction of Road connecting Peren District Road (Ngwalwa) and National Highway (NH)-39 (Chumukedima)” of length 18.85 Km funded under

³⁵ The Project Management Consultant was responsible for preparation of DPR, Tender documents, Master Plan and monitoring the project implementation/ execution

³⁶ After deduction of three *per cent* Departmental Contingency Charges by Municipal Affairs Department, GoN

10 per cent Lumpsum Provision for Development of North Eastern States was sanctioned (March 2009) by the Ministry of Urban Development (MoUD), GoI for ₹13.41 crore. Funding of the project was on 90:10 sharing pattern between Central (₹12.07 crore) and State (₹1.34 crore) Governments.

The Scheme guidelines and the terms and conditions of financial sanctions of MoUD states that any increase in project cost, due to any reason, shall be met by the State Government and no Central assistance would be given for that purpose. The State Government should ensure that land is available free of cost and free from encumbrances.

Examination of records (December 2020) revealed that the project was approved (March 2009) by MoUD for the stretch of 18.85 Km. In order to start the work in different stretches simultaneously, the Urban Development Department (UDD), Government of Nagaland (GoN) divided the project into three packages comprising of Package-I (0.00 Km to 9.00 Km), Package-II (9.00 Km to 13.30 Km) and Package-III (13.30 Km to 18.85 Km). It was observed that there was delay on the part of the implementing Department in obtaining Technical approval from the Chief Engineer (CE), Public Works Department (Roads & Bridges), Nagaland as the Detailed Estimates and Draft Notice Inviting Tender (NIT) was forwarded to CE office only in December 2009.

The Department invited tender (January 2010) and the work was awarded (February 2010) to three contractors³⁷ for ₹12.86 crore after delay³⁸ of 12 months, stipulated to be completed within 24 months *i.e.* February 2012.

Further examination of records revealed that GoI released its entire share of ₹12.07 crore³⁹ to the State and GoN in turn released (between June 2010 to November 2018) ₹13.07 crore (GoI share ₹11.78 crore + GoN share ₹1.29 crore) to the Executive Engineer (EE), UDD, Kohima, Nagaland. The Department paid (November 2020) an amount of ₹9.01 crore to the contractors. Against GoI share of ₹12.07 crore released, GoN released only ₹11.78 crore resulting in short release of ₹0.29 crore. The State Government also did not release its share of ₹0.05 crore to the implementing Department.

The status of works and payments made to contractors (September 2022) is shown in **Table 2.4.1**.

³⁷ M/s Vascon, Kohima- Package-I for ₹565.47 lakh, M/s Built Tech, Kohima- Package-II for ₹355.52 lakh and M/s RNDM Company, Kohima- Package-III for ₹364.77 lakh

³⁸ The Scheme was implemented as per guidelines of Non-Lapsable Central Pool of Resources (NLCPR). As per NLCPR Guidelines, 2009, the State Government has to award the work within three months of its sanction by inviting tender on competitive basis

³⁹ 1st instalment (₹402.44 lakh on 31/03/2009), 2nd instalment (₹402.44 lakh on 19/08/2011) and 3rd instalment (₹402.44 lakh on 29/06/2018)

Table 2.4.1: Details of the status of the project as of September 2022

(₹ in crore)

Sl. No.	Name of Contractor	Work order amount	Amount paid	Status of works
1.	M/s Vascon, Kohima (Package-I)	5.65	5.46	The work was completed (June 2022) after delay of more than 10 years due to landslides.
2.	M/s Built Tech, Kohima (Package-II)	3.56	1.12	The work commenced in June 2010 after delay of four months due to accessibility issue as the stretch lies in the middle of Packages-I and III. While executing the work, the original alignment could not be followed in some portion as it passed through steep and rocky terrain. The quantity of earthworks executed exceeded the quantity estimated in the original DPR and also the alignment passed through two rivers namely Thegarikeru and Balu Nudi at the location of 9.66 Km and 11.30 Km respectively. As the Project could not be completed within the sanctioned cost, UDD sought (October 2013) additional funds of ₹5.51 crore from GoN for the extra works (earthwork and two minor bridges). The High Level Technical Committee (HLTC) approved (September 2014) the DPR of the additional works. The State Level Programme Implementation Committee (SLPIC) under the Chairmanship of the Chief Minister approved (November 2016) additional fund required for earthwork and two minor bridges of ₹5.51 crore. UDD submitted revised proposal (November 2019) to the GoN where additional fund totalling ₹18.17 crore will be required to complete the balance work of the original work order (₹3.31 crore) and additional work of two Bailey bridges & earth cutting (₹14.86 crore) which are beyond the original scope of works. The State Government, however, did not provide the additional fund (June 2022). As a result, the contractor stopped the work after completing only 35 per cent of the work.
3.	M/s RNDM Company, Kohima (Package-III)	3.65	2.63	The entire stretch of the proposed road passes through private plots and the work was delayed due to prolonged negotiation with landowners. As a result, the contractor was reluctant to continue the work and had stopped working after completing only 75 per cent of the work.
Total		12.86	9.21	--

Source: Departmental records

As seen from the above table, without the construction of two minor bridges, the overall completion of the project cannot be achieved. The Department also did not ensure that land was free from encumbrances.

Audit team along with the Engineers (Sub-Divisional Officer and Junior Engineer) of the EE, UDD conducted joint physical verification (December 2020) of the project and found that the construction of the road was incomplete with no connecting bridges.

From the foregoing paragraphs, it is evident that the DPR was prepared without any field survey leading to change in the alignment, need for execution of additional works and land disputes. Deficiencies in planning, survey and not ensuring encumbrance-free land before award of work resulted in delay in completion of the project for more than 10 years from the stipulated date of completion. Expenditure of ₹9.21 crore incurred so far on the project proved unfruitful and the intention of Government to provide better road connectivity remained unachieved.

While accepting the facts, the Department apprised (September 2022) that the State Government has decided (July 2022) to hand over the entire stretch of the road to National Highways & Infrastructure Development Corporation Limited (NHIDCL), Ministry of Road Transport & Highways, GoI for Construction of new NH-129A under Nagaland Peren- Jalukie- Mhainamtsi- Heningkunglwa- Khouva River Bridge (Chumukedima)- Dimapur. Accordingly, joint inspection comprising of UDD and NHIDCL officials was conducted for the portion of Peren-Dimapur Road Package-IV Ngalwa junction (Peren)- Khouva Bridge-10.25 Km. However, final handing over of the road is yet to be done due to want of No Objection Certificate (NOC) from the District Administration (Chumukedima and Peren districts).

The matter was reported to the State Government (July 2022) and the State Government also accepted the facts and endorsed (October 2022) the reply furnished by the Department.

Recommendations:

The State Government may-

- (i) ensure that DPR is prepared after detailed survey and all requisite clearances obtained before award of work. Besides, responsibility may be fixed on the Departmental Officers for the faulty planning and survey.***
- (ii) earmark resources to complete the balance portion of the incomplete work so that the objective of the project is fulfilled without further delay.***

CHAPTER-III

ECONOMIC SECTOR

CHAPTER - III

ECONOMIC SECTOR

3.1 Introduction

This chapter of the Audit Report for the years ended 31 March 2021 and 31 March 2022 deals with audit observations on the working of the State Government departments under Economic Sector.

The names of departments and the total budget allocation *vis-à-vis* expenditure of the State Government under Economic Sector during 2020-22 are shown in **Table 3.1.1**.

Table 3.1.1: Details of Department-wise Budget allocation and Expenditure

(₹ in crore)

Sl. No.	Name of the Department	2020-21		2021-22	
		Total Budget Allocation	Expenditure	Total Budget Allocation	Expenditure
1.	Agriculture	319.99	227.90	373.76	187.43
2.	Civil Supplies	81.18	79.78	93.47	83.33
3.	Cooperation	36.81	32.22	28.19	26.91
4.	Department of Under Developed Areas	100.46	34.73	61.13	44.79
5.	Evaluation	12.29	9.13	11.98	11.37
6.	Fisheries	56.54	26.34	48.09	39.72
7.	Forest, Ecology, Environment & Wildlife	154.62	98.18	188.53	109.88
8.	Geology & Mining	39.83	39.46	40.05	39.03
9.	Horticulture	125.69	61.92	96.64	68.47
10.	Industries & Commerce	91.09	90.64	103.89	99.56
11.	Information Technology & Communication	13.04	12.83	14.00	14.00
12.	Water Resources	221.95	88.41	221.14	80.82
13.	Land Records & Survey	26.42	25.85	30.60	29.82
14.	Land Resources	136.07	20.83	88.38	20.97
15.	New & Renewable Energy	11.65	9.38	35.82	35.58
16.	Planning & Coordination	781.04	212.24	921.59	260.37
17.	Power	736.12	707.69	731.72	718.41
18.	Road Transport	97.08	91.62	109.95	107.64
19.	Roads & Bridges	924.81	741.94	1,083.71	701.03
20.	Rural Development	1,350.57	726.34	1,214.70	613.36
21.	Science & Technology	5.69	4.63	5.49	5.36
22.	Sericulture	23.48	23.58	23.46	23.36
23.	Soil & Water Conservation	69.29	59.60	70.16	65.85
24.	State Institute of Rural Development	9.93	9.48	9.52	7.43
25.	Tourism	40.10	28.56	29.95	20.59
26.	Veterinary & Animal Husbandry	129.50	125.36	119.83	111.78
Total		5,595.24	3,588.64	5,755.75	3,526.86

Source: Appropriation Accounts, 2020-22

It would be seen from the table above that:

- Only 64 *per cent* of the budgetary allocation in 2020-21 and 61 *per cent* of budgetary allocation in 2021-22 under the Economic Sector was utilised during the respective year.
- The departments incurred expenditure lesser than their respective budgetary allocation for the years 2020-22.

During 2020-22, out of an expenditure of ₹7,115.50 crore⁴⁰ on Economic Sector, Audit test checked expenditure of ₹16,214.71 crore⁴¹ (including funds pertaining to previous years audited during the year). This chapter contains audit findings on one performance audit *viz.* ‘Implementation of Pradhan Mantri-Kisan Samman Nidhi Scheme in Nagaland’, one subject specific compliance audit *viz.* ‘Ministry of Development of North Eastern Region (MDoNER) funded under Non-Lapsable Central Pool of Resources (NLCPR) and North East Special Infrastructure Development Schemes (NESIDS) in Nagaland and two compliance audit paragraphs.

Performance Audit

DEPARTMENT OF AGRICULTURE

3.2 Implementation of Pradhan Mantri-Kisan Samman Nidhi Scheme in Nagaland

Pradhan Mantri-Kisan Samman Nidhi (PM-KISAN) Scheme is a central sector scheme with 100 *per cent* funding by Government of India (GoI), being implemented under Direct Benefit Transfer (DBT) mode. The Scheme aimed to provide income support to farmers having cultivable land for meeting expenses related to agriculture and allied activities and domestic needs.

Highlights

Ownership of cultivable land of beneficiaries was not verified by the concerned Administrative Officers and countersigned by the Deputy Commissioner of the District. Land holding records were not maintained by the Village Councils or the State Government.

(Paragraph 3.2.7.4)

An amount of ₹2.36 crore was paid to 2,053 ineligible beneficiaries which was yet to be recovered. Instances of payment to 43 deceased beneficiaries were also noticed.

(Paragraphs 3.2.7.5, 3.2.8.4 and 3.2.8.5)

Inconsistencies in the farmer database were noticed as the Department failed to accurately capture the farmers’ attributes in the PM-KISAN database.

(Paragraph 3.2.7.6)

⁴⁰ During 2020-21: ₹3,588.64 crore and during 2021-22: ₹3,526.86 crore

⁴¹ During 2020-21: ₹11,614.06 crore (including funds pertaining to previous year) and during 2021-22: ₹4,600.65 crore (including funds pertaining to previous year)

State and District Level Review/ Monitoring Committees were not constituted. 97 per cent of the complaints filed through grievances redressal portal remained unaddressed. Social Audit was not convened for PM-KISAN scheme in all the 24 test-checked villages.

(Paragraphs 3.2.9.1, 3.2.9.2 and 3.2.9.6)

3.2.1 Introduction

3.2.1.1 Overview of the Scheme

Under the PM-KISAN Scheme, all landholding farmers are provided with financial benefit of ₹6,000 per annum per farmer family payable in three equal instalments of ₹2,000 each in every four months. The Scheme was effective from December 2018 for transfer of benefit to eligible beneficiaries.

Initially the Scheme was admissible only to Small & Marginal Farmers (SMF) with combined landholding upto two hectares. The revised Scheme guidelines (June 2019) extended the benefits to all farmer families irrespective of the size of their landholdings.

Land holding (cultivable land) is the main criteria to avail the benefit. Agriculture land used for non-agriculture purposes are not covered under the Scheme. Similarly, farmers falling under certain specified categories of higher economic status are not covered under the Scheme. Validation of bank account of beneficiary is mandatory⁴² for release of all instalments with effect from December 2019.

3.2.1.2 Organisational setup

The Department of Agriculture (DoA), Government of Nagaland (GoN) is the Nodal Department for implementation of PM-KISAN scheme in the State. The Agriculture Production Commissioner (APC) and Commissioner & Secretary to GoN, DoA is the Administrative Head, and the Director of Agriculture is the Head of the Department. A High Level Committee⁴³ (HLC) under the chairmanship of Minister of Agriculture and Farmers Welfare, GoI make necessary modifications in the Scheme guidelines.

As per Interim Guidelines approved (February 2019) by the State Government, eligible beneficiary list will be prepared by Jhum Resource Management Community (JRMCM). The National e-Governance Plan in Agriculture (NeGPA) Division of the DoA will be the overall in-charge for compilation of farmer's data in the State under the supervision of the State Nodal Officer (SNO) of the Scheme. The SNO is to verify, de-duplicate, digitally sign, and upload Fund Transfer Orders (FTOs) on the Scheme portal.

3.2.1.3 Financial Management

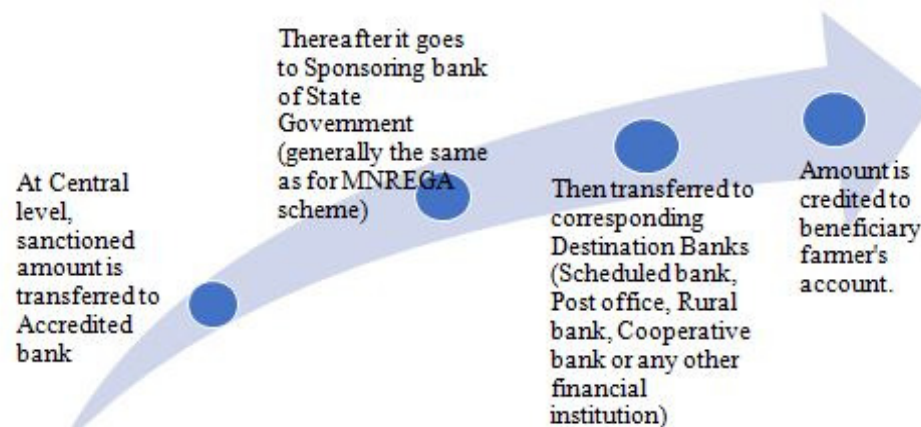
Financial assistance of the Scheme is transferred to the bank accounts of the beneficiaries, held in destination banks, through the accredited bank of the Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW), GoI and the sponsoring

⁴² In the case of Assam, Meghalaya, Jammu & Kashmir and Ladakh exempted till 31/03/2021

⁴³ Committee comprising of Union Ministers of Ministry of Development of North East Region (DoNER), the Ministry of Rural Development (Department of Land Resources), the Union Agriculture Minister and the concerned State Chief Ministers or their Ministerial representatives

bank of the State Government, using the Public Financial Management System (PFMS). The banking transaction is managed and monitored by National Payments Corporation of India (NPCI⁴⁴). The transaction flow is given in **Chart 3.1**.

Chart 3.1: Process of fund flow after issue of sanction order and till destination



Source: PM-KISAN Operational guidelines

3.2.2 Audit Approach and Scope of Audit

The Performance Audit (PA) covered the period from December 2018 to March 2021. The PA commenced with an Entry Conference held on 15 April 2021 with the APC and Commissioner & Secretary, Deputy Secretary, Director and Joint Director, DoA wherein audit objectives, scope, methodology and criteria were discussed. The audit methodology includes issue of requisitions/ questionnaires, examination of records and issue of audit observations. Audit also checked the integrity of beneficiary database, adequacy of systems to ensure deduplication and correctness of the transactions for release of Scheme benefit.

The draft audit report was forwarded to the Government on 25 November 2021 and an Exit Conference was held on 17 December 2021 with the Additional Secretary, Director and Joint Director, DoA wherein the findings of the PA were discussed. The replies and comments of the State Government were duly incorporated in this Report.

3.2.3 Audit Sampling

The Scheme is implemented in all the eleven districts of the State. A sample comprising of four out of 11 districts, eight out of 30 blocks (two blocks in each selected district), 24 out of 177 villages (three villages in each selected block) and 360 out of 6,680 beneficiaries (15 beneficiaries from each selected village) were selected based on Stratified Random Sampling. The details of the sample selection are given in **Appendix-3.2.1**.

⁴⁴ National Payments Corporation of India, an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India

3.2.4 Audit Objectives

The audit objectives were to assess:

- Efficiency and effectiveness of the system put in place for identification and verification of beneficiaries, importantly the identification of beneficiaries by the State Government;
- Financial Management of the Scheme including processing of payments to beneficiaries, DBT, refunds and their accounting; and
- Efficiency and effectiveness of the monitoring mechanisms for the Scheme.

3.2.5 Audit Criteria

The audit findings were benchmarked against the following criteria.

- Operational Guidelines of the Scheme and User Manual of PM-KISAN web portal;
- Guidelines and Standard Operating Procedures (SOPs) on fund transfer, refund mechanism, reimbursement of expenses, *etc.* pertaining to the Scheme;
- Correspondence and instructions issued by the Ministry of Agriculture;
- Minutes of the Monitoring Committee meetings at District, State and Apex level;
- Instructions/decisions of Project Monitoring Unit (PMUs) at State and District level;
- RBI and Controller General of Accounts circulars on DBT and PFMS, *etc.*;
- General Financial Rules and Receipts and Payments Rules;
- Management Information System (MIS) Reports available on PM-KISAN Portal and
- Nagaland's Agriculture Census 2015-16.

3.2.6 Acknowledgement

Audit acknowledges the assistance and co-operation extended by the Department of Agriculture, GoN, Village Councils (VCs) and other Departments during the conduct of audit.

Audit Findings

3.2.7 Identification and verification of beneficiaries

3.2.7.1 Preparation of beneficiaries list

As per Paragraph 6.1 of the Operational Guidelines of the Scheme, “the State shall prepare database of eligible beneficiary land holder farmer families in the villages capturing Name, Age, Gender, Category, Aadhaar Number (Unique Biometric Identity), Bank Account and Mobile Number of the beneficiaries”.

As per Interim Guidelines approved (February 2019) by the State Government for implementation of PM-KISAN in Nagaland, eligible beneficiary list will be prepared by JRMC. The list prepared will be verified by the Administrative Officer and countersigned by Deputy Commissioner (DC) of the District. The NeGPA division of

the DoA will be the overall in-charge for compilation of farmer's data in the State under the supervision of the State Nodal Officer (SNO) of the Scheme.

Due to the unique land holding system (community ownership) in the State, the High Level Committee (HLC) under the Chairmanship of Ministry of Agriculture and Farmers Welfare, GoI approved (July 2019) the following alternative procedure for identification of beneficiaries under PM-KISAN Scheme in Nagaland:

- In case of community owned cultivable land, the certificate issued by the VC/ Authority/Village Chieftain Due to the unique land holding system (community ownership) in the State, the HLC approved (July 2019) the following alternative procedure for identification of beneficiaries under PM-KISAN Scheme regarding land holding, verified by the Administrative Head of the Circle/Sub-division and countersigned by the DC of the District, shall suffice.
- In case of cultivable land categorised as Jhum land under Section 2(7) of the Nagaland Jhum Land Act, 1970, the identification of beneficiaries shall be based on certificates of land holding issued by the VC/Chief/Head of the village, verified by the Administrative Head of the Circle/Sub-division and countersigned by the DC, provided that the name of the beneficiary is included in the state of Nagaland's Agriculture Census of 2015-16.

Examination of records revealed that there was no system of submission of individual Farmer's Application/ Registration form in the State. It was observed that the DoA prescribed a data collection format "PM-KISAN Samman Nidhi-Farmer Attributes" for compilation of farmer details⁴⁵ at the village level. Following deficiencies were noticed:

- The State Government did not have any existing database of farmers nor did it create a new database of eligible beneficiaries identified in the State for PM-KISAN scheme. Eligibility of PM-KISAN beneficiary could not be correlated with Nagaland's Agriculture Census of 2015-16 as the names of operational holders/farmers were not available on record. Hence, the non-availability of proper database of farmers had resulted in selection of ineligible beneficiaries, as discussed subsequently in **Paragraph 3.2.7.5**.
- Out of 6,680 registered beneficiaries (March 2021) in four selected districts, 1,220 were not found in the eligible list prepared by the VCs. Further, farmers' attributes such as land holdings/farm size of 1,072 registered farmers and Father's/ Husband's name of 252 registered farmers were not entered in the records (**Appendix-3.2.2**).
- Information on the nature of landholding *i.e.*, whether community/ individual-owned permanent cultivable land or Jhum land were not collected.

⁴⁵ Farmer attributes collected are Name of State, District, Sub-Division, RD Block, Village, Name of Farmer, Father's Name/ Husband's Name, Age, Gender (M/F), Category (SC/ST), unique biometric identity/Voter ID No., Bank A/c No., Farm size (marginal/small), Mobile No.

- The quantum of agricultural landholding of farmers in the State could not be stratified or assessed as the beneficiaries' farm sizes were not uploaded in the Scheme portal.
- From June 2019, the Central Government extended the benefit of the Scheme to all farmers irrespective of the size of their landholdings. The change in eligibility was not communicated to District Administration and VCs involved in identification of eligible beneficiaries.
- Optional attributes⁴⁶ were not updated for each beneficiary in the Scheme portal. Availability of important optional attributes such as Father's/ Husband's name, date of birth, farm sizes, mobile number, *etc.*, would have facilitated the implementing Department in identifying red flags for detailed verification of eligibility.

The prescribed procedures for identification of genuine beneficiaries were not followed by the implementing Department. The beneficiary lists prepared without checks and balances in the system resulted in registration and payment of Scheme benefit to ineligible farmers, as discussed in **Paragraph 3.2.7.5**.

The Department accepted the facts in the exit conference (December 2021) and stated that due to the unique land holding system, there were no land records at the village level and the District Offices. The Government directed (December 2021) the implementing Department to update optional attributes for each beneficiary for detailed eligibility verification.

3.2.7.2 Application, Actual Registration and Validation of beneficiaries

Farmers' details are submitted by the VCs to the District Agriculture Officers (DAOs)/ Sub-Divisional Agriculture Officers (SDAOs) who verify and approve them for uploading to PM-KISAN portal. Farmers can also self-register online through Farmers' Corner in the portal or through Mobile App or *via* the Common Service Centers (CSCs). These self-registered applications will have to be approved by the District/State level users to be considered successfully registered under the scheme. The beneficiary information provided by the farmers are validated at the first stage by PM-KISAN portal by National Informatics Centre (NIC⁴⁷) to eliminate any duplicate/incorrect/incomplete records. The records after first level validation are sent to PFMS for second level validation. PFMS checks the records for bank account details and rejects data with incorrect bank account number, Indian Financial System Code (IFSC⁴⁸) or bank

⁴⁶ Optional attributes are not essential for purpose of transfer of money

⁴⁷ The National Informatics Centre is an attached office under the Ministry of Electronics and Information Technology in the Indian Government. The NIC provides infrastructure to help support the delivery of Government IT services and the delivery of some of the initiatives of Digital India

⁴⁸ The Indian Financial System Code (IFSC) of the beneficiary bank is essential information for effecting direct transfer of Scheme benefit to the beneficiary. It is an eleven-character code with first four being alphabetic characters representing the bank name, fifth being '0' and the last six characters indicating the bank branch

account type. The rejected records at each stage were shared with the State to enable them to correct the data for validation.

Examination of records revealed that 87,232 applications were submitted through self-registration mode and 2,57,751 applications were received from the VCs and uploaded on the portal by the District and Block level users as shown in **Table 3.2.1**.

Table-3.2.1 Applications uploaded and actual registration of beneficiaries

Data uploaded by SDAOs/ DAOs			Data uploaded through self-registration						
Total uploaded	Rejected	Approved	Total uploaded	Portal	CSCs	Mobile App	Approved	Rejected	Pending
2,57,751	68,684	1,89,067	87,232	18,916	61,164	7,152	24,615	2,512	60,105

Source: MIS reports from PM-KISAN web portal (September 2021)

As seen from **Table 3.2.1**, only 2,13,682 out of 3,44,983 applications uploaded were accepted while 71,196 applicants were rejected as they were either ineligible (68,684) or had furnished incomplete details (2,512). Applications of 60,105 self-registered farmers were pending for approval by the implementing Department. New registration of beneficiaries had been temporarily suspended (March 2020) by the implementing Department as the State had achieved the overall saturation target⁴⁹.

It was further observed that 6,589 (3 per cent) out of 2,13,682 records accepted at the first level were rejected by PFMS as shown in **Table 3.2.2**.

Table-3.2.2 Number of records rejected by PFMS

Sl. No.	Reasons for Rejection	No. of records
1.	Rejected by Bank, Account status is closed	1,221
2.	Rejected by Bank, Account Number does not exist in Bank	2,469
3.	IFSC Code either not present or currently inactive in the Bank Branch	43
4.	UID is disabled for DBT	1
5.	Rejected by Bank, as Bank Account Number is invalid	2,831
6.	Duplicate Beneficiary Name, Bank Account No. and Bank Name not allowed for same scheme	24
Total		6,589

Source: PFMS rejected data from PM-KISAN portal (Status as on September 2021)

As seen from **Table 3.2.2**, the Department did not initiate any action to rectify the records of 6,565 farmers excluding duplicate beneficiaries mentioned at Sl. No. 6, rejected by PFMS. The delay in correction of rejected records resulted in denial of benefits to 6,589 farmers registered under the Scheme.

3.2.7.3 Exploring and mobilising the beneficiaries

State Project Monitoring Unit (SPMU) was responsible for overall monitoring of the scheme and publicity campaign (Information, Education and Communication-IEC). Paragraph 4.4 of the Operational Guidelines stipulates that the lists of eligible beneficiaries would be published at the village level and farmers eligible but excluded should be provided an opportunity to represent their case.

⁴⁹ Based on the Agriculture Census, 2015-16, the target beneficiaries for the PM-KISAN in the State was 1,95,874

DAC&FW had directed (February 2020) the State to carry out campaign for saturation of all PM-KISAN beneficiaries with KISAN Credit Cards (KCC)⁵⁰ in Mission Mode.

Examination of records revealed that the beneficiary list was not publicly displayed in 18 out of 24 selected villages. As per information furnished by the State Level Bankers Committee (SLBC), Nagaland, KCC were issued to 35,741 farmers (March 2021) by the Banks. The Department did not have the data of KCC facility issued to the beneficiaries of PM-KISAN. Further, no programmes/ campaigns were conducted by the Department to expand the outreach of PM-KISAN which resulted in low penetration of the Scheme in the four districts sampled by audit as discussed in **Paragraph 3.2.9.9.**

3.2.7.4 Process of validation/ verification of records

The Interim Guidelines of PM-KISAN scheme stipulate that eligible beneficiary list will be prepared by JRMC under the supervision of VC. The list prepared by the respective VC will be verified by the concerned Administrative Officer and countersigned by DC of the District.

Paragraph 2.4.2 of the Operational Guidelines stipulates that for the purpose of exclusion, Government can certify the eligibility of the beneficiaries based on self-declaration⁵¹. In case the beneficiary is not available/does not reside in the village, Government may consider certification based on the declaration by another adult member of the family. In case of incorrect self-declaration, the beneficiary shall be liable for recovery of the transferred financial benefit and other penal actions as per law. In the self-declaration, an undertaking should also be included wherein the consent of the beneficiary should be taken for using the unique biometric identity.

Examination of records revealed the following irregularities:

- The VCs⁵² of all the 24 selected villages did not maintain records of all landholding farmers in the villages. In the absence of landholding records, the eligible beneficiary list submitted by the VCs and self-registered farmers could not be verified.
- The ownership of cultivable land of eligible beneficiaries identified by the VCs and self-registered farmers were not verified by the concerned Administrative Officers of the Circle/ Sub-division and countersigned by the DCs.

⁵⁰ The Kisan Credit Card (KCC) scheme was introduced in 1998 by Indian Banks for issue of Kisan Credit Cards to farmers on the basis of their holdings for uniform adoption by the banks so that farmers may use them to readily purchase agriculture inputs such as seeds, fertilizers, pesticides *etc.* and draw cash for their production needs

⁵¹ The self-declaration should be clearly signed by the beneficiary and verified by the village level official who is getting the declaration signed so that there is no possibility of it being disowned by any of the two

⁵² In Nagaland, land belongs to the people and its administration is by traditional system and customary law of each tribe. The Village Council constituted under the Nagaland Village Council Act undertakes all legal issues against the land within its jurisdiction

- Self-declaration and consent for use of Aadhaar⁵³ number were not obtained from the beneficiaries.
- In the eligible beneficiary list submitted by VCs, important records such as unique biometric identity and bank account details were collected from farmers only in Kohima District. The remaining three test-checked districts maintained only the eligible beneficiary list submitted by the VCs.

In reply, the Department stated (August 2021) that since self-declaration was not mentioned in the first Operational Guidelines, it was not included in the format for identification of beneficiaries. The Department added that DAOs/SDAOs have now been instructed to obtain self-declaration of beneficiaries.

The reply is factually incorrect as paragraph 2.4.2 of the first operational guidelines referred to by the Department provided for submission of self-declaration.

3.2.7.5 Selection of ineligible beneficiaries

A landholder farmer's family is defined as "a family comprising of husband, wife and minor children who own cultivable land as per land records of the concerned State". Only one person from the defined farmer family is entitled to the scheme benefits. All institutional landholders and farmer families in which one or more of its members, *inter alia*, belong to following categories shall not be eligible for the benefit under the Scheme:

- All serving or retired officers and employees of Central/State Government Ministries/Offices/Departments and its field units Central/State PSEs and Attached offices/Autonomous Institutions under Government as well as employees of Local Bodies (excluding Multi-Tasking Staff (MTS)/Class IV/Group D employees)
- All superannuated/retired pensioners whose monthly pension is ₹10,000 or more (excluding MTS/ Class IV/ Group D employees)
- All persons who paid Income Tax in the last assessment year.
- Professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects registered with Professional bodies.

Examination of records revealed that there were ineligible beneficiaries under PM-KISAN scheme in the State (September 2021) as discussed below:

(i) Ineligible beneficiaries detected by the implementing Department

As per reports submitted by the DAOs/SDAOs and MIS reports generated from the Scheme portal, 1,201 beneficiaries were detected as ineligible. The district-wise number of ineligible beneficiaries detected, total payments credited to their accounts and their status is given in ***Appendix-3.2.3***.

⁵³ Use of Aadhaar number for authentication purpose without the consent of Aadhaar number holder violated Section 8 (2) of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and Regulation 5 of Aadhaar (Authentication) Regulations, 2016

It was observed that out of 1,201 ineligible beneficiaries, ₹1.20 crore was credited to 1,180 ineligible beneficiaries and the remaining 21 ineligible beneficiaries did not receive any instalment. Payments made to the ineligible beneficiaries were required to be recovered and refunded as per the SOP for refund of money issued (June 2020) by the Ministry.

It was further observed that 333 out of 1,201 ineligible beneficiaries were detected (October 2020) by banks in Wokha district. The list of these ineligible beneficiaries was submitted⁵⁴ to the SNO by the DAO. It was however observed that 176 (53 *per cent*) out of 333 ineligible beneficiaries were still “Active” (September 2021) as per “Beneficiary status” information available in the Scheme portal.

(ii) Ineligible income tax payee farmers

Examination of MIS reports (September 2021) of the Scheme portal revealed that 56 income tax payee farmers were detected on correlation of data of beneficiaries with income tax authorities. The district-wise number of income tax payee farmers and total payments credited (₹four lakh) to the accounts of 55 beneficiaries⁵⁵ are detailed in *Appendix-3.2.4*. Names of these beneficiaries have since been removed from the portal.

(iii) Correlation of data of beneficiaries with PIMS data

Personnel and Administrative Reforms Department (P&AR), GoN introduced (April 2016) web-enabled Personal Information Management System (PIMS) for the State Government to address the administrative requirement for managing its employees capturing details from the date of their joining into service till they retire. Validation of unique biometric identity of State Government employees in the PIMS database was to be completed⁵⁶ by 31 August 2018. A total of 1,20,431 working and 24,018 retired employee details were extracted from PIMS database. Analysis of the data revealed that valid unique biometric identity was updated for 9,951 working and 1,854 retired Government employees.

On cross-verification of the PIMS data with the data of beneficiaries, it was observed that 662 out of 9,951 in-services and 82 out of 1,854 retired Government employees who were ineligible were registered as beneficiaries. As a result, an amount of ₹1.05 crore was paid (up to September 2021) to 742 (two beneficiaries did not receive any instalment) ineligible beneficiaries (*Appendix-3.2.5*).

(iv) Multiple beneficiaries from the same family

Examination of records revealed that the benefit of the Scheme was granted to more than one beneficiary from the same family as detailed in **Table 3.2.3**.

⁵⁴ Letter No. AGR/WKA/PM-KISAN/2020-21/24 dated 29/10/2020

⁵⁵ Out of 56 beneficiaries, one beneficiary did not receive any instalment

⁵⁶ Vide P&AR Office Memorandum No. PAR/PIMS-10/2017 dated 02/08/2018

Table 3.2.3 Multiple beneficiaries from the same family in selected villages

Name of the District	Total No. of		Total registered farmers	Multiple beneficiaries detected from the same family/ household		
	Villages	Households		No. of families with multiple beneficiaries "A"	Number of beneficiaries in "A"	Number of ineligible beneficiaries (col. 6-col.5)
1	2	3	4	5	6	7
Kohima	4	2,667	1,029	58	126	68
Dimapur	6	1,341	813	52	112	60
Mokokchung	3	1,260	635	30	74	44
Total	13	5,268	2,477	140	312	172

Source: Beneficiary records, Electoral Roll 2021 and reply to audit observation

As seen from the table above, there were 312 beneficiaries from 140 families in 13 out of 24 selected villages. As a result, 172 ineligible beneficiaries from 140 families were extended the benefit of the scheme.

It was further observed that the number of registered beneficiaries were more than the number of households in three selected villages under Mon district as detailed in **Table 3.2.4**.

Table 3.2.4 Number of registered farmers and households in a village

Sl. No.	Village Name	No. of registered farmers (March 2021)	Total Number of households	Difference
1.	Leangha	917	367	550
2.	Wangla	378	180	198
3.	Tang	973	550	423
Total		2,268	1,097	1,171

Source: PM-KISAN portal and reply to audit observation.

As seen from **Table 3.2.4**, out of 1,097 households in three villages of Mon District, 2,268 were registered as farmers resulting in excess registration of 1,171 farmers.

In reply (October 2021), DAO Mon accepted the facts and stated that multiple beneficiaries were registered as there was no directive to register only one beneficiary per family.

The reply is not acceptable as only one person from the defined farmer family is entitled to the scheme benefits as per the guidelines.

(v) Ineligible beneficiaries noticed out of the sampled beneficiaries

Examination of sampled beneficiary records revealed that benefit of ₹1.14 lakh was paid to eight⁵⁷ in-service Government employees and retired pensioners out of 360 beneficiaries who were ineligible (**Appendix-3.2.6**) but remained active. Further, seven VCs certified that 26 beneficiaries were not resident or did not own any cultivable land in the village (**Appendix-3.2.7**). Out of that 26 ineligible beneficiaries, 25 beneficiaries⁵⁸ were paid ₹3.52 lakh.

⁵⁷ Excluding one beneficiary (Thronghokiu Yimchunger of Showuba Old village, Dimapur beneficiary ID: NL252900416) inactivated (22/10/2020) by the SNO due to ineligibility

⁵⁸ One beneficiary did not receive a single instalment

It can be seen from the above sub-paragraphs that the DAOs/ SDAOs and VCs did not exercise due diligence to verify and identify the beneficiaries resulting in registration of ineligible beneficiaries and multiple payments. The Government was yet to take any action to identify the ineligible beneficiaries and recover the amount of ₹2.34 crore paid to these ineligible beneficiaries and remove their names from the list/system.

In reply, the Government stated (December 2021) that the Department is in the process of recovering the amount from 524 ineligible beneficiaries identified and assured that the rest shall be verified as per the observation of Audit and necessary recovery process shall be initiated.

Recommendation: *The Government should initiate necessary steps to recover the amount unduly credited to accounts of ineligible beneficiaries for refund as per the SOP.*

3.2.7.6 Denial of benefits to beneficiaries

The scheme was launched to provide income support to all landholding farmers' in procuring various inputs to ensure proper crop health and appropriate yields as well as for domestic needs. States are to ensure correctness of beneficiary details uploaded on the web portal and reconciliation should be made in case of wrong/ incomplete details. An integrated platform (PM-KISAN Portal) is available for the States, districts and blocks to correct the details of the farmers in case of any rejections, errors or discrepancies noticed at any point of time.

Examination of data/ reports from the portal revealed incorrect entries of unique biometric identity, bank account numbers, farmers' names, *etc.* in the beneficiary database indicating lack of appropriate input controls. Such invalid entries will compromise the authenticity and integrity of the database and further beneficiaries also will be unable to avail the Scheme benefits as discussed below:

- 107 beneficiaries were yet to receive any payment as gender value uploaded was 'Null' (it should be M/F/T).
- As unique biometric identity was rejected due to wrong data entry by the State Government officials, 401 farmers were yet to receive scheme benefits.
- Benefits were discontinued after November 2019 in respect of 9,039 farmers as their names did not match with unique biometric identity and 9,734 farmers unique biometric identity were not authenticated.
- Nine beneficiaries were yet to receive full payment as the names uploaded in the system were either numeric (six), alpha-numeric or special character (three).
- In respect of 2,469 farmers, the bank account number uploaded in the system did not exist. Also, invalid account numbers in respect of 2,831 farmers were rejected by PFMS during account validation (September 2021).
- Transactions in respect of 737 cases were rejected by banks with the remark 'No Such Account' even after account validation by PFMS.
- In respect of 15 beneficiaries, 32 transactions were pending for payment by the bank as the account holder was a minor.

The SNO, however, did not communicate these shortcomings to the stakeholders and share the list of the rejected data to enable them to submit or update the corrected data in the portal.

The Government accepted the facts and stated (December 2021) that more efforts will be put in to accurately capture the farmers' attributes in the PM-KISAN database. The Department was directed to incorporate appropriate input control/ validation to ensure correctness of data.

3.2.7.7 Non-authentication of beneficiaries' record with Unique Biometric Identity

Paragraph 10.2 of the Operational Guidelines stipulates that the Scheme is implemented through a Aadhaar-linked electronic database containing details of all members of the families whose names appear in the land records. For transfer of the financial benefits to the eligible farmers, Aadhaar number shall be collected for all beneficiaries, since payment shall be done only on the basis of Aadhaar-seeded database.

Examination of unique biometric identity Status Report (July 2021) revealed that 1,614 out of 10,653 records rejected during unique biometric identity authentication were corrected while 9,039 records were pending for correction. It was also observed that 401 out of 809 invalid unique biometric identities were corrected and 408 records were pending for correction.

The Department stated (December 2021) that the problems were mainly due to beneficiary's name mismatch during validation of bank details.

The reply is not acceptable as the Department needs to complete the authentication and validation of bank accounts of beneficiaries in a time-bound manner so that Scheme benefits are extended to the eligible farmers on time.

3.2.8 Fund Management

3.2.8.1 Preparation of Lots, generation of 'RFT', 'FTO' and credit in beneficiary account

DAC&FW, GoI letter (February 2019) regarding procedure for release of payment under PM-KISAN states that the verified data by PFMS, uploaded on PM-KISAN portal on a particular date (T), a Lot of these data shall be generated on the next day (T+1). The State, in turn, shall verify (for rejection, if any) the Lot on the same day (T+1). Thereafter, the State shall generate FTOs on the same day (T+1). Subsequently, the payment shall be processed on the next day (T+2).

Paragraph 2.4.2 of The Operational Guidelines stipulates that for the purpose of exclusion State Governments can certify the eligibility based on self-declaration by the beneficiaries.

Paragraphs 2.1 to 2.3 of the Fund Transfer Guidelines (February 2019) stipulates that the State Governments will designate an officer of the rank not below the Deputy Secretary to verify and upload FTOs on the Scheme portal. The lists of the beneficiaries from a District/ Block may be uploaded in one or many tranches, after ensuring the correctness of the lists.

After successful validation of beneficiary information by PFMS, the beneficiaries are combined in 'Lots'⁵⁹ by the PM-KISAN Central team. These Lots are then “opened” to States for verification and subsequent “closure” on the PM-KISAN portal. For every successful closure of one 'Lot', one “Request for Fund Transfer” (RFT) is generated by State authorities. The RFTs are processed as per the category of the beneficiary farmers *i.e.* under General, Scheduled Caste (SC) and Scheduled Tribe (ST) corresponding with budgetary allocations. States may exercise the 'Stop payment' option in respect of data belonging to dead or ineligible farmers, *etc.* Once, the RFTs are signed by State authorities, FTOs are generated through the PM-KISAN portal. Finally, DAC&FW issues sanction orders authorising payment and funds are transferred through DBT mode to the beneficiary account. The payment response against each record is then received by PFMS from banks/NPCI and the same is passed on to PM-KISAN portal.

Examination of the Lots Closure reports revealed that 10,98,169 RFTs were signed out of 10,98,184 Lots closed till March 2021 as shown in **Table 3.2.5**.

Table 3.2.5 Instalment-wise Lots Closure

Int. No.	Lots opened	Lots closed	RFT signed	No. of Farmers	Invalid RFT	Payment success	Payment failed	Payment pending
<i>i</i>	<i>ii</i>	<i>iii</i>	<i>iv</i>	<i>v</i>	<i>vi = (iv)-(v)</i>	<i>vii</i>	<i>viii</i>	<i>ix = (v)-(vii + viii)</i>
1.	2,06,242	2,06,242	2,06,242	2,06,217	25	2,00,002	2,027	4,188
2.	2,05,552	2,05,552	2,05,552	2,05,550	2	2,01,596	1,457	2,497
3.	1,96,721	1,96,721	1,96,721	1,96,717	4	1,95,338	1,303	76
4.	1,90,838	1,90,838	1,90,838	1,90,832	6	1,90,064	740	28
5.	1,64,440	1,64,440	1,64,440	1,64,352	88	1,63,858	326	168
6.	97,328	97,316	97,301	97,210	91	95,648	229	1,333
7.	37,075	37,075	37,075	37,033	42	36,906	125	2
Total	10,98,196	10,98,184	10,98,169	10,97,911	258	10,83,412	6,207	8,292

Source: Lots Closure Reports from PM-KISAN Portal

It can be seen from **Table 3.2.5** that:

- (i) Lots were closed for 15 RFTs but were yet to be signed;
- (ii) There were 258 invalid RFTs;
- (iii) There were 6,207 failed transactions; and
- (iv) Payment for 8,292 cases was pending (ranging from one to twelve months, as on March 2021) though RFTs were signed by the State.

It was further observed that:

- The SNO certified in every RFT that the details of beneficiaries included in this request were verified and the farmers included in this request do not fall under exclusion category and these farmers have given their consent for using their unique biometric identity for this purpose.

It was observed that the ownership of cultivable land of beneficiaries registered under the Scheme were not verified. Self-declaration and consent for use of

⁵⁹ Consisting of a variable number of beneficiaries, as per requirement

unique biometric identity were also not obtained from the beneficiaries. This may result in processing of transactions for farmers with incorrect details.

- Analysis of data further revealed that there were delays up to 619 days in approval of sanction after RFTs were signed and delays up to 86 days for credit of benefits to beneficiaries' account after sanction. This indicated that the DBT timeline prescribed by the DAC&FW was not met. Further, necessary checks to verify farmers' details were not conducted at the State/District levels before closure of the Lots and timely action was not taken for approval of FTOs and credit of amount to the beneficiaries' account.

The Department accepted the facts and stated (December 2021) that reason for the delays was due to problems in generation of OTP due to technical issues with the NIC.

Recommendation: *The Department should ensure correctness of farmers' details before closure of the lots so as to ensure timely release of payments to beneficiaries.*

3.2.8.2 Processing of DBT payments

Paragraphs 10.3 and 10.4 of the Operational Guidelines stipulate that the benefit shall be transferred electronically to the accounts of the beneficiaries held in destination banks, through the accredited bank of DAC&FW and sponsoring banks of the States, using PFMS portal.

Examination of bank account details revealed that accounts of 2,09,133 beneficiaries out of 2,13,551 beneficiaries were held in 27 destination banks (Schedule Bank, Post office, Rural Bank, Cooperative Bank or other Financial Institutions) located within Nagaland while bank accounts for 4,418 beneficiaries were located outside the State.

It was observed from the Portal that 752 out of 2,13,551 beneficiaries, whose payment was to be paid through unique biometric identity mode were yet to receive any instalment (October 2021) as their unique biometric identity was disabled (70 cases) or not enabled (682 cases) for DBT (**Appendix-3.2.8**). Non-enabling of unique biometric identity for DBT by the banks resulted in delayed payment of instalments to the beneficiaries.

Recommendation: *The Department may consider issuing necessary instructions to all village councils/ beneficiaries for authentication/ linking of unique biometric identity for DBT so as to enable transfer of Scheme benefits to beneficiaries.*

3.2.8.3 Follow-up of PFMS reports

Farmer records which are authenticated with unique biometric identity are sent to PFMS for validating bank account details provided by the farmer. PFMS checks the account number and IFSC code provided by the farmer against their master data and sends a response to PM-KISAN portal. PFMS accepted data is opened to the States in lots for approval of payment and the rejected records are available for correction in the Correction Module.

Examination of data from the Scheme portal revealed that out of 7,045 bank details rejected by PFMS, the Department updated bank details of 456 farmers and 6,589 cases were still pending (September 2021) for correction. The bank details correction request

for 10 farmers were rejected due to no response from the bank. However, the status of these farmers was shown as active in the PM-KISAN portal (October 2021).

It was also observed from PFMS Instalment-wise Transaction Failure Reports that 2,227 records rejected were pending for correction by the State as detailed in Table 3.2.6.

Table 3.2.6 Instalment-wise pending records for correction

Int. No.	A/c holder expired	Amount exceeds limit set by bank	A/c blocked or frozen	A/c closed or transferred	No such a/c	KYC documents pending	Inactive unique biometric identity	Invalid a/c type (PPF/Loan/FD)	Misc. others
1.	2	3	72	90	137	3	1	5	2
2.	2	0	61	203	134	2	7	5	1
3.	2	1	28	390	100	2	10	5	0
4.	0	0	11	327	17	1	14	5	0
5.	0	1	18	220	2	0	20	2	0
6.	0	1	19	169	2	0	16	1	0
7.	0	0	11	93	2	0	6	0	1
Total	6	6	220	1,492	394	8	74	23	4

Source: MIS Report of the Scheme portal

The Department did not make any correspondence with the farmers/ VCs to notify or obtain their correct bank/ unique biometric identity details. Non-correction of these rejected records resulted in delayed transfer of scheme benefits to the farmers.

Recommendation: *The Department may consider sharing details of rejected records with the VCs/ beneficiaries so as to enable transfer of Scheme benefits to beneficiaries.*

3.2.8.4 Transfer to ineligible bank accounts

If a farmer dies or is identified as ineligible at any point of time, the portal is equipped with the functionality (Death/Ineligibility Cases window) to permanently stop the farmer from receiving any future payments. The farmer's record that is marked as death or ineligible case must be approved by the SNO to mark it for permanent deletion from the system.

Examination of MIS reports of the Scheme (September 2021) revealed that there were 108 inactive beneficiaries due to death. The dates of death of 86 out of the 108 cases were uploaded in the portal while the dates for remaining 22 beneficiaries were not available. Further analysis revealed that 132 instalments of ₹2.64 lakh were credited to bank accounts of 43 beneficiaries even after their death. The time taken by the DAOs/SDAOs to upload death cases in the Scheme portal ranged from 25 to 868 days from the date of death of the beneficiaries. This delay resulted in credit of instalments after the death of beneficiaries and transfer of Scheme benefits to ineligible beneficiaries.

In reply, the State Government stated (December 2021) that the matter will be verified as per the observation of Audit and necessary recovery process shall be initiated.

Recommendation: *The Department may consider issuing necessary instructions to all village councils for timely reporting of deceased beneficiary farmers, beneficiaries becoming ineligible due to change of profession, etc. so as to avoid transfer of Scheme benefits to ineligible beneficiaries.*

3.2.8.5 Refund of funds

SOP for refund of money (June 2020) which is credited to incorrect/ineligible beneficiaries under PM-KISAN Scheme, outlines the following procedure:

- In case wrong/ineligible recipient wants to return the money, they should repay to the concerned SNO by cash/cheque or other method accepted by the Government.
- In case wrong/ineligible recipient is identified by the State Government, it should be recovered from that individual and an acknowledgement given to the individual.
- The concerned officer of the State should make a list of all such returns, category-wise and once it sends the cheque/DD of refund money to PAO, Ministry of Agriculture & Farmers Welfare, DAC&FW, the details of all such beneficiaries must be filled in the Refund Module on the PM-KISAN portal.

As per records generated (September 2021) from the Refund Module of the PM-KISAN portal, no refunds were made from ineligible beneficiaries. An amount of ₹2.36 crore⁶⁰ was required to be refunded by 2,053 ineligible beneficiaries but the Department did not initiate any action to recover the money (September 2021).

In reply, the State Government stated (December 2021) that the Department is in the process of recovery from 524 ineligible beneficiaries identified earlier. The rest shall be verified as per the observation of Audit and necessary recovery process shall be initiated.

3.2.8.6 Failed transactions

A transaction is considered as failed when the transaction is returned or rejected by bank or NPCI. The payment response against each record is received from PFMS from Banks/NPCI and the same is passed on to PM-KISAN portal. A report is made available to the States where they can see the list of failed transactions with the reason of failure against each record.

As per the Scheme portal, opportunity would be opened to the States for correction of the bank account details on receipt of response from PFMS as “transaction failure”. The records which need no bank account correction will be processed by the system automatically.

⁶⁰ ₹2.36 crore = ₹2.34 crore (paragraph 3.2.7.5) + ₹2.64 lakh (paragraph 3.2.8.4)

Analysis of the Transaction Failure report generated from the Scheme portal revealed 5,930 failed transactions during 2018-21. The reasons for transaction failures are indicated in **Table 3.2.7**.

Table 3.2.7: Details of reasons for failed transactions as of March 2021

Sl. No.	Reasons	Number of cases	Percentage
1.	Account closed	2,014	34
2.	Account Blocked or Frozen	1,963	33
3.	No such Account	707	12
4.	Account inoperative	484	8
5.	Account Closed or Transferred	362	6
6.	Other reasons for failed transactions ⁶¹	400	7
Total		5,930	100

Source: PM-KISAN portal: Instalment- wise Transaction Failure report

As seen from **Table 3.2.7**, 5,530 out of 5,930 failed transactions (93 *per cent*) were bank account related and 707 failed transactions (12 *per cent*) were due to inaccurate data entry by the Department. It was further observed that details of failed transactions were not shared with the VCs/ beneficiaries and no attempt was made to obtain their correct bank details.

Recommendation: *The Department should ensure correctness of data through application of appropriate input control/validation checks and share details of failed transactions with the VCs/ beneficiaries to enable transfer of Scheme benefits to beneficiaries.*

3.2.8.7 Payment of Administrative Expenses

Paragraph 6.3 of the Operational Guidelines stipulates that 0.25 *per cent* of the amount earmarked for the first instalment and 0.125 *per cent* for the subsequent instalments can be transferred by the Centre to the State Government to cover the expenditure on their PMUs and for meeting other related administrative expenses. States will furnish the details of the account to which administrative charges are to be credited by the Centre. The administrative charges payable to the States will be provided based on the volume of work and the number of beneficiaries.

Examination of records revealed that the DoA had identified a bank account⁶² for transfer of Administrative Expenses (AEs) under the Scheme. Further it was observed that there was short release of AEs by GoI. As against the State's entitled amount of ₹32.08 lakh⁶³ during 2018-21, GoI released only ₹10.83 lakh⁶⁴ resulting in short release of ₹21.25 lakh. The State Government, however, did not take up the issue with GoI. Out

⁶¹ Account holder expired, inactive unique biometric identity, customer to refer to the branch, document pending for Account holder turning major, invalid account type -NRE/PPF/CC/Loan/FD, etc.

⁶² Current Bank Account No. XXXXXXXX0329, Director of Agriculture (SBI Lerie Branch)

⁶³ 0.25 *per cent* of (₹2,00,002 x ₹2,000) = ₹10,00,010/- plus 0.125 *per cent* of (₹8,83,410 x ₹2,000) = ₹22,08,525/- (State's entitled amount calculated on the basis of the amount of instalments successfully transferred to beneficiaries during 2018-21)

⁶⁴ ₹2.00 lakh (06/09/2019), ₹0.30 lakh (06/09/2019), ₹3.00 lakh (29/11/2019) and ₹5.53 lakh (21/01/2020)

of GoI release of ₹10.83 lakh, DoA utilised ₹4.19 lakh (39 *per cent*) and UCs for ₹2.00 lakh was submitted.

The Department stated (December 2021) that the short release of AEs by the Centre was highlighted during video conference with the DAC&FW, GoI and it had assured to look into the matter. However, after the COVID-19 pandemic, video conference was discontinued and no further information was received from the Ministry.

3.2.9 Monitoring and Evaluation

3.2.9.1 Monitoring Committee not constituted

Paragraph 5.1 of the Operational Guidelines stipulates that there will be stratified review/monitoring mechanism at National/State/District Level. At the National level, the Review Committee (NLRC) will be headed by Cabinet Secretary. The States shall notify the State and District Level Review/Monitoring Committee.

Examination of records revealed that State and District Level Review/Monitoring Committees were not constituted. This indicated that there was no monitoring mechanism at the State and District level for effective implementation of the Scheme. This aspect assumes greater importance, given the irregularities in identification of beneficiaries, payment to ineligible beneficiaries, denial of benefits to beneficiaries, *etc.*, as discussed in **paragraphs 3.2.7.5, 3.2.8.4 and 3.2.8.5.**

In reply, the Department stated (November 2021) that directives and instructions were received from the NLRC. The Government stated (December 2021) that as per the Operational Guidelines of the Scheme, the Department has constituted Grievance Redressal Monitoring Committee at State and District levels and Project Monitoring Unit at State level. The Department will put in more efforts to strengthen the Committees.

The Department however did not furnish copies of the directions of the NLRC and the action taken reports.

3.2.9.2 Developing a system to obtain feedback from stakeholders

DAC&FW directed (February 2019) the State to issue instructions to the District/ Block and Village level functionaries, clearly defining their roles and responsibilities.

DAC&FW further directed (September 2020) the State to issue necessary instructions to all village panchayats for conduct of social audit of PM-KISAN scheme to achieve the goal that no eligible beneficiary remains left out and ineligible beneficiaries are removed.

Examination of records revealed that the DoA did not issue instructions to the field functionaries defining their roles and responsibilities and to obtain feedback. Also, there was lack of communication with other stakeholders (DCs/ADCs/SDOs, VCs, banks, *etc.*) at the State, District and Block level for effective implementation of the Scheme.

Social audit was not conducted in all the 24 selected villages as the directive of GoI was not circulated by the Department to the VCs. Non-conduct of Social Audit and lack

of participation of other stakeholders in implementation of the Scheme impacted timely detection of deceased/ineligible beneficiaries, rectification of incorrect records, *etc.*

3.2.9.3 Inadequate monitoring by SPMU

Para 6 of the Operational Guidelines stipulates setting up of a PMU at the Central level in DAC&FW, tasked with the responsibility of overall monitoring of the Scheme and headed by a Chief Executive Officer (CEO). PMU shall also undertake Information, Education and Communication (IEC) campaign. On the lines of PMU at Central level, States may consider setting up dedicated PMUs at State level.

Examination of records revealed that the State Project Monitoring Unit (SPMU⁶⁵) was notified (October 2020) after 20 months from launching (February 2019) of the Scheme due to delay in submission (June 2020) of proposal by the DoA to the State Government. It was observed that the SPMU did not hold review meetings to monitor implementation of the Scheme. MIS reports of portal were the Scheme not utilised for monitoring the Scheme. The results of the physical verification conducted by the field functionaries were not placed before the SPMU. Also, the SPMU did not conduct publicity campaign to raise awareness about the Scheme benefits.

In reply, the Department accepted the facts and stated (August 2021) that constitution of SPMU was delayed due to COVID-19 pandemic and frequent change of guard at the level of APC and SNO. The Department assured to put more efforts to strengthen the SPMU.

3.2.9.4 Physical verification of beneficiaries

Paragraph 10.5 of the Operational Guidelines stipulates that the State should undertake physical verification of five *per cent* of the beneficiaries for ascertaining the ineligibility during the year.

DAC&FW directed the States (August 2019 and October 2019) to undertake five *per cent* physical verification of beneficiaries and set up an appropriate mechanism at the District level for ensuring the process of verification under the leadership of DC/DM. SNOs were also directed to supervise the process of verification on a regular basis.

It was observed that 2,795 out of 2,826 beneficiaries (prescribed five *per cent* physical verification exercise) for the year 2019-20 was conducted (August-September 2019). The exercise was conducted to verify if farmers received their instalment benefits. The verification team, however, did not verify the criteria of eligibility/ineligibility of beneficiaries. Further, information such as date of verification, name/designation and signature of official who conducted the physical verification was not recorded in the report.

⁶⁵ The State PMU consists of CEO (Director of Agriculture), Dy. CEO (Jt. Director of Agriculture-Planning & Nodal Officer PM-KISAN), District Coordinator (District Agriculture Officers & Project Directors ATMA), Block Coordinator (Sub-Division Agriculture Officers) and Account & Financial Manager (Drawing & Disbursing Officer, DoA)

As per DAC&FW directives, five *per cent* physical verification exercise for the year 2020-21 was to be conducted for 9,883 beneficiaries. The State commenced verification exercise from March 2021 and 7,775 (79 *per cent*) out of 9,883 beneficiaries were verified (September 2021). A total of 105 ineligible beneficiaries were detected out of 7,775 beneficiaries verified. The Department was yet to initiate any action for recovery of ₹7.60 lakh⁶⁶ paid to these ineligible beneficiaries (September 2021).

Cross examination of the total number of farmers registered (March 2021) with the physical verification reports (2019-21) revealed variation across the Districts (**Appendix-3.2.9**). It was observed that in five districts, the percentage of verification exceeded the prescribed norms of five *per cent* of the beneficiaries whereas in six districts the percentage of coverage was lower than five *per cent*.

It was also observed that the Government did not have any structured mechanism for physical verification of beneficiaries. Physical verification was conducted by departmental officials without any representatives from the DC/DM. The purpose of undertaking physical verification exercises did not yield any positive impact as the criteria for eligibility/ineligibility of the beneficiaries were not cross-checked.

On five *per cent* physical verification of beneficiaries (August-September 2019), Department stated (December 2021) that the criteria for verification was based on the Ministry's format.

The reply is not acceptable as the exercise was conducted to verify whether the farmers received their instalment benefits and did not provide information on the eligibility/ineligibility of beneficiaries, as prescribed in the Ministry's format.

3.2.9.5 Audit verification of duplicate records

User Manual of PM-KISAN Portal stipulates that duplicate entries are filtered out by the portal at the back end. If there is an error in the application which was earlier rejected by the SNO, the farmer cannot register/submit a new application. The only available option for the users/farmers is to edit/update the earlier submitted application.

Fund transfer guidelines (February 2019) also stipulates that the States are to ensure correctness of beneficiary details including their unique biometric identity, bank account number and IFSC of the bank. One bank account is not to be accepted for more than one beneficiary.

As the de-duplication exercise was carried out by NIC and PFMS on a real time basis, the database of beneficiaries should not have any duplicate records. It was, however, observed that there were multiple beneficiaries having same data entry of unique biometric identity, bank account and IFSC and multiple beneficiaries with same registered mobile number as discussed in the succeeding paragraphs.

⁶⁶ Money value excluding 31 death cases (₹3,64,000) and two beneficiaries did not receive any payment

(i) Multiple beneficiaries with same IFSC and Bank Account Number

Audit noticed that 14 bank IFSC and Bank account numbers were linked with 28 beneficiaries of which 27 beneficiaries are “**Active**” indicating that all these multiple beneficiaries could avail the financial assistance. It was observed that 24 out of 28 received at least one instalment amounting to ₹2.78 lakh (*Appendix-3.2.10*).

It was also noticed that 55 Bank account numbers with different IFSC were linked with 110 beneficiaries and 109 beneficiaries are “**Active**” indicating that all these multiple beneficiaries could avail the financial assistance. It was observed that 53 out of 110 beneficiaries received at least one instalment amounting to ₹5.90 lakh.

(ii) Multiple beneficiaries with the same registered mobile number

Analysis of beneficiary database revealed that multiple mobile numbers were provided by 8,191 beneficiaries as detailed in **Table 3.2.8**.

Table 3.2.8 District-wise multiple beneficiaries with the same registered mobile number

Sl. No.	Name of District	No. of registered farmers	No. of farmers with mobile no.	Multiple beneficiaries with the same registered mobile number	
				No. of beneficiaries	No. of unique mobile number
1.	Kohima	9,569	354	7	3
2.	Dimapur	16,348	6,947	972	444
3.	Kiphire	12,176	113	23	11
4.	Longleng	22,019	68	23	5
5.	Mon	44,464	11,014	5,524	1,466
6.	Mokokchung	15,908	82	0	0
7.	Peren	11,152	30	2	1
8.	Phek	15,384	1,248	71	32
9.	Tuensang	28,269	8,035	1,343	522
10.	Wokha	19,617	1,165	178	69
11.	Zunheboto	18,645	333	48	22
Total		2,13,551	29,389	8,191	2,575

Source: Beneficiary list furnished by Directorate of Agriculture and DAOs

Thus, multiple beneficiaries with the same mobile number is a red flag and requires further detailed verification of their eligibility by the Department.

3.2.9.6 Setting up of State Grievance Redressal Monitoring Committee

Paragraph 7.2 of the Operational Guidelines stipulates that the States shall notify State and District Level Grievance Redressal Monitoring Committees (GRMCs) for looking into all the grievances related to the Scheme and disposed of on merit within two weeks.

DAC&FW directed (March 2019) the States to set up grievance redressal mechanism in the State for redressing the grievances of farmers and also notify the name, designation, address, telephone number, e-mail ID, *etc.* of the concerned Grievance Officers prominently in respective State vernacular as well as Hindi and English newspapers and electronic media.

DAC&FW further directed (January 2020) the State to commence Interactive Voice Response System (IVRS) based call centre (toll free numbers 1800-11-5526 and

155261) and give wide publicity so that beneficiaries can get to know the status of their benefit transfer.

Examination of records revealed that the GRMCs at State and District level were notified (October 2020) after 20 months of launching (February 2019) of the Scheme. It was observed that the State and District GRMCs did not conduct any meeting. Complaint registers to record grievances received offline were not maintained both at the State and at the District level.

Examination of the Grievance Monitoring report (September 2021) from PM-KISAN portal revealed that 794 complaints were received online, out of which only 27 complaints were disposed of and 767 complaints (97 *per cent*) were pending for disposal (**Appendix-3.2.11**).

The Department did not publish details of Grievance Officers in print and electronic media and IVRS based call centre/toll free numbers were yet to be launched (September 2021).

In reply, the Department accepted the facts and stated (August 2021) that constitution of the State and District GRMCs were delayed primarily due to COVID-19 pandemic lockdown and frequent change of guard at the level of APC and SNO. The Government assured (December 2021) that the Department would put in more efforts to strengthen the Committees.

Grievance Monitoring report (November 2022) from PM-KISAN portal revealed that 1,940 complaints were received online, out of which only 75 complaints were resolved and 1,865 complaints (96 *per cent*) were pending for disposal.

3.2.9.7 Monitoring of Administrative Expenses

Rule 13 of the Receipts and Payments Rules stipulates that all monetary transactions should be entered in the Cash Book as soon as they occur and attested by the Head of the Office.

The funds provided under AEs of the Scheme should be utilised for meeting the expenditure of SPMU and other related expenses such as procurement of stationery, field verification, filling of prescribed formats, certification publicity, *etc.*

Paragraph 7 of the sanction order through which funds for AEs were released mandates the use of Expenditure Advance Transfer (EAT) Module of PFMS for use of Grants-in-Aid. The UC not supported by the EAT module data is to be rejected, expenditure not appearing in EAT module is not to be treated as regular and the Agency would be forced to refund the amount.

Examination of PFMS report of the bank⁶⁷ identified for transfer of AEs revealed that an amount of ₹10.83 lakh⁶⁸ (March 2021) was released to the State for AEs. It was, however, observed that Cash Book was not maintained to monitor AEs. Expenditure

⁶⁷ Bank Account No. XXXX329 of the Director of Agriculture (SBI Lerie Branch)

⁶⁸ ₹2.00 lakh (06/09/2019), ₹0.30 lakh (06/09/2019), ₹3.00 lakh (29/11/2019) and ₹5.53 lakh (21/01/2020)

filing⁶⁹ of AEs was also not carried out in the EAT Module of PFMS. Further, it was observed that the DoA utilised an amount of ₹4.19 lakh out of ₹10.83 lakh (March 2021) as detailed in **Table 3.2.9**.

Table 3.2.9: Statement of expenditure of Administrative Expenses

Sl. No.	Items of expenditure	Amount (in ₹)
1.	Administrative cost @ ₹five per SMF to districts	1,87,870
2.	HP Desktop & Epson Printer	1,30,000
3.	Launching of PM-KISAN	30,000
4.	EAT Module training related expenses	67,067
5.	Digital Certificate	4,499
Total		4,19,436

Source: Records of Nodal Department

As seen from **Table 3.2.9**, the DoA utilised ₹0.30 lakh for State level launching programme (February 2019) of the scheme, which was inadmissible as separate funds were provided to all the States by the GoI.

In reply, the Department accepted the facts and stated (August 2021) that the balance ₹6.64 lakh is lying in the Department bank account, which will be released to DAOs and SDAOs for the ongoing five *per cent* physical verification of beneficiaries.

3.2.9.8 Working of the related banks

Paragraph 10.4 of the Operational Guidelines stipulates that the amount due for the beneficiaries under the scheme is to be paid directly into their bank accounts through DBT using PFMS portal. The destination bank can be a Scheduled Bank, Post office, Rural Bank, Cooperative Bank or any other Financial Institution. State Governments shall authorise the sponsoring bank to directly transmit the amount received to the destination banks having beneficiary account.

The State Bank of India, which is the sponsoring bank for the scheme in Nagaland, was authorised to auto-debit the account (No. XXX816) by total amount of beneficiary details received from PFMS. The debited amount was transferred to NPCI for credit to the beneficiaries' accounts. There was a total of 27 such destination banks located in Nagaland registered with PFMS where 2,09,133 farmers bank accounts were opened. The number of transactions processed by these destination banks for credit into the farmers' accounts is shown in **Table 3.2.10**.

⁶⁹ The process of feeding the day to day transactions as recorded in the cash book on the PFMS portal by an agency registered on PFMS, is called expenditure filing and expenditure filing is done through EAT Module of PFMS

Table 3.2.10: Performance of Destination Banks

(in numbers)

Particulars	Total	Scheduled commercial banks	Cooperative banks	Payment banks	Regional Rural Banks	No bank details
No. of destination banks in the State	27	23	2	1	1	0
No. of successful transactions	11,97,969	10,13,035	1,35,568	3,406	16,614	29,346
No. of failed transactions	6,743	4,701	1,233	9	110	690

Source: Bank wise Transaction Status report and list of banks from PM-KISAN portal

As seen from **Table 3.2.10**, 97.55 per cent⁷⁰ of the successful transactions and 89.77 per cent⁷¹ of the failed transactions were from Scheduled Commercial Banks, Co-operative Banks, Rural Banks and other banks. Bank details for 2.45 per cent of successful and 10.23 per cent of failed transactions were not available in the portal.

Analysis of data generated by the portal revealed that bank accounts for 4,418 registered farmers were opened outside Nagaland, located across 31 States/ UTs and the actual eligibility of these beneficiaries could not be ascertained in the absence of land records.

3.2.9.9 Achievement of targets and variation in coverage of beneficiaries

The number of beneficiaries for PM-KISAN scheme was projected on the basis of Agriculture Census 2015-16. DAC&FW informed (March 2019) the State that the last date for accepting applications from the eligible farmers under the Scheme was not notified.

Examination of records revealed that the DoA, Nagaland informed (June 2019) all the DAOs/ SDAOs that the PM-KISAN scheme target for the State was 1,95,874 farmers leaving out 658 institutional landholders who were not eligible for the Scheme as per the guidelines.

It was observed that District/ Block/ Village wise targets were not fixed by the DoA for registration of beneficiaries. The number of farmers as per the Agriculture Census 2015-16 and the actual registration of beneficiaries under the Scheme are as detailed in **Table 3.2.11**.

Table-3.2.11 Achievement of the Scheme target by the State as of March 2021

State	Potential Beneficiaries as per Agriculture Census, 2015-16	Actual registrations as of March 2021	Variation	Extent of coverage (in per cent)
	<i>A</i>	<i>B</i>	<i>C = A-B</i>	<i>D= B*100/A</i>
Nagaland	1,95,874	2,13,551	-17,677	109

Source: Nagaland Agriculture Census, 2015-16 and PM-KISAN scheme portal

As seen from **Table 3.2.11**, the State exceeded the target and the extent of coverage of the Scheme was 109 per cent. Comparative analysis of the district-wise potential

⁷⁰ 11,68,623/ 11,97,969 = 97.55 per cent

⁷¹ 6,053/ 6,743 = 89.77 per cent

beneficiaries and the actual registration under the Scheme revealed variation of the saturation levels by 44 to 238 *per cent* (**Appendix-3.2.12**).

New registration of beneficiaries has been temporarily suspended (March 2020) by the implementing Department as the State had achieved the overall saturation target though 23,144 potential farmers in four districts were yet to be provided the benefit.

3.2.9.10 Discrepancies between Agriculture Census data and PM-KISAN scheme

Initially the Scheme was admissible only to SMF families, with combined landholding up to two hectares. The revised scheme guidelines (June 2019) extended the benefits to all farmer families irrespective of the size of landholdings. All institutional landholders and farmers falling in specified categories of higher economic status are not covered under the Scheme. The number of beneficiaries was estimated on the basis of Agriculture Census 2015-16.

Examination of Nagaland Agriculture Census 2015-16 revealed that the total number of operational holdings in the State was 1,96,532. The number of operational holdings according to the major size classes is detailed in **Table 3.2.12**.

Table 3.2.12: Number of operational holdings according to the major size classes

Sl. No.	Size Class	No. of individual holdings (Scheduled Tribes)				No of Institutional holdings	Total No. of holdings	Percentage
		Male	Female	Total	Operated area (in ha)			
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii=v+vii)	(ix)
1.	Marginal (< 1 ha)	5,122	2,990	8,112	4,554	99	8,211	4
2.	Small (≥ 1 ha < 2 ha)	23,990	5,695	29,685	36,646	105	29,790	15
	Sub-total	29,112	8,685	37,797	41,200			
3.	Semi-medium (≥ 2 ha < 4 ha)	57,544	5,623	63,167	1,69,008	165	63,332	32
4.	Medium (≥ 4 ha < 10 ha)	68,793	4,754	73,547	4,29,914	222	73,769	38
5.	Large (≥ 10 ha)	21,066	297	21,363	3,13,338	67	21,430	11
	Total	1,76,515	19,359	1,95,874	9,53,460	658	1,96,532	100

Source: Nagaland Agriculture Census of 2015-16

As per the Agriculture Census, there were 1,95,874 individual operational holdings with operating area of 9,53,460 hectares. However, the cultivable area of Agriculture Census could not be compared with PM-KISAN as beneficiaries' farm sizes were not uploaded in the Scheme portal.

Comparative analysis of Agriculture Census data with PM-KISAN scheme revealed the following discrepancies:

- As per Agriculture Census, there were only 37,797 SMFs in the State, however, 53,496 SMFs were registered before notification of the revised Scheme guidelines indicating that the State had already exceeded the targeted registration of SMF by 42 *per cent*. It was observed that the revised landholdings eligibility was not communicated to the District Administration and VCs. Thus, eligible beneficiaries from other categories namely semi-

medium, medium and large, who constitute 81 *per cent* of the total individual operational holdings were not covered under the Scheme.

- As per the Agriculture Census, 90 *per cent* (1,76,515 out of 1,95,874) of the individual holdings were owned by male. It was, however, observed that 1,01,891 (47.71 *per cent*) out of 2,13,551 total registered farmers under the Scheme were men and the remaining 1,11,660 (52.29 *per cent*) were female.

The abnormal increase of SMF and female landholdings after the implementation of the Scheme were not analysed by the SPMU resulting in discrepancies between the Agriculture Census 2015-16 and the PM-KISAN scheme.

3.2.9.11 Best practices on weeding out of ineligible beneficiaries

Ineligible beneficiaries (657) were detected through the involvement of other stakeholders such as destination banks and the VCs. In Wokha district, banks were involved in detection of 333 ineligible beneficiaries (serving government employees, pensioners, professionals, *etc.*) while 324 ineligible beneficiaries were detected by the VCs under Dimapur district.

The practices followed by Wokha and Dimapur districts in verification of eligibility of beneficiaries may be adopted in the remaining districts to weed out ineligible beneficiaries.

3.2.10 Conclusion

Though the State Government achieved the target, the implementation of the Scheme was fraught with shortcomings. Beneficiary lists were prepared without any checks and balances in the system. The ownership of cultivable land of beneficiaries were not verified by the concerned Administrative officers and countersigned by the DC. The beneficiaries were not correlated with the Nagaland's Agriculture Census 2015-16 as the names of operational holders/ farmers were not available on records. No landholding records were maintained at the village level and documents to cross verify the land-ownership of PM-KISAN beneficiaries was also not available with the Government. Deficiencies in identification of beneficiaries and delay in reporting of death cases led to payment of Scheme benefits to ineligible beneficiaries, multiple beneficiaries from the same family, payments released after death of beneficiaries, *etc.* No action was taken by the Department to recover and refund the amount as per the SOP. Incorrect bank account numbers, names, gender, unique biometric identities, *etc.* were captured in the PM-KISAN database indicating lack of appropriate input controls. Inaccurate data entries resulted in rejection of records during validation, failed transactions and thus deprived genuine farmers from availing the Scheme benefits. Temporary suspension of new registrations deprived 23,144 beneficiaries of the scheme benefits in four test-checked districts.

There was short release of ₹21.25 lakh under AEs by the GoI. State and District Level Review/ Monitoring Committees were not constituted. There were delays in constitution of SPMU and State and District Level GRMCs. Non-conduct of Social Audit and lack of participation of other stakeholders in implementation of the Scheme

impacted timely detection of deceased and ineligible beneficiaries, rectification of incorrect records, etc.

3.2.11 Recommendations

The State Government should -

- (i) *take steps to identify the eligible beneficiaries and accordingly sanitize the database as per the scheme guidelines.*
- (ii) *obtain self-declarations and ascertain the ownership of cultivable land of beneficiaries as envisaged in the Operational Guidelines.*
- (iii) *take steps for 100 per cent validation of bank accounts so as to transfer scheme benefits to beneficiaries.*
- (iv) *update the Optional Attributes such as Father's/ Husband's name, mobile number, date of birth, landholdings, etc. for each beneficiary to identify red flags for detailed eligibility verification.*
- (v) *conduct State-wide verification of beneficiaries by involving destination banks and VCs to weed out ineligible beneficiaries.*
- (vi) *take steps to fix responsibility for non-verification of applications submitted. Also, take necessary steps to recover the amounts unduly credited to accounts of ineligible beneficiaries for refund as per the SOP.*
- (vii) *strengthen the grievance redressal mechanism to ensure resolution of complaints as per the Scheme guidelines. Social Audit should also be conducted periodically to ensure transparency and raise awareness about the Scheme.*

Subject Specific Compliance Audit

PLANNING AND CO-ORDINATION DEPARTMENT

3.3 Review of Ministry of Development of North Eastern Region funded schemes under Non-Lapsable Central Pool of Resources and North East Special Infrastructure Development Schemes in Nagaland

Non-Lapsable Central Pool of Resources (NLCPR) Scheme was started in 1998 under the erstwhile Planning Commission. Subsequently, it was transferred to the Ministry of Development of North Eastern Region (MDoNER) in 2001. The objective of NLCPR Scheme was to bridge the gap in infrastructure sector of the North Eastern Region⁷² (NER) and ensure speedy infrastructure development by increasing the financing for new projects/ schemes in the region.

The NLCPR Scheme was replaced by a new Central Sector Scheme in December 2017 namely, 'North East Special Infrastructure Development Scheme' (NESIDS), however,

⁷² NER comprises of eight States viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura

funding for ongoing projects under the existing Scheme continued till March 2020 for their completion. The objectives of NESIDS are to ensure focused development of NER by providing financial assistance for projects relating to water supply, power, connectivity, promotion of tourism and creation of infrastructure in primary and secondary sectors of education and health. NESIDS is 100 *per cent* Central funded for projects not supported by other Government schemes.

3.3.1 Scope of Audit

Compliance Audit (CA) on projects sanctioned by MDoNER under NLCPR and NESIDS in Nagaland was taken up covering projects sanctioned during 2016-21. Out of 19 projects (₹422.68 crore) sanctioned by MDoNER under these Schemes, which were implemented by seven State Government Departments, five projects⁷³ (₹188.51 crore) were selected based on the percentage of physical and financial progress. The details of the 19 projects are shown in **Table 3.3.1**.

Table-3.3.1: Details of the 19 projects

Scheme	No. of Projects	Approved Cost	Expenditure	Status as on 31/03/2021	
				Ongoing	Completed
NLCPR	6	184.45	134.28	6	0
NESIDS	13	238.23	77.53	12	1
Total	19	422.68	211.81	18	1
Sampled	5	188.51	76.61	5	0

Source: Records of the projects implementing departments

Details of the five selected projects are shown in **Appendix -3.3.1**.

The Report was issued to the Government in September 2022 and the replies have suitably been incorporated in the Report.

Audit Findings

3.3.2 NLCPR

The Schemes were sanctioned as per the priority list prepared by the State Government. Six NLCPR projects were sanctioned (₹184.45 crore) during 2017-18 stipulated to be completed during 2019-21. However, none of the six projects has been completed.

3.3.2.1 Deficiencies in planning and preparation of DPRs

As per Paragraph 4 of the Guidelines for Administration of NLCPR Scheme, 2016, to eliminate duplication, the projects taken up under other schemes of Central Ministries/ State Plan should not be included in the Priority List. The scope of the project in the concept paper should not have major change in scope of project in the DPR.

Paragraph 2 (n) of the terms and condition of the administrative and financial approval of MDoNER envisaged that funds will be utilised strictly for the purpose for which it is sanctioned and no diversion of funds would be allowed.

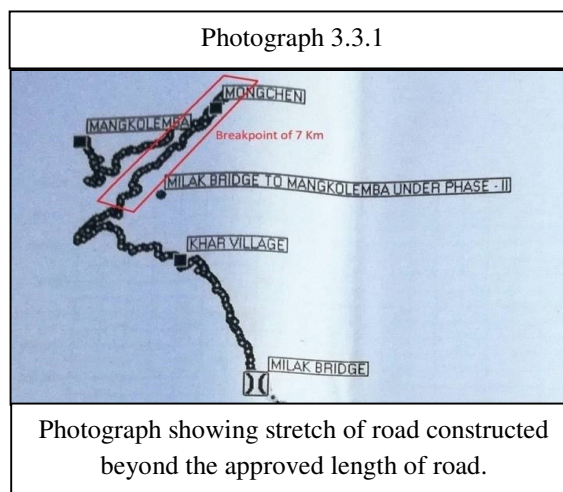
⁷³ Three projects under NLCPR and two projects under NESIDS

Audit of three selected projects out of six projects sanctioned under NLCPR (2016-21) revealed deviation from approved Detailed Project Reports (DPRs), non-execution of work, overlapping and revision of Bill of Quantities (BoQ), *etc.* which are discussed in the succeeding paragraphs.

a) Non-execution of approved work

The project **Up-gradation of road from Alongchen to Mangkolemba via Impur, Mopungchuket, Mongchen- Other District Road (ODR) to Major District Road (MDR)- 19 Km Phase-II** was sanctioned by MDoNER (February 2014) at an estimated cost of ₹22.33 crore (May 2017). DPR was prepared by the implementing Department (Nagaland Public Work Department (NPWD), Roads & Bridges (R&B)) for road length of 19 Km from Milak river to Mangkolemba passing through Khar and Mongchen villages under Mokokchung District. The Department floated a Notice Inviting Tender (NIT) (June 2017) and awarded the work (August 2017) to M/s ANK Construction, Kohima to be completed within 24 months. As on September 2022, only 84 *per cent* of physical and 81 *per cent* of financial progress was achieved.

Examination of the DPRs, Measurement Books (MBs) and Joint Physical Verification (JPV) (June 2022) revealed that the Department constructed the road from “0” point to 9.5 Km towards Mangkolemba. The Department however did not construct seven Km stretch of Jangpetkong range road for ₹5.04 crore between Khar village to Mongchen village, as shown in the **photograph 3.3.1** placed alongside, which was in the middle of the approved stretch of road as the same was already constructed from some other source of funding. The Department constructed seven Km stretch of road beyond the approved length of road not incorporated in the DPR.



Thus, the Department not only proposed a project which had already been taken up under some other scheme⁷⁴ but also executed unapproved portion of the road, which was in contravention of the Guidelines for Administration of NLCPR Scheme, 2016.

b) Unauthorised revision of cost

MDoNER approved (November 2017) construction of **“220 KV D/C Transmission line from Dimapur to Zhadima”** at an estimated cost of ₹108.16 crore. The Chief Engineer (CE), Transmission & Generation (T&G) awarded the contract (December 2017) to a Joint Venture (JV) of M/s Techno Power Enterprises Pvt. Ltd. & M/s Rausheena Udyog Ltd. Kolkata at the approved cost. Examination of the work

⁷⁴ The Department did not provide information of name of the scheme, though called for (September 2022)

order for supply of materials and erection revealed that the cost for “supply” was enhanced whereas the cost for “erection” was reduced, as shown in **Table 3.3.2**.

Table 3.3.2: Abstract cost approved by MDoNER

(₹ in lakh)

Sl. No.	Name of work	Approved cost	Amount awarded to the contractor	(+) Increased (-) Decreased
A	Supply of materials	3,528.58		
	Add: Variation from 2013 to 2016 as per WPI @1.55 per cent	54.69		
	Sub-total A	3,583.27	5,531.98	(+)1,948.71
B	Erection	6,270.15		
	Add: Variation from 2013 to 2016 as per WPI @15.35 per cent	962.46		
	Sub-total B	7,232.62	5,283.17	(-)1,949.45
Grand total (A+B)		10,815.89	10,815.15	

Source: Departmental records

The revision of the cost for supply and erection approved by the State Purchase Board was arbitrary and without obtaining prior approval of GoI. The need for revision was indicative of the fact that the Department prepared the DPR without assessing the actual BoQ required for the project.

c) Unauthorised revision of Bill of Quantity (BoQ)

The project “**Providing water supply to Samziuram Village, Peren District, Nagaland**” was administratively approved (October 2015) by MDoNER with the stipulation that the contract for the project should be on turnkey basis. The Ministry accorded (November 2017) final approval to the project for ₹18.93 crore, to be completed by November 2019.

Examination of records revealed that the project was not implemented on turnkey basis as envisaged. Instead, the Department awarded ten work orders (March and April 2018), based on working estimates prepared in March 2018, viz. two work orders to two contractors (₹11.65 crore) and eight work orders to the EE (PHED), Peren (₹3.26 crore) to execute the works departmentally. When the work orders were furnished (July 2018) to MDoNER, the Ministry called for clarification (August 2018) for not tendering through competitive bidding and issuing ten work orders.

As a result, the CE, Public Health Engineering Department (PHED) cancelled the ten work orders issued and issued (January 2019) a single work order to M/s Solo Engineering, Kohima after a delay of 14 months from the date of approval without competitive bidding.

Further scrutiny showed that the Department revised (March 2020) the working estimates during the course of execution by increasing or decreasing the BoQ and the rates contrary to the approved DPR, as shown in **Table 3.3.3**.

Table 3.3.3: Statement showing revision of BoQ

(₹ in lakh)

Item	Approved DPR 2017				Revised Estimates March 2020				Difference (-) Less (+) Excess
	Qty.	Unit	Rate	Amount	Qty.	Unit	Rate	Amount	
Construction of Slow Sand Filter	1	No.	46.49	46.49	1	No	79.68	79.68	(+)33.19
Construction of Balancing Reservoir	8	No.	91.82	734.56	1	No	33.84	33.84	(-)700.72
Construction of Elevated Balancing Reservoir	0	No.	0	0	3	No	64.27	192.82	(+)192.82
Construction of Sub-Reservoir	7	No.	2.01	14.08	8	No	47.25	378.06	(+)363.98
Construction of Distribution- Reservoir	30	No.	0.82	24.60	15	No	2.87	43.05	(+)18.45
Construction of Service Road	345.55	M	0.11	37.74	1164	M	0.11	127.14	(+)89.40
Fitting, fixing and laying of GMS pipe	-	-	-	8.35	-	-	-	16.50	(+)8.06

Source: Departmental figure

The above observations indicate that the Department did not exercise due diligence while preparing the DPR and determining the rates.

3.3.2.2 Financial Management

Funding of projects under NLCPR scheme was 90:10 between Central and State. The funds were released in three instalments in the ratio of 40:40:20 for projects sanctioned up to 2016 which was revised to two instalments *i.e.* 40 and 60 *per cent*.

Examination of records revealed that against six NLCPR projects approved for ₹184.45 crore, MDoNER released ₹127.01 crore during 2016-21. The financial progress of six projects taken up under NLCPR as of March 2021 is shown in Table 3.3.4.

Table 3.3.4: Detail of funds received and expenditure under NLCPR

(₹ in crore)

Year	Total projects	Total cost	Funds released by Centre	Funds to be released by GoN including State Share	Funds actually released by GoN			Expenditure incurred
					MDoNER share	GoN share	Total	
2016-17	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	6	184.45	8.54	9.49	8.54	0.95	9.49	9.39
2018-19	0	0.00	43.23	48.03	43.23	4.80	48.03	48.03
2019-20	0	0.00	16.84	18.71	16.84	1.87	18.71	11.96
2020-21	0	0.00	58.40	64.89	58.40	6.49	64.89	64.89
Total	6	184.45	127.01	141.12	127.01	14.11	141.12	134.27

Source: Compiled from information furnished by the Planning Department (GoI share limited to 90 per cent of tendered cost. Figures are inclusive of departmental charges by Finance Department (GoN))

(i) Delay in release of funds to implementing departments

As per Paragraph 5 of the NLCPR Guidelines, 2016, funds must be transferred to the implementing agency within one month from the date of release by MDoNER. If the fund is not transferred within one month, the projects were liable to be cancelled and the released funds would be utilised for completion of other ongoing projects.

Examination of records of the three sampled NLCPR projects revealed that delays in transfer of GoI funds to implementing departments ranged between 34 and 1,196 days, as shown in **Table 3.3.5**.

Table 3.3.5: Details of delays in release of funds to implementing departments

(₹ in crore)

Sl. No.	Name of Project	Release of fund by MDoNER to GoN		Fund released by GoN to implementing departments		Delay in transfer of funds (in days)
		Date	Amount	Date	Amount	
1.	Up-gradation of road from Alongchen to Mangkolemba via Impur, Mopungchuket, Mongchen (ODR to MDR)-19 Km Phase-II	25/05/2017	0.10	30/03/2018	0.10	279
		18/09/2017	7.94	29/03/2018	7.94	162
2.	Providing water supply to Samziuram Village, Peren District, Nagaland	21/11/2017	0.10	24/01/2018	0.10	34
		26/06/2019	6.72	08/10/2019	6.72	74
3.	Construction of 220 KV D/C Transmission Line from Dimapur to Zhadima	21/11/2017	0.10*	--	0.00	1,196
		12/07/2018	38.83	28/09/2018	38.83	48
		06/11/2020	31.00	08/03/2021	31.00	92
		08/12/2020	27.40	31/03/2021	27.40	83
Grand Total		--	112.19	--	112.09	--

Source: Records of the projects implementing departments (amount is exclusive of State share).

* State Government had not released token money of ₹10 lakh to the implementing Department as of March 2021.

Audit examined the delays in the project mentioned at Sl. No. 1 as a sample and noticed that the inordinate delay in release of funds were attributable to various reasons viz., Implementing Department not submitting the proposal in time, delay from the Planning and Coordination Department (PCD), the Nodal Department, and State Finance Department as shown in **Table 3.3.6**.

Table 3.3.6: Delay in processing at various levels for release of funds

Sl. No.	Particulars	Date	Delay in days from date of release	
			₹0.10 crore	₹7.94 crore
1.	Release of funds by MDoNER			
	₹0.10 crore	25/05/2017		
	₹7.94 crore	18/09/2017		
2.	Submission of proposal by Implementing Department for placement of funds	08/11/2017	137	21
3.	Clearance by Planning Department	29/03/2018	278	162
4.	Placement of funds by State Finance Department	30/03/2018	279	163
5.	Date of submission of proposal by Implementing Department for expenditure sanction and drawal authority	30/03/2018/ 29/03/2018	279	162
6.	Expenditure sanction by State Finance Department	30/03/2018/ 29/03/2018	279	162

Source: Departmental records

Thus, the Finance Department issued expenditure sanction with a delay of 141 and 142 days from the date of submission of proposal for placement of fund by the Implementing Department, in contravention to NLCPR Guidelines.

The delays in release of funds to the implementing departments impacted the overall progress of work and timely completion of projects thereby resulting in delays in delivery of the intended benefits of the projects to the targeted beneficiaries.

(ii) Inadmissible Departmental Charges

GoN issued an Office Memorandum (November 2005) that recovery of 13 *per cent* Departmental Charges (from works of capital nature) can be waived/reduced if there are justified reasons and if such condition is imposed by Sponsoring Authority such as GoI (CSS) or any International Agency sponsored works.

NLCPR Guidelines (2009 and 2016) stipulated that no staff component shall be created from NLCPR funds. No maintenance work and land acquisition cost will be funded from NLCPR funds. It was further reiterated that funds should be utilised strictly for the purpose for which they were sanctioned, and no diversion of fund would be allowed.

Examination of records relating to “Construction of 220 KV D/C Transmission Line from Dimapur to Zhadima” revealed that deduction of Departmental Charges of ₹2.85 crore was made at source by the State Government as shown in **Table 3.3.7**.

Table 3.3.7: Details of inadmissible Departmental Charges

(₹ in lakh)

Year	GoI released	GoN released	Departmental charges	Net amount
2018-19	3,883.45	0.00	125.35	3758.10
2019-20	0.00	432.61	9.95	422.66
	0.00	30.70	0.35	30.35
	0.00	648.98	14.93	634.05
2020-21	3100	0.00	71.33	3,028.67
	2,740.18	0.00	63.05	2,677.13
Total	9,723.63	1,112.29	284.96	10,550.96

Source: Records of the projects implementing departments

Irregular deduction of fund resulted in reduction of the earmarked fund which will impact timely completion of the project.

(iii) Excess payment of mobilisation advance

As per paragraph 10 B (ii) of CPWD, Mobilisation Advance⁷⁵ (MA) not exceeding 10 *per cent* of the tendered value may be given. Before advance is released, the contractor shall execute a Bank Guarantee (BG) Bond from Scheduled Bank for an amount equal to 110 *per cent* of the amount of advance and valid for the period till recovery of advance. The mobilisation advance would bear simple interest at the rate of 10 *per cent* per annum. Recovery should be deducted from the contractor's bills commencing after first ten *per cent* of the gross value of work is executed and paid so that the entire advance is recovered by the time eighty *per cent* is executed and paid.

⁷⁵ There is no specific provision in Nagaland Public Works Department (NPWD) Code for providing mobilisation advance.

For the project “220 KV D/C transmission line from Dimapur to Zhadima”, the CE, (T&G), DoPN awarded (December 2017) the contract to M/s Techno Power Enterprises Pvt. Ltd. & Rausheena Udyog Ltd. Kolkata (JV).

Examination of records revealed that the contractor requested mobilisation advance (March 2019) and submitted seven BGs of ₹18.06 crore. It was observed that against the admissible mobilisation advance of ₹10.81 crore (10 *per cent*), the contractor was paid ₹17.94 crore (March 2019) resulting in excess payment of ₹7.13 crore out of which only ₹15.58 crore was recovered (October 2022), however, interest was not charged from the contractor. Details of outstanding MA and interest payable are shown in **Table 3.3.8**.

Table 3.3.8: Showing the outstanding amount of advance and interest recoverable

(₹ in lakh)

Period		Outstanding Amount	No. of days	Simple interest @ 10 <i>per cent</i> from the outstanding amount
From	To			
31/03/2019	27/09/2019	1,638.53	180	80.80
28/09/2019	18/06/2020	1,607.16	263	115.80
19/06/2020	14/06/2021	1,343.34	361	132.86
15/06/2021	06/08/2021	546.44	53	7.93
07/08/2021	06/08/2022	479.70	365	47.97
07/08/2022	31/10/2022	236.48	86	5.57
Total				390.93

Source: Departmental records

Thus, the Department extended undue financial benefit of ₹3.91 crore to the contractors by not recovering the prescribed simple interest at a rate of 10 *per cent* per annum from the outstanding mobilisation advance (October 2022).

(iv) Submission of incorrect Utilisation Certificate

NLCPR Guidelines (2009 and 2016) stipulated that funds released by GoI must be utilised within 12 months from the date of release. Utilisation Certificates (UCs) shall be submitted only when expenditure has been incurred by the implementing agency.

Verification of UCs submitted by DoPN to MDoNER for the project “Construction of 220 KV D/C transmission line from Dimapur to Zhadima” revealed that the actual expenditure was ₹31.43 crore (March 2019) whereas the Government submitted UCs for ₹38.93 crore by over-stating the amount by ₹7.50 crore. The details of expenditure, UCs submitted, and actual expenditure incurred are shown in **Table 3.3.9**.

Table 3.3.9: Details of expenditure, UC submitted and actual expenditure

(₹ in lakh)

Sl. No.	Item	UC as March 2019		Expenditure as per payment voucher	Overstatement
		Physical Progress (<i>per cent</i>)	Total Expenditure		
1.	Design, Manufacturing and commissioning, supply and testing	17	1,792.06	1,794.25	(-) 2.19
2.	Erection and civil works	29	2,101.39	1,348.86	752.53
Overall Physical progress/ Total Expenditure		23	3,893.45	3,143.11	750.34

Source: Departmental records

Similarly, for the project “Providing water supply to Samziuram village, Peren” the Department utilised only ₹0.91 crore (December 2019) and the balance of ₹5.92 crore was retained in the bank account. UCs for ₹6.83 crore was however, submitted, thereby overstating the UCs by ₹5.92 crore. Details of expenditure, UCs submitted, and actual expenditure are shown in **Table 3.3.10**.

Table 3.3.10: Details of expenditure, UC submitted and actual expenditure

(₹ in lakh)

Sl. No.	Item	Physical Progress (in per cent) as on December 2019	Total Expenditure	Actual expenditure	Overstatement
1.	Site Development (Service Road)	65	25.87	11.11	14.76
2.	Const. of D/Weir	100	7.56	0	7.56
3.	Const of Desilting Tank	100	2.99	0	2.99
4.	Const of Slow Sand Filter	100	51.68	79.68	-28.00
5.	Procurement of GMS pipe	70	521.1	0	521.1
6.	PCC Anchor block	65	24.53	0	24.53
7.	Pipe appurtenances	75	16.39	0	16.39
8.	Transportation	55	15.92	0	15.92
9.	Head load	60	13.3	0	13.3
10.	Fitting & fixing	40	3.29	0	3.29
Overall Physical progress/ Total Expenditure		45	682.65	90.79	591.84

Source: Departmental records

Submission of incorrect UCs by overstating the expenditure by ₹13.42 crore in the two projects (**Appendix-3.3.2**) was in contravention to NLCPR guidelines only to secure subsequent instalments from MDoNER.

From the above observation, it can be seen that the financial management in the three NLCPR projects were mismanaged by delaying the release of fund to the two implementing Departments ranging from 34 days to 1,196 days. For the project “Construction of 220 KV D/C transmission line from Dimapur to Zhadima”, there was inadmissible deduction of departmental charges, excess payment of mobilisation advances and submission of incorrect UC.

3.3.2.3 Project Implementation

(i) Delay in completion of projects

None of the six projects sanctioned by MDoNER during 2016-21, was completed. Four projects⁷⁶ due for completion by December 2021 and March 2022 were still ongoing

⁷⁶

Sl. No.	Name of project	Targeted date of completion
1.	Providing water supply by gravity to Aboi HQ and Longching EAC HQ in Mon District	December 2019
2.	Construction of 220 KV D/C Transmission Line from Dimapur to Zhadima	November 2020
3.	Providing water supply to Samziuram Village, Peren	November 2019
4.	Upgradation of road from Alongchen to Mangkolemba via Impur, Mopungchuket, Mongchen (ODR to MDR)-19 Km Phase-II	August 2019

even after extension of 486 to 881 days from the original scheduled date of completion, one project⁷⁷ was allowed extension of 1,035 days and for another project viz. “Construction of New High Court Complex at Kohima Phase-I”, sanctioned in December 2017, even the work order has not been issued (March 2022) (**Appendix 3.3.3**). The details of delays in the three selected projects are discussed in the succeeding paragraphs:

(a) The project “**Up-gradation of road from Alongchen to Mangkolemba via Impur, Mopungchuket, Mongchen (ODR to MDR) - 19 Km Phase-II**” approved in May 2017 for ₹22.33 crore was scheduled to be completed by August 2019. It was observed that the project remained incomplete even after lapse of 32 months (March 2022) and an expenditure of ₹14.99 crore was incurred.

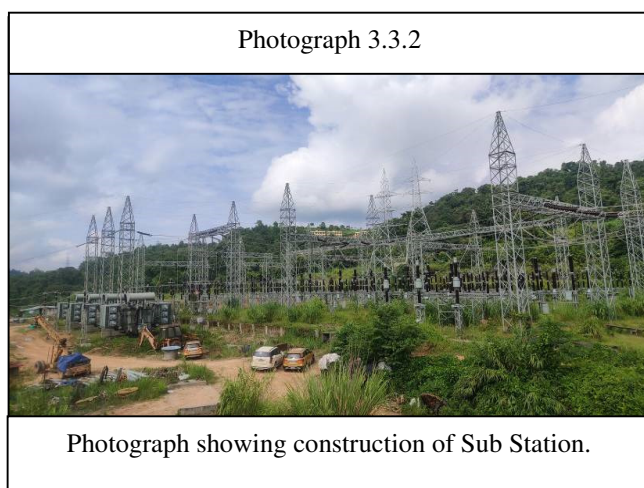
The Department attributed the delay in completion of the project to encountering of hard rocks during the execution of work and overall impact of COVID-19 lockdown.

b) The project “**Construction of 220 KV D/C Transmission line from Dimapur to Zhadima**”, approved (December 2010) for procurement of tower materials for first 27 Km (₹14.23 crore) and remaining portion (November 2017) of the project for ₹108.16 crore. The project which was stipulated to be completed by November 2020 was still on-going (July 2022).

The Department attributed the delay in completion of the project to the issue of Right of Way (ROW) along with land compensation issues and overall impact of COVID-19 lockdown.

(ii) Idle expenditure

The North East Council (NEC) sanctioned (August 2012) ₹68.58 crore for “Construction of 220 KV Sub-station at Zhadima” for charging the transmission line of 220 KV D/C from Dimapur to Zhadima. The work was completed (March 2019) by



incurring an expenditure of ₹68.58 crore. It was observed that the sub-station had not been operationalised/ charged even after 40 months (July 2022) as “Construction of 220 KV D/C transmission line from Dimapur to Zhadima”, sanctioned at a cost of ₹108.16 crore under NLCPR, was not completed (July 2022). **Photograph** of the completed SS is placed alongside.

⁷⁷ Development of Ziekezou Sports Complex, Kohima

Thus, the sub-station at Zhadima constructed at a cost of ₹68.58 crore remained idle due to delay in completion of the transmission line, thereby denying the end users⁷⁸ of the intended benefit of uninterrupted power supply.

3.3.2.4 Award of works without open/ advertised tenders

Paragraph 291 of NPWD code stipulates that open sealed tender should be invited before awarding the works. In terms of Central Vigilance Commission (CVC) Order No. 23/7/07 tendering process or public auction is a basic requirement for the award of contract by any Government agency. The order reiterated that equal right should be provided to all interested parties and no contract work should be awarded on nomination basis as it is tantamount to breach of Article 14 of the Constitution guaranteeing right to equality.

The terms and conditions of sanctions and NLCPR Guidelines also stipulated that once the project is approved by MDoNER, it shall be mandatory to award contract after following a transparent tender procedure by giving wide publicity in print media, website, *etc.* Tender notices issued by the State Government are necessarily to be linked to MDoNER website.

Examination of records showed the following:

(a) Scrutiny of tender documents for the project “Construction of 220 KV D/C Transmission line from Dimapur to Zhadima” revealed that the CE, T&G floated Invitation For Bids (IFB) through e-tendering (November 2017) and the State Purchase Board (SPB) selected M/s Techno Power Enterprises, Pvt. Ltd. & Rausheena Udyog Ltd., Kolkata.

It was however observed that e-tendering was uploaded only on the Nagaland tendering website without advertising it in any local or national newspaper or linking the tender notices to MDoNER/NEC website.

(b) For the project “Up-gradation of road from Alongchen to Mangkolemba *via* Impur, Mopungchuket, Mongchen (ODR to MDR) - 19 Km Phase-II”, NIT was circulated only to the departmental officials and a copy issued to the Contractor and Supplier Union, Kohima. It was not advertised in local or national newspaper and was not linked to MDoNER/NEC website.

3.3.2.5 Execution of projects

As per Paragraph 325 of NPWD Code, the measurement book (MB) is a most important record, since it is the basis of all accounts of quantities whether of work done by the daily labour or by piece or by contract, or of materials received. It must be an original record of actual measurements and should be recorded in MBs at the site of work.

Paragraph 341 of NPWD Code stipulates that before the bill is prepared, entries in the MB relating to the description and quantities of work or supplies should be scrutinised

⁷⁸ Kohima, Phek, Wokha and Kiphire Districts

by the Sub-Divisional Officer (SDO) and the calculation of and “contents or area” should be checked under his supervision.

NLCPR Guidelines, 2016 envisage that the scope of the project indicated in the concept paper should be what is intended to be reflected in the DPR. There should not be any major change in the scope of the project in the DPR against what was proposed in the Concept Paper.

Examination of records and JPV of the three selected projects revealed instances of payment without execution of works, change of location, procurements of materials at exorbitant rates, deviation from the DPR and extension of undue financial benefit to the contractors as discussed below:

(i) Deviation from the DPR and allowing higher rate

On the project “Construction of 220 KV D/C transmission line from Dimapur to Zhadima”, Central Electricity Authority (CEA) directed (April 2017) the State to revise the rates as per SOR 2016 prepared by the North Eastern Region Power System Improvement of Project (NERPSIP) and Power Grid Corporation of India Limited (PGCIL).

NLCPR Committee also conveyed to the State Level Empowered Committee (SLEC) (May 2017) that in order to develop a composite power grid, MDoNER would retain the present project proposal based on PGCIL rate. NLCPR Committee directed the State to re-work the cost at par with PGCIL rate for the remaining portion of the transmission line as shown in **Table 3.3.11**.

Table 3.3.11: Detail of re-work cost at par with PGCIL

Sl. No.	Items	Nagaland DPR (in ₹)	Revised as per PGCIL SOR 2016 (in ₹)
1.	ACSR Zebra conductor	2,52,162	2,02,944
2.	Tower steel	71,540	58,216
3.	Hexa bolts and Nuts	96,619	70,814

Source: Departmental records

It was observed that the CE, T&G forwarded (September 2017) compliance note to CEA indicating the revised rates. However, in contravention to the note, DoPN issued Letter of Award (LOA) to the contractor by allowing exorbitant rate for supply of items as shown in **Table 3.3.12**.

Table 3.3.12: Detail of exorbitant rate for supply of items

Sl. No.	Items	PGCIL SOR 2016 (in ₹)	Rates allowed by DoPN	Difference in rate (in ₹)	Quantity procured	Excess (₹ in lakh)
(1)	(2)	(3)	(4)	(5) (4-3)	(6)	(7) (5 x 6)
1.	ACSR Zebra conductor	2,02,944	3,25,000	1,22,056	212 CKm*	258.75
2.	Tower steel	58,216	1,22,560	64,344	2,633 MT	1,694.17
3.	Hexa bolts and Nuts	70,814	1,22,560	51,746	108 MT	55.88
Total						2,008.80

Source: Departmental records

* circuit kilometres (CKm): *The route kilometers of revenue producing circuits in service, determined by measuring the length in terms of kilometers, of the actual path followed by the transmission medium*

As can be seen from the **Table 3.3.12**, the rates were enhanced without the approval of the CEA/ NLCPR committee resulting in excess payment of ₹20.09 crore and creating an additional charge on the project.

(ii) Excess and avoidable expenditure on Tower material

As per the DPR submitted to MDoNER, the transmission line from Dimapur to Zhadima required 245 towers (3,410.81 MT) covering a distance of 69 Km for ₹18.81 crore and MDoNER sanctioned the full amount as per DPR.

Scrutiny of DPR, progress report submitted to MDoNER and payment vouchers (August 2021) revealed that for 245 approved towers, 3,443.81 MT of Tower High Tensile Steel (THTS) was sanctioned. It was noticed that only 229 towers were required from the tapping point from Dimapur to Zhadima. As a result, the Department procured THTS in excess of requirement having a financial implication of ₹2.73 crore as detailed in **Table 3.3.13**.

Table 3.3.13: Details of approved BoQ and excess procurement

Sl. No.	Number of towers approved	Total Weight (in MT)	Weight per tower (3/2)	Actual towers required	Excess material procured (2-5)	Rate per MT (in ₹)	Excess procured (₹ in lakh) (4 x 6 x 7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	245	3,410.81	13.92	229	16	1,22,560	272.97

Source: Departmental records

It was further noticed that the Department procured 3,517 MT of THTS for the project leading to excess procurement of 106.19 MT THTS worth ₹1.30 crore.

The above instance clearly indicates that proper survey and assessment and analysis of actual tower material required was not done resulting in excess and avoidable expenditure of ₹4.03 crore on tower materials.

(iii) Deviation from the approved DPR

As per the approved DPR for the project “Water supply to Samzuiram village”, the water treatment reservoir was to be constructed on a hillock between the water source and Samzuiram village. It was observed that the Department changed (March 2018) the location of the reservoir to a hillock two Km away from the proposed site due to land ownership dispute. This entailed laying of extra six Km of 100 mm GMS pipe resulting in extra expenditure of ₹1.13 crore⁷⁹.

3.3.2.6 Short/ unexecuted items of work

Scrutiny of records relating to the project “Water supply to Samzuiram village” revealed that the Department recorded construction of service road (black topping), retaining wall and overhead GPS tanks in the MB and paid ₹49 lakh to the contractor. JPV (June 2022), however, revealed that no black topping was done and retaining wall and GPS tanks were not constructed. This resulted in excess payment of ₹49 lakh without actual execution of the works (**Details are provided in Appendix-3.3.4**).

⁷⁹ 100 mm per meter ₹1,880 x 6,000 meter = ₹1,12,80,000

Photographs of non-execution of service road, GPS tank and retaining wall are appended below:

		
Photograph 3.3.3: Non-execution of black topping	Photograph 3.3.4: Non-execution of GPS tanks	Photograph 3.3.5: Non-execution of retaining wall

3.3.3 NESIDS

NESIDS Scheme Guidelines stipulate that in order to give a quick start to NESIDS, all NER States were to submit a Concept Note on State Infrastructure Strategy and indicative list of projects proposed to be funded under NESIDS as a part of their initial proposal.

The shelf of projects and designated agency of the State Governments for execution of projects will be identified jointly by the Secretary, MDoNER and the Chief Secretary (CS) of the concerned State. The identified list of projects will be placed before the NESIDS Committee chaired by the Secretary, MDoNER and co-chaired by the CS of the concerned State. The other members of the Committee will be as follows:

- i. Chief Executive Officer NITI Aayog or representative not below Joint Secretary.
- ii. Expenditure Secretary or representative not below the rank of Joint Secretary.
- iii. Home Secretary or representative not below the rank of Joint Secretary.
- iv. Foreign Secretary or representative not below the rank of Joint Secretary.
- v. Financial Advisor, MDoNER.
- vi. Joint Secretary in-charge of NESIDS in the MDoNER.

The recommendations of NESIDS Committee would be submitted to the Minister in-charge of DoNER for in-principle approval before communicating them to the State Government.

The State Government would prepare DPRs of the identified projects based on the in-principle approval communicated by MDoNER. No change in the scope of the project in the DPR against what was proposed in the Concept Paper would be admissible. The SLEC shall authorise institutes of national repute like Indian Institutes of Technology (IIT)/National Institutes of Technology (NIT)/Engineering Colleges for technical and economic appraisal of DPRs for projects recommended by Inter-Ministerial Committee (IMC) and the cost of DPR appraisal by these institutes shall be an admissible component to be included in the project cost.

Out of 13 projects sanctioned by MDoNER, only one project⁸⁰ was completed as per schedule and the other three projects⁸¹ were completed with time overrun of 139 to 304 days. Seven projects remained incomplete even after allowing extension for 139 to 630 days from the revised scheduled date of completion (**Appendix 3.3.3**). The remaining two projects were revised to be completed in May and September 2023.

3.3.3.1 Deficiencies in planning and preparation of DPRs

(i) Identification of Priority List, recommendation, retention and sanction of projects

Planning and Co-ordination Department (PCD) received 128 projects for ₹2,758 crore, out of which 80 projects (₹1,975 crore) originated from the concerned line Department and 48 projects (₹782.83 crore) were recommended by elected representatives, Civil Society, NGOs, *etc.* The details of 128 projects received by PCD, sectorial-wise and projects approved with cost by MDoNER are shown in **Table 3.3.14**.

Table 3.3.14: Projects received by PCD and approved by MDoNER

(₹in crore)

Sl. No.	Sector	No of projects received by PCD (2017-2021)	Details of projects approved and sanctioned under NESIDS (2017-21)	
			No. of projects	Amount
1.	Water Supply	5	1	3.14
2.	Power	4	1	20.96
3.	Road & Bridge	44	7	153.71
4.	Tourism	10	0	0
5.	Education	6	2	21.46
6.	Health	4	2	38.96
7.	Others	55	0	0
Total		128	13	238.23

Source: Compiled from information furnished by the Planning and Coordination Department, GoN

The Secretary, MDoNER and State CS identified 29 projects for inclusion in the “State Priority List”. It was observed that:

- Out of 29 identified projects (₹648.99 crore) submitted to NESIDS Committee only one project⁸² (₹20 crore) originated from the 80 projects received from the line departments.
- 28 projects (₹628.22 crore) were from the 48 projects recommended by the elected representatives, NGOs, *etc.* which were not part of the 128 projects received by PCD.

MDoNER sanctioned 13 out of the 29 identified projects, all of which were those recommended by elected representatives. Year-wise projects proposal, Priority Lists and sanction of projects are shown in **Table 3.3.15**.

⁸⁰ Construction of 92 numbers of separate girls’ toilet in Government schools, Nagaland

⁸¹ 1. Construction and widening of road from NH-29 to Sovima village gate-Sovima cricket ground up to Thahekhu village, 2. Development of tourist related infrastructure (road with Heliport) at Toupheima tourist village and 3. Scheme of providing stable power supply to Mon district

⁸² Setting up of pre-paid power metering system at Dimapur - ₹20 crore

Table 3.3.15: Details of year-wise project proposals, State Priority List and sanctions

(₹ in crore)

Year	Project proposal from line department		Priority list submitted to MDoNER		Projects sanctioned by MDoNER		Project approved and sanctioned from shelf of project
	No.	Estimated cost	No.	Estimated cost	No.	Approved cost	
2017-18	120	2,523.95	25	544.07	10	179.28	0
2018-19							
2019-20							
2020-21	8	234.03	4	104.92	3	58.95	0
Total	128	2,757.98	29	648.99	13	238.23	-

Source: Compiled from information furnished by the Planning and Coordination Department, GoN

The above fact indicated that the selection process of the projects was originated from the elected representatives instead of the projects originating from the line Department. Further, the objectives of equitable distribution amongst different sectors also defeated due to the fact that the emphasis was given for the creation of infrastructure under Road and Bridge.

(ii) Technical and economic appraisal of project

SLEC meeting (January 2019) authorised the NIT, Nagaland, Dimapur for technical and economic appraisal of DPRs. Accordingly, PCD intimated the selection (January 2019) to the Director, NIT, for vetting of all DPRs. The NIT (February 2019) placed before the PCD, the terms of references and vetting fee of 0.26 per cent of the total cost of the project, which was accepted by the PCD (February 2019). It was observed that the NIT vetted and recommended (May 2019) six DPRs without conducting feasibility study at the project sites and financial appraisal as stipulated in the Guidelines. SLEC (May 2019) directed the NIT to visit the site of all the projects vetted by them. The NIT visited the project sites only in June 2019 but no value addition was offered based on the project site visit. SLEC accepted the NIT reports which was vetted before visiting the project site and recommended the projects to MDoNER for sanction.

(iii) Deviation from the Concept Note/ DPR

The project “Development of tourist related infrastructure (road with Heliport) at Toupheima tourist village” for ₹17.13 crore was approved by MDoNER (October 2019). As per the Concept Note, the scope of the work was to widen the existing road of other district road category having single lane (3.75 m) to major district road having intermediate lane (5.50 m).

Scrutiny of records of the EE, NPWD (R&B), Chiephobozou Division revealed that the DPR of the carriage way width of the road was prepared as a single lane rather than intermediate lane as projected in the Concept Note. It was also observed that the cost of protection works was enhanced by ₹3.42 crore and new items of works not included in the Concept Note were added.

The EE revised the working estimates, approved by the CE NPWD (R&B) by increasing BoQ for the breast wall (2m height), construction of lounge and addition of new item on construction of RCC protection works and reduced the BoQ on earthwork, retaining walls and number of hume pipe culverts and executed the project as per the revised working estimates as shown in **Table 3.3.16**.

Table 3.3.16: Details of the working estimate

(₹ in lakh)

Sl. No.	Items of works	Unit	DPR	Revised	Difference	
					Reduced quantity (-) Escalated quantity (+)	Reduced amount (-) Escalated amount (+)
1.	Earthworks	m ³	61,410	27,538	(-) 33,872	(-) 7.70
2.	Retaining wall	m	825	469	(-) 356	(-) 17.18
3.	Hume pipe culverts	Nos.	29	20 + 3	(-) 6	(-) 38.84
4.	Retaining Wall at the Periphery of the Heliport	m	395	0	(-) 395	(-) 159.56
5.	Breast wall (2 metre)	m	730	1,718	(+) 988	(+) 161.43
6.	Construction of lounge	m ²	160	160	0	(+) 22.42
7.	Construction of RCC protection works	Nos.	0	30	(+) 30	(+) 39.47

Source: Departmental records

It was observed that no approval was obtained from the State Government or MDoNER by the CE, NPWD (R&B) for the deviations.

Deviations from the Concept Note, approved DPR and variations during actual execution of work points towards defective planning and faulty survey and financial appraisal.

3.3.3.2 Fund Position

Out of 13 NESIDS projects approved for ₹238.24 crore, MDoNER released ₹77.47 crore to GoN during 2016-21. The financial progress of the projects under NESIDS is shown in **Table 3.3.17**.

Table 3.3.17: Details of funds received and expenditure under NESIDS

(₹ in crore)

Year	Projects approved	Total cost	Released by MDoNER	Released by GoN	Funds released by GoN			Expenditure incurred
					MDoNER	GoN Share	Total	
2018-19	10	179.28	55.30	55.36	55.30	0.06	55.36	55.36
2019-20								
2020-21	3	58.96	22.17	22.17	22.17	0	22.17	22.17
Total	13	238.24	77.47	77.53	77.47	0.06	77.53	77.53

Source: Compiled from information furnished by the Planning Department

(i) Delay in release of fund

As per the terms and conditions of sanction orders, it shall be incumbent on the State Government to release the funds for the project to the Implementing Agency immediately after receipt of funds from MDoNER.

Scrutiny of records showed that the the State Government released funds to the implementing departments with delays ranging from 57 to 166 days from the date of release by MDoNER to the State Government in two selected projects, as shown in **Table 3.3.18**.

Table 3.3.18: Details of delays in release of funds

(₹ in crore)

Sl. No.	Name of Project	Release of fund by MDoNER		Fund released by GoN to departments		Delays (in days)
		Date	Amount	Date	Amount	
1.	Development of tourist related infrastructure (road with Heliport) at Toupheema tourist village	09/10/2019	0.10	17/03/2020	0.10	158
		30/12/2019	6.73	15/06/2020	6.73	166
2.	Construction and Widening of road from NH-29 Sovima Village Gate-Sovima Cricket Ground up to Thahekhu Village	02/09/2019	0.10	30/10/2019	0.10	57
		30/12/2019	8.66	15/06/2020	8.66	166
Grand Total		--	15.59	--	15.59	--

Source: Departmental figures and sanction letter of GoI and GoN

Audit analysed the reasons for the delayed release of funds in the project mentioned at Sl. No. 1 above and noticed that the delays were attributable to various reasons viz., Implementing Department not submitting the proposal in time, delay from the Planning and Coordination Department (PCD), the Nodal Department, and State Finance Department as shown in **Table 3.3.19**.

Table 3.3.19: Delay in processing at various levels for release of funds

Sl. No.	Particular	₹0.10 crore		₹6.73 crore	
		Dated	Delays (in days)	Dated	Delays (in days)
1.	Release of funds by MDoNER	09/10/2019	-	30/12/2019	-
2.	Submission of proposal by Implementing Department for placement of funds	24/10/2019	15	18/02/2020	50
3.	Clearance by Planning Department	05/03/2020	148	02/03/2020	63
4.	Placement of funds by State Finance Department (SFD)	29/02/2020	143	15/06/2020	168
5.	Date of submission of proposal by Implementing Department for expenditure sanction and drawal authority	17/03/2020	160	15/06/2020	168
6.	Expenditure Sanction by SFD	17/03/2020	160	15/06/2020	168

Source: Departmental records

Thus, the Finance Department issued expenditure sanction with a delay of 119 and 145 days from the date of submission of proposal for placement of fund by the Implementing Department, in contravention to NESIDS Guidelines.

The delays in release of funds to the implementing departments impacted the overall progress of work and timely completion of projects thereby resulting in delays in delivery of the intended benefits of the projects to the targeted beneficiaries.

3.3.3.3 Execution of project

(i) Avoidable excess expenditure

Scrutiny of Concept Note and DPRs revealed that EE, PWD (R&B), Dimapur Division submitted two Concept Notes (3 May 2018 and 14 May 2018) for the project

“Construction and Widening of road from NH-29 Sovima Village Gate-Sovima Cricket Ground up to Thahekhu Village gate” projecting 5.5 Km and 9.2 Km respectively with the same project cost of ₹20 crore. The SLEC proposed (May 2018) the second Concept Note for 9.2 Km to MDoNER for retention. The Department submitted the DPR to MDoNER by reducing the length of the road to 8.5 Km and added extra items of works for ₹2.80 crore which was originally not included in the Concept Notes to cover the minimum project cost of ₹20 crore fixed under NESIDS. MDoNER approved (August 2019) the project for ₹21.97 crore.

JPV revealed that out of the approved road length of 8.5 Km, a stretch of 2.7 Km for ₹5.90 crore fell under NH 229 which was constructed and maintained by National Highway Authority. Besides, there already existed a two-lane road (BRO road) 100 metres away from the proposed road running parallel to each other which conjoined at 5.5 Km.

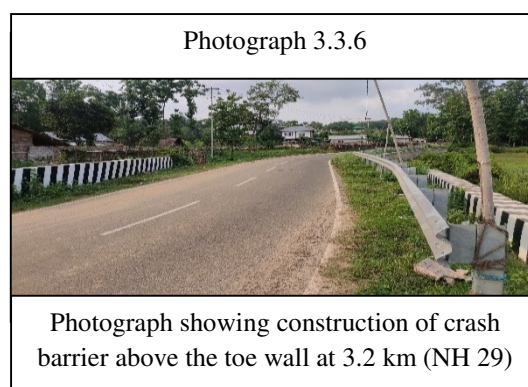
The above instances indicated that SLEC did not exercise due diligence while accepting the second Concept Note.

The Department also projected in the DPR to replace existing 14 Hume Pipe (HP) culvert 600 mm (₹0.82 crore) with 1,200 mm of HP culvert along the stretch of the road. JPV, however, revealed that 14 HP culvert 600 mm as projected in the DPR was not replaced. Instead, 14 new 1,200 mm HP culvert were constructed at different locations contrary to what was projected in the DPR.

The Department prepared defective and unfeasible Concept Note and DPR which led to deviation and change in scope of works in contravention to NESIDS Guidelines. Construction of 2.7 Km. road falling within the jurisdiction of NH 229 proved unnecessary and resulted in avoidable excess expenditure of ₹5.90 crore.

3.3.3.4 Short/ unexecuted items of work

(a) Examination of records relating to the project **“Construction and widening of road from NH-29 Sovima village gate – Sovima cricket ground up to Thahekhu village”** revealed that the DPR did not have any provision for construction of crash barrier above the toe wall. The contractor was however paid ₹0.18 crore for construction of 320 metres length of crash barrier above the toe wall. Construction of crash barrier was unnecessary as the toe wall already existed which was sufficient to act as a preventive measure and the same was also not incorporated in the DPR. This resulted in an avoidable expenditure of ₹0.18 crore. The construction of crash barrier above the toe wall at 3.2 km (NH 29) is shown in **photograph 3.3.6**.



It was also observed that construction of unlined side drain, earthen shoulders, metal crash barrier, protection wall (toe wall of 1.5 metre height) covering 200 metre length was recorded in the MB and the contractor was paid ₹3.24 crore⁸³. JPV (June 2022) however, revealed short execution of unlined side drain, earthen shoulders, metal crash barrier and protection wall as detailed in **Appendix-3.3.4**. EE, PWD (R&B), Dimapur recorded fictitious entries in the MB and fraudulently paid ₹1.12 crore to the contractor without actual execution of the work as per BoQ.

(b) The EE, Construction Division (R&B) Chiephobozou recorded in the MB, prepared RA bills and paid ₹1.11 crore to the contractor for construction of unlined side drain, earthen shoulders and metal crash barrier against the project **“Development of tourist related infrastructure (road with Heliport) at ToupHEMA”**. JPV (June 2022), however, revealed short execution of unlined side drain, earthen shoulders and metal crash barrier as detailed in **Appendix-3.3.4**. As a result, the contractor was fraudulently paid ₹0.12 crore without execution of the work as per BoQ.

3.3.4 Monitoring and Evaluation of projects

NLCPR

NLCPR Guidelines (2009 and 2016) stipulated that the monitoring and evaluation of implementation of the projects shall also be undertaken through field inspection by officers of MDoNER as well as through impact studies, social audits and evaluations conducted by Government or through independent agencies. The Ministry should also review the implementation of projects with the State Governments.

3.3.4.1 Monitoring by MDoNER and compliance by the State

The members from Technical Wing of MDoNER along with the members of the implementing Department inspected (April 2018) the project **“Up-gradation of road from Alongchen to Mangkolemba via Impur, Mopungchuket, Mongchen- Other District Road (ODR) to Major District Road (MDR) - 19 Km Phase-II”**. The inspecting team directed the Department to expedite completion of the remaining works keeping in view the rainy season ahead as per scheduled date of completion (August 2019).

It was observed that the project was inspected (January 2021) by a Board of Officers consisting of representative of PCD and technical officials on the direction of MDoNER. The Board recommended for rectifying the potholes in the completed portion of the road. JPV

Photograph 3.3.7



Photograph showing multiples potholes on the stretch of completed 9.5 Km

⁸³ (i) Unlined surface drain- ₹12.16 lakh, (ii) Construction of Earthen shoulders- ₹117.52 lakh, (iii) Steel Crash Barrier- ₹93.19 lakh, (iv) Protection wall (Toe wall) 1.5 m- ₹68.61 lakh and 200 metre of road- ₹32.15 lakh

(June 2022), however, revealed multiples potholes on the stretch of completed 9.5 Km as shown in **photograph 3.3.7**.

3.3.4.2 Appointment of Nodal Officer for Monitoring

NLCPR Guidelines (2009 and 2016) envisage that the State shall nominate a ‘nodal officer’ for each project who would be responsible for project implementation and monitoring.

Out of three projects implemented by three departments⁸⁴, two departments (PHED and DoPN) appointed nodal officers for project implementation and monitoring. In projects implemented by NPWD, nodal officer was not appointed.

NESIDS

NESIDS Guidelines (2018) stipulated that IMC shall meet at least once in three months. The IMC would review the progress of implementation of the projects under NESIDS. The State Government shall also install PFMS portal at the State level and link their treasuries to the PFMS portal of MDoNER for tracking of funds released under the scheme.

The State Government shall put in place a robust monitoring mechanism preferably consisting of officials not directly concerned with execution of a particular project for proper execution of the projects sanctioned under the scheme.

The designated agency of the State Government will nominate a nodal officer for each project to complete them as per schedule. The designated agency will publicise the project in the local area. The State Government will encourage the use of modern technical tools of Information Technology (IT) and space technology for monitoring the projects.

Monitoring and evaluation of the project will be undertaken through field inspections by officers of MDoNER as well as through impact studies, social audit and evaluations concerned by Government or through independent agencies on the request of the MDoNER.

3.3.4.3 Monitoring by the Ministry and compliance by the State

Scrutiny of records revealed that though PFMS portal was installed, NESIDS funds were not released to the implementing Departments and Divisions through the PFMS portal. While approving four projects under NESIDS (November 2018), IMC laid down the conditions that the State shall take all measures to develop other infrastructure *inter alia* power, water supply *etc.* in those areas which can facilitate tourism. The Committee also observed that most of the project proposals submitted to the Ministry for funding under NESIDS were in the road sector and directed to propose projects in other sectors mentioned in the NESIDS guidelines.

⁸⁴ Public Works Department (Roads & Bridges), Public Health Engineering Department (PHED) and Power Department (DoPN).

It was also observed that out of nine projects sanctioned after November 2018, three projects for ₹72.92 crore (46 *per cent*) were under road sector and six projects for ₹84.52 crore (54 *per cent*) were in other sectors such as Health, Water Supply, Education and Power.

During the IMC meeting held in June 2020, the Committee agreed to give various relaxation on regulation of NESIDS guidelines on proposals of health infrastructures required for fighting COVID-19 which can be undertaken/ completed in short duration and the approved activities must be completed within six months. The State Government assured that fund sanctioned under the proposal would be solely used for COVID-19 related activities and would be utilised as early as possible, but not later than six months from the date of sanction.

However, one project⁸⁵ (₹17.96 crore) related to COVID-19 sanctioned in June 2020 required to be completed by January 2021, remained incomplete (March 2022).

It was also observed that except one project⁸⁶ which was inaugurated by the Union Minister for DONER in September 2021, no project funded under NESIDS was inspected by officials from MDoNER. IMC also did not monitor, inspect and evaluate the implementation of the projects.

3.3.4.4 Monitoring by the State Level Empowered Committee

Scrutiny of records revealed that out of the 12 SLEC meetings (2018-21) to be conducted by the Chief Secretary (CS), only eight SLEC meetings⁸⁷ (67 *per cent*) were held. Out of these eight SLEC (NESIDS) meetings, review of incomplete projects under NLCPR and authorisation of NIT, Nagaland for technical and economic appraisal of DPRs were discussed (January 2019) in the first two meetings⁸⁸ and the remaining six meetings were mainly for techno-economic appraisal and recommendation of vetted DPRs.

It was observed that issues like monitoring, review and quality control relating to ongoing NESIDS projects were not discussed in any of the SLEC meetings. Impact studies, social audit and evaluations by State Government or through independent agencies were not conducted.

3.3.4.5 Appointment of Nodal Officer for Monitoring

The nodal officer who was required to be directly involved in the execution of a project was not appointed in NESIDS projects implemented by PWD (R&B). It was also observed that the Department did not engage the State Quality Control Board for periodic inspection and quality check. It was also observed that the State did not encourage the use of modern technical tools of IT/ Space technology for monitoring the projects.

⁸⁵ Strengthening health infrastructure for comprehensive response to possible outbreak of COVID-19 in Nagaland

⁸⁶ Construction and widening of road from NH 229 Sovima village gate-Sovima Cricket ground up to Thahekhu village gate

⁸⁷ 24/04/2018, 30/01/2019, 16/04/2019, 23/05/2019, 07/06/2019, 14/08/2019, 16/03/2020 and 08/02/2021

⁸⁸ 24/04/2018 and 30/01/2019.

3.3.4.6 Transparency and Publicity of Information for NLCPR and NESIDS

Under NLCPR, the State Government, immediately after project approval, was required to put up display boards at the project site indicating the date of sanction, likely date of completion, estimated cost of the project, source of funding *i.e.* NLCPR (GoI), contractor(s) name and the physical target.

JPV (June 2021-July 2022) of the three selected NLCPR projects revealed that only one project⁸⁹ adhered to the guidelines while in the case of other two projects⁹⁰, the information was not publicised even after four years of sanction of the projects.

Under NESIDS, the scheme guidelines envisaged that to ensure that the information about development schemes being financed through NESIDS reaches the ultimate beneficiaries, there is need to ensure greater transparency and publicity of information. For this purpose, the following should be ensured:

- i) All projects being supported from the scheme shall be given wide publicity in local media.
- ii) Notice Board, including social audit aspects and QR code, should be made available at the project implementation site. The Board should indicate the date of sanction of the project, likely date of completion, cost of the project, source of funding, name of the designated agency for execution of the project, contractor's name and physical target. After completion of projects, the State Government will put a permanent display on site like plaque on the wall, *etc.* after the asset is created displaying details of NESIDS funding.

JPV (May 2022-July 2022) revealed that permanent display on site like plaque on the wall displaying details of NESIDS funding were not found in the completed project sites⁹¹. In one project, only the inauguration stone without details of NESIDS funding was erected and semi-permanent structure displaying details of NESIDS funding was erected in the other project.

Thus, the objective to disseminate information to the public at large in both the NLCPR and NESIDS was not achieved.

3.3.5 Conclusion

DPR and Concept Note were prepared without field visits to assess the actual requirements and without analysing the actual BoQ required for the project. The estimates in the DPR were unrealistic indicating lack of proper planning, survey and economic appraisal before preparing the DPRs. In all the five projects of NLCPR and NESIDS, there was delay in release of fund at various levels, from the date of proposal

⁸⁹ Up-gradation of road from Alongchen to Mangkolemba *via* Impur, Mopungchuket, Mongchen-Other District Road (ODR) to Major District Road (MDR)- 19 km Phase-II

⁹⁰ Construction of 220 K/V D/C Transmission Line from Dimapur to Zhadima and Providing water supply to Samziuram Village, Peren

⁹¹ (1) Construction and widening of road from NH-29 to Sovima village gate-Sovima cricket ground up to Thahekhhu village gate and (2) Development of tourist related infrastructure (road with Heliport) at Toupheima tourist village

by the implementing department to the date of release by Finance Department, which impacted the timely completion of projects. Delay in completion of transmission lines resulted in idle expenditure of sub-station constructed at ₹68.58 crore. The State Government irregularly deducted Departmental Charges of ₹2.85 crore. Incorrect UCs was submitted against the scheme guidelines. Non-inclusion of contract clause on interest bearing mobilisation advance in the terms and condition of the contract agreement led to loss of ₹3.91 crore to the State Government. Rates of certain items were enhanced over the approved rates of DPR without obtaining approval from the competent authority resulting in excess payment of ₹20.09 crore to contractor. There were instances of excess payment of ₹1.73 crore by recording incorrect entries in the MB without actual execution. The SLEC meetings were not held as mandated and even in the meetings held during the period, no issues related to on-going NESIDS projects were discussed. Except for one project, no inspection was conducted in the projects funded under NESIDS.

3.3.6 Recommendations

The State Government may-

- (i) *ensure preparation of realistic Concept Note and DPRs based on survey and gap analysis and feasibility study at the project site.*
- (ii) *take appropriate measures to complete the time overrun projects with timely release of funds to avoid delay in completion.*
- (iii) *initiate departmental enquiry and fix responsibility against officers/ officials responsible for passing bills based on fictitious measurements, submission of false utilisation certificates, rate enhancement and excess payments.*

Compliance Audit Paragraphs

FOOD AND CIVIL SUPPLIES DEPARTMENT

3.4 Diversion of Superior Kerosene Oil

The State Government violated Government of India directives and diverted Superior Kerosene Oil worth ₹19.56 crore (6,113.19 KL) to other than the targeted beneficiaries under Public Distribution System.

Ministry of Petroleum & Natural Gas (MoPNG), Government of India (GoI), allocates Superior Kerosene Oil (SKO) for distribution under the Public Distribution System⁹² (PDS) to States on quarterly basis. The entire allocation is to be lifted within the quarter itself and carry forward of un-lifted quantity is not allowed, except in case of exigencies, such as natural calamities. SKO for distribution under PDS is allocated to States/ Union Territories (UTs) based on electricity and/ or Liquefied Petroleum Gas (LPG)

⁹² Public Distribution System means the system for distribution of essential commodities to the ration cardholders through fair price shops, such as rice, wheat, sugar, edible oils, kerosene and such other commodities as are notified by the Central Government under clause (a) of section 2 of the Essential Commodities Act, 1955

penetration and their historical allocations. Further distribution of SKO within States/ UTs through their PDS network is the responsibility of the concerned States/ UTs.

Paragraph 3 of the allotment orders of GoI requires the State to ensure availability of subsidised Kerosene for distribution under PDS to the targeted beneficiaries, for the purposes of cooking and illumination only and not to be diverted for adulteration of petrol/diesel or for any other unintended use.

Further, sub-allocation orders issued by Government of Nagaland (GoN) required the District Food and Civil Supplies (F&CS) offices to furnish monthly Utilisation Certificates (UCs) to the Director, F&CS.

Government of Nagaland (GoN) through 19 SKO authorised dealers and 1,621 Fair Price Shops⁹³ (FPSs) under PDS, distributed subsidised SKO to 2,84,934 ration cardholders (Priority Household⁹⁴- 2,37,434 and Antyodaya Anna Yojana- 47,500) in the State (March 2021). The State SKO quota was lifted from Indian Oil Corporation Limited (IOCL) whose depots are located at Assam and Nagaland.

Examination of records (August 2021) of the Directorate of F&CS, Nagaland, Dimapur showed that MoPNG allocated 17,892 KL⁹⁵ SKO to the State for distribution under PDS during 2019-21. Against the allocation by MoPNG, the Department reported (August 2022) lifting of 13,752 KL SKO from IOCL during 2019-21. Audit cross verified the total lifting as reported by the Department, with that of Indian Petroleum & Natural Gas Statistics (2019-21), MoPNG and data furnished (July 2022) by IOCL. The verification showed that the State Government lifted (through the SKO authorised dealers) 17,367 KL (97.07 *per cent*) resulting in short lifting of 525 KL SKO during 2019-21, which ultimately lapsed. The Department, therefore, understated SKO lifted from IOCL by 3,615 KL (17,367 KL - 13,752 KL). Year-wise SKO lifted by the 19 authorised dealers is detailed in **Appendix-3.4.1**.

GoN had issued (April 2019-January 2021) district-wise sub-allocation orders for 12,276 KL out of 17,892 KL SKO allocated by MoPNG, for distribution to ration cardholders through FPSs in coordination with the concerned District Administration. It was observed that against 12,276 KL SKO allocated to the Districts for distribution under PDS, the concerned District F&CS offices reported actual receipt of 11,253.81 KL from the SKO dealers and utilisation of 11,233.79 KL SKO (99.82 *per cent*) (**Appendix-3.4.2**). The year-wise SKO allocated by MoPNG, lifted by the State, quantity received for PDS distribution and diverted by the State is shown in **Table 3.4.1**.

⁹³ 1,323 Rural and 298 Urban FPSs

⁹⁴ Under the National Food Security Act (NFSA), 2013 (implemented in the State with effect from July 2016), the erstwhile Below Poverty Line (BPL) and Above Poverty Line (APL) were amalgamated and termed as Priority Household (PHH)

⁹⁵ Kilo Liter

Table 3.4.1: Details of SKO utilised by the State

(Figures in KL)

Sl. No.	Year	Allocation by MoPNG	Lifted by State	Quantity of SKO allocated by GoN to Districts for distribution under PDS	Actual quantity of SKO received under PDS	Quantity of SKO diverted by GoN
<i>i</i>	<i>ii</i>	<i>iii</i>	<i>iv</i>	<i>v</i>	<i>vi</i>	<i>vii=(iv-vi)</i>
1.	2019-20	9,300.00	8,928.00	6,831.00	6,174.31	2,753.69
2.	2020-21	8,592.00	8,439.00	5,445.00	5,079.50	3,359.50
Total		17,892.00	17,367.00	12,276.00	11,253.81	6,113.19

Source: Departmental records, MoPNG and IOCL

As can be seen from above table, 6,113.19 KL SKO lifted from IOCL were diverted by the State for distribution/ utilisation outside the PDS in contravention of Paragraph 3 of the allotment orders issued by GoI. The diverted quantity of 6,113.19 KL of SKO involved subsidy worth ₹19.56 crore⁹⁶. Further scrutiny of records showed that GoN had allotted 4,974 KL SKO to 51 individuals/ distributors while no records was available for the remaining quantity of 1139.19 KL of SKO.

With regard to submission of UCs, Audit noticed that the District F&CS offices submitted UCs only for the quantity distributed through the PDS. In absence of UCs and distribution records, the possibility of diversion of 6,113.19 KL of SKO involving subsidy of ₹19.56 crore to open market or adulteration of petrol/diesel cannot be ruled out.

On this being pointed out, the Government accepted (September 2022) that 17,367 KL of SKO was lifted by the State. Out of 12,276 KL allotted for ration cardholders, 11,253.81 KL was lifted; UCs for 11,233.79 KL was furnished and UCs for 20.02 KL of SKO are pending. It was further added that a quantity of 4,974 KL was allocated to individuals.

Thus, the State Government violated GoI directives and diverted SKO to open market other than the targeted beneficiaries under PDS.

Recommendations:

The State Government may-

- (i) **strengthen and enforce monitoring mechanism effectively at various levels to ensure accountability in implementation of the Scheme.**
- (ii) **fix responsibility on the officials concerned for diversion of the SKO meant only for distribution to beneficiaries covered under PDS.**

⁹⁶ 6,113,190 liters x subsidised rate of ₹32 per liter

AGRICULTURE DEPARTMENT

3.5 Excess payment

The Agriculture Department arbitrarily reduced/ increased procurement of Tractors, Power Tillers and Brush Cutters and deviated from the physical and financial targets approved by GoI. The financial assistance/ cost norms of ₹1.25 lakh per beneficiary was not followed and expenditure of ₹3.41 crore was incurred on five items which was not approved by GoI. The Department also made excess payment of ₹7.20 crore to the supplier without actual receipt of the full items

Rule 208 of General Financial Rules (GFR), 2017 states that all materials shall be counted, measured or weighed and subjected to visual inspection at the time of receipt to ensure that the quantities are correct, the quality is according to the required specifications and there is no damage or deficiency in the materials. Details of the material so received should thereafter be entered in the appropriate stock register. The officer-in charge of stores should certify that he has actually received the material and recorded it in the appropriate stock registers.

As per the Sub-Mission on Agricultural Mechanisation (SMAM) operational guidelines, the cost norms for financial assistance for procurement of machinery/ implements under 'Promotion of Farm Machinery and Equipment in North Eastern Region' sub- component, the maximum financial assistance was limited to ₹1.25 lakh or 100 per cent cost of machinery/ implement/ equipment per beneficiary.

Examination of records (April 2022) revealed that Government of Nagaland (GoN) submitted (September 2018) a proposal to the Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW), Government of India (GoI) for 'Promotion of Farm Machinery and Equipment in North Eastern Region' under SMAM amounting to ₹33.33 crore for the year 2018-19. GoI approved (October 2018) the proposal for ₹24.40 crore on 90:10 sharing pattern between Central (₹21.96 crore) and State (₹2.44 crore) Governments.

GoI released (November 2018) the entire share of ₹21.96 crore (in two instalments of ₹10.98 crore each) to the State and GoN in turn released (February-October 2019) ₹24.40 crore⁹⁷ to the implementing Department. The physical and financial targets approved by GoI and implemented by the State is shown in **Table 3.5.1**.

Table 3.5.1: Physical and financial targets approved by GoI and implemented by GoN
(₹ in crore)

Sl. No.	Particular	Approved by GoI		Implemented by State	
		Physical (nos.)	Financial	Physical (nos.)	Expenditure
1.	Tractor	400	5.00	49	4.90
2.	Power Tiller	800	10.00	350	7.63
3.	Brush Cutter	752	9.40	1692	8.46
4.	Falcon Premium Garden Tools	0	0.00	400	0.80

⁹⁷ GoI share ₹21.96 crore in February 2019 and GoN share ₹2.44 crore in October 2019

Sl. No.	Particular	Approved by GoI		Implemented by State	
		Physical (nos.)	Financial	Physical (nos.)	Expenditure
5.	Transportation of farm machinery to districts	0	0.00	-	0.17
6.	Training & Demonstration @ ₹4,000/ hectare (Ha)	0	0.00	4,820 Ha	1.93
7.	Honorarium for resource persons	0	0.00	-	0.39
8.	Documentation of Success Stories	0	0.00	-	0.12
Total		--	24.40	--	24.40

Source: Departmental records

Further examination of records revealed that instead of providing financial assistance⁹⁸ to the beneficiary, the Department issued (November 2018) five supply orders for ₹21.79 crore (inclusive of GST and transportation charges) to three suppliers empanelled by GoN for supply of machineries/ equipment during 2018-19 as detailed in **Appendix-3.5.1**. In this connection, Audit observed the following:

A. Instead of providing the maximum admissible financial assistance of ₹1.25 lakh per tractor to each beneficiary, the Department procured 49 tractors at a cost of ₹4.90 crore in violation of the Scheme operational guidelines and distributed the tractors for free to 49 beneficiaries. This not only resulted in denial of intended benefits to 351 beneficiaries but also led to allowance of financial assistance in excess of the maximum limit of ₹1.25 lakh to 49 beneficiaries. The excess financial assistance amounted to ₹4.29 crore.

B. Similarly, the Department procured 350 Power Tillers at a cost of ₹7.63 crore in violation of the Scheme operational guidelines and distributed the tillers for free to 350 beneficiaries. This also resulted in denial of intended benefits to 450 beneficiaries and led to allowance of financial assistance in excess of the maximum limit of ₹1.25 lakh to 350 beneficiaries. The excess financial assistance amounted to ₹4.19 crore.

C. In the case of Brush Cutter, the Department reportedly procured 1,652 units, against the approved target of 752 units, at a cost of ₹8.46 crore in violation of the Scheme operational guidelines and distributed the same to 1,652 beneficiaries.

It was seen from records that the supplier M/s H.T Enterprises⁹⁹, Dimapur (registered as M/s Hyusinlo Thong) was paid ₹8.46 crore¹⁰⁰ (including GST of ₹1.29 crore) by the Department for supply of 1,692 Brush Cutters on the certificate given by the Officer in-charge of Departmental Central Store, Dimapur, Nagaland that the materials were received (December 2018 to February 2019) in full and in good condition and accounted for in the stock register. The copies of the manufacturer invoices, e-way bills and consignment note/ lorry receipts of transporters were however not available on record. Further, the Department could not furnish the copies of the manufacturer's

⁹⁸ Para 6.4.2 of the SMAM Operational Guidelines (2018-19) states that the District Level Executive Committee (DLEC) is responsible for identification/ selection of beneficiaries and disbursement of financial assistance to the beneficiaries after ensuring the proof of procurement of equipment/ inputs as per provisions and norms of the Scheme

⁹⁹ GSTIN 13AIYPT7481Q1ZW

¹⁰⁰ ₹3.50 crore on 15/03/2019 and ₹4.96 crore on 10/05/2019

price, departmental analysis of rates and Government approved rates of farm machineries/ equipment.

To authenticate the actual supply of the machineries, Audit took up (August 2022) the matter with the Commissioner of Goods and Services Tax (CGST), Dimapur, Nagaland with the request to furnish e-way bills¹⁰¹ and GSTR-2A returns. As per the e-way bills and GSTR-2A provided (September 2022) by the CGST, the supplier had actually purchased Brush Cutters worth ₹1.26 crore (including GST of ₹19.22 lakh) from a Guwahati based dealer¹⁰² during 2018-19 (**Appendix-3.5.2**). The CGST, Dimapur, Nagaland also stated (March 2022) that M/s H.T Enterprises, Dimapur had paid tax of ₹12,676 only (CGST ₹6,338 and SGST ₹6,338). The above information from the Tax Authorities clearly indicated that the supplier had not supplied the full quantity of 1,692 Brush Cutters but the Department made the payment in full.

D. In addition to the farm implements, the Department also procured 400 Falcon Premium Garden Tools at a cost of ₹0.80 crore and executed four more components at a cost of ₹2.61 crore (details are given in **Table 3.5.1**), which was not approved by GoI and was thus irregular.

Thus, the financial assistance norms of ₹1.25 lakh per beneficiary was also not followed leading to deprival of benefits to 801 beneficiaries. Further, expenditure of ₹3.41 crore (₹0.80 crore *plus* ₹2.61 crore) was incurred on five items which was not approved by GoI.

In reply, the Government stated (October 2022) that the Directorate of Agriculture has awarded supply orders to empanelled dealers with procurement rates as per the cost norms given in the Operational guidelines for smooth services and timely completion of targeted operations. As for the Department Analysis of rates and Government approved rates of farm machineries/ equipment, the Department followed cost norms given in the SMAM Operational Guidelines, 2018-19.

The Department further added that they do not maintain manufacturer invoices, e-way bills, *etc.* and that the Department has no mechanism to check GST payment by the supplier. The Department's only concern is whether all materials were received in full and in good condition as per the supplied terms and conditions.

The justifications provided by the Department are indicative of the fact that the proposal was submitted to GoI only to obtain the funds whereas the actual implementation of the scheme deviated from the Scheme guidelines.

¹⁰¹ e-way bill is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding fifty thousand rupees as mandated by the Government in terms of Section 68 of the Goods and Services Tax Act read with Rule 138 of the rules framed thereunder. It is generated from the GST Common Portal for e-Way bill system by the registered persons or transporters who cause movement of goods of consignment before commencement of such movement

¹⁰² M/s Trihasti Trade Co (GSTIN 18BHUPS0713E1Z5)

Recommendations:

The State Government may-

- (i) investigate the matter and fix responsibility on the officers/ officials involved in the procurement process for making excess payment to the supplier.***
- (ii) ensure that the Scheme is implemented as per the physical and financial targets approved by GoI.***

CHAPTER-IV

GENERAL SECTOR

CHAPTER - IV

GENERAL SECTOR

4.1 Introduction

This chapter of the Audit Report for the years ended 31 March 2021 and 31 March 2022 deals with the audit observations relating to the State Government Departments under General Sector.

The departments and the total budget allocation *vis-à-vis* expenditure of the State Government under General Sector during 2020-22 are shown in **Table 4.1.1**.

Table 4.1.1: Details of Department-wise Budget Allocation and Expenditure

(₹ in crore)

Sl. No.	Name of the Departments	2020-21		2021-22	
		Total Budget Allocation	Expenditure	Total Budget Allocation	Expenditure
1.	Administrative Training Institute	7.85	5.49	5.72	5.72
2.	Civil Administrative Works Department	27.79	26.54	26.52	25.63
3.	Civil Secretariat	612.38	319.61	491.42	251.53
4.	Council of Ministers	10.85	10.78	16.45	16.31
5.	District Administration	174.98	159.92	179.48	172.10
6.	Election	19.84	19.35	17.96	17.85
7.	Fire & Emergency Services	44.84	44.04	43.25	42.51
8.	Head of State	9.49	9.19	10.31	10.30
9.	Home Guards	39.39	36.96	39.30	37.92
10.	Law & Justice	53.33	51.94	60.18	59.98
11.	Legal Metrology & Consumer Protection	15.29	12.20	13.51	11.34
12.	Lokayukta	10.18	8.84	9.58	8.85
13.	Mechanical Engineering	53.91	48.12	56.37	55.32
14.	Parliamentary Affairs	2.04	1.82	1.54	1.54
15.	Police	1,458.90	1,454.24	1,581.81	1,575.43
16.	Police Engineering Project	248.93	238.91	93.84	93.68
17.	Printing & Stationery	29.72	28.06	29.04	28.55
18.	Prison	62.64	56.74	57.61	57.52
19.	Public Service Commission	12.06	10.54	7.91	7.73
20.	Public Works (Housing)	204.72	203.16	183.78	170.06
21.	Rajya Sainik Board	3.88	3.43	3.89	3.65
22.	Relief & Rehabilitation	1.78	1.78	6.34	6.34
23.	State Guest Houses	17.26	15.95	18.81	18.77
24.	State Information Commission	2.67	2.28	2.61	2.59
25.	State Legislature	41.24	39.87	44.35	44.29
26.	Statistics	43.04	40.76	45.84	45.20
27.	Treasuries & Accounts	63.67	40.06	65.95	40.02
28.	Village Guards	58.49	58.08	59.90	59.14
Total		3,331.16	2,948.66	3,173.27	2,869.87

Source: Appropriation Accounts, 2020-22

It would be seen from the table above that:

- 89 *per cent* of the budgetary allocation in 2020-21 and 90 *per cent* of budgetary allocation in 2021-22 under the General Sector were utilised.
- The Departments incurred expenditure lesser than their respective budgetary allocation during the years 2020-22.

During the year, expenditure involving ₹3,972.16 crore¹⁰³ (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector was test-checked. This chapter contains the audit observations in respect of one subject specific compliance audit *viz.* ‘Funds released under Special Assistance (Creation of Capital Assets)’ and three compliance audit paragraphs.

Subject Specific Compliance Audit

FINANCE DEPARTMENT

4.2 Funds released under Special Assistance– Creation of Capital Assets

4.2.1 Introduction

Special Assistance (SA) was sanctioned and released by Government of India (GoI) to Government of Nagaland (GoN) for completion of 14 pending projects with physical progress of more than 50 *per cent*. These projects were earlier sanctioned and funded by different agencies from GoI, Housing and Urban Development Corporation Limited (HUDCO) Loan, Thirteenth Finance Commission (13th FC), North Eastern Council (NEC) and State’s own resources since 2006 but remained incomplete. The proposal for completion of these projects were submitted by the State Government to NITI Aayog and accordingly, SA funds during 2018-19 and 2020-21 were released by GoI with the following conditions:

- i. The funds released will be utilised by the State Government only for the purpose for which it is approved, and it stands earmarked for the same.
- ii. The amount will be passed on to the Departments/Institutions in the current financial year.
- iii. The State Government should ensure that there would be no duplication of these projects seeking assistance from any other scheme(s) of GoI.
- iv. The State Government would provide additional amount for completion of the projects/schemes, if required, from its own resources.
- v. The State Government shall furnish Utilisation Certificate(s) to NITI Aayog in the prescribed format supported with project/work-wise details. The UCs should also disclose whether the specified quantitative, and qualitative targets that should have been reached against the amount utilised, were in fact reached and if not, the reason thereof.

¹⁰³ During 2020-21: ₹1,940.11 crore and during 2021-22: ₹2,032.05 crore

- vi. Necessary sanctions/approval/compliance as required under the statutory or other regulatory regime as applicable would be obtained by the State Government and the authority(ies) concerned with project(s).
- vii. NITI Aayog shall carry out monitoring and follow-up for an effective implementation of the projects.
- viii. The State Government and the implementing agency shall put in place a monitoring system to ensure that the projects(s) achieves its scheduled milestones and outcomes.

Details of funds sanctioned under SA during 2018-19 and 2020-21 are shown in **Table 4.2.1**.

Table 4.2.1: Detail of funds released under Special Assistance during 2018-19 and 2020-21

(₹ in crore)

Sl. No.	Name of Department	Amount released by GoI		Amount released to the Department by GoN	
		Year	Amount	Date of release	Amount
1.	Power	2018-19	10.41	08/03/2019	10.41
2.	New and Renewable Energy (NRE)	2018-19	2.71	07/03/2019	2.71
3.	Sericulture	2018-19	1.12	15/03/2019	1.12
4.	School Education	2018-19	3.57	Nil	0.00
5.	Youth Resources and Sports(YRS)	2018-19	2.68	05/03/2018*	0.00
		2020-21	4.37	Nil	0.00
6.	Police Department (Police Engineering Project)	2018-19	206.32	25/02/2019	206.32
		2020-21	141.36	07/12/2020	141.36
7.	Fisheries and Aquatic Resources (F&AR)	2020-21	1.62	30/03/2021	1.62
8.	Animal Husbandry & Veterinary Services (AH&VS)**	2020-21	20.30	23/03/2021 09/03/2022	7.89 2.81
9.	Nagaland State Mineral Development Corporation (NSMDC)	2020-21	3.00	24/03/2021	3.00
10.	PWD (Roads & Bridges)	2020-21	2.70	17/11/2021	2.70
11.	Motor Vehicle(Vehicular Pollution Control)	2020-21	5.47	26/03/2021	1.68
12.	Information Technology	2020-21	4.51	Nil	0.00
13.	PWD (Housing)***	2020-21	33.06	22/03/2021 22/03/2021	0.86 3.19
14.	Urban Development	2020-21	2.76	Nil	0.00
Total			445.96	--	385.67

Source: Departmental records.

* Funds of ₹2.68 crore received by YRS was returned to the GoN vide Deposit Challan No.01 dated 28/03/2019.

** Out of ₹8.10 crore received from GoN on 23/03/2021, AH&VS Department returned ₹21.00 lakh vide Challan No.1 dated 31/03/2021.

*** The entire amount of ₹3.19 crore plus State share of ₹0.23 crore released (March 2021) to PWD (H) was kept in Civil Deposit (CD), out of which only ₹73.15 lakh was withdrawn from CD on 17/09/2021.

Audit examined 6 projects in 6 Departments out of 14 projects in 14 Departments. It was seen that prior to release of SA fund by GoI in 2018-19 and 2020-21, the six selected Departments received an amount of ₹524.33 crore (since 2006) against the earmarked projects through funding from State Plan fund, negotiated loans from HUDCO, 13th FC, etc., and spent ₹518.88 crore for completion of these projects as shown in **Table 4.2.2**.

Table 4.2.2: Details of funds received against the earmarked projects and expenditure incurred
(₹ in crore)

Name of Department	Project name	Date of commencement of works as per first release of fund	Fund released by GoN and expenditure prior to release of SA fund of 2018-19 and 2020-21	
			Fund released	Expenditure
Police	Construction of Battalion Hqrs. of 10, 11, 12 13 and 14 IRBs	28/02/2006 (10 IR) 23/04/2009 (11 to 14 IR)	465.88	461.94
AH&VS	Construction of Directorate Building	11/07/2013	23.01	22.87
F&AR	Construction of Table fish raising and multiplication farm at Dimapur	29/03/2014	2.80	2.80
PWD (R&B)	Construction of Bypass Road Seithogei to IG Stadium at Kohima	07/01/2013	7.87	7.87
PWD (H)	Construction of Speaker and Dy. Speaker quarters Construction of additional floor (roof-top) of Secretariat building	23/10/2013 28/03/2012	12.94	11.57
YRS	Installation of Floodlight at IG stadium Installation of Artificial grass (Astro Turf) at IG stadium	24/03/2014	11.83	11.83
Total		--	524.33	518.88

Source: Compiled from records of the Departments

As seen from **Table 4.2.2**, the six Departments spent ₹518.88 crore prior to release of SA fund for 2018-19 and 2020-21 for construction of the six earmarked projects. In addition, GoN released ₹70.00 crore (₹35.00 crore each), to clear past liabilities of two battalions¹⁰⁴. Thus, the total consolidated amount released by GoN against these earmarked projects in the six selected Departments was ₹960.65 crore¹⁰⁵ since inception of the projects.

4.2.2 Scope and Methodology

The audit covered 6 projects out of 14 projects in 6 out of 14 Departments which were allocated under SA of 2018-19 and 2020-21. The selection of Departments¹⁰⁶ for detailed analysis was based on the quantum of funds sanctioned under SA (₹412.41 crore).

¹⁰⁴ 12th IR Battalion Chingtok and 14th IR Battalion, Okhezung

¹⁰⁵ ₹524.33 crore + ₹366.32 crore + ₹70 crore (State Development fund released to two Battalions for clearing liabilities)

¹⁰⁶ Police, AH&VS, YRS, F&AR, PWD (R&B) and PWD (H)

The audit methodology included issue of requisitions/questionnaires/queries and issue of audit observations. Joint Physical Verification (JPV) of selected works was carried out to obtain physical evidence, including photographic evidence.

The report was forwarded to the Government on 31 August 2022. The replies of the Government/ Department have been incorporated at appropriate places.

Audit Findings

4.2.3 Fund availability

The position of SA funds released to GoN and its utilisation is shown in **Table 4.2.3**.

Table 4.2.3: Details of funds released and its utilisation

(₹ in crore)

Year	Amount released by GoI	Actual release by GoN to the implementing Departments:			Expenditure
		Central share (90 per cent)	State share (10 per cent)	Total release	
2018-19	226.81	220.56	0.22	220.78	220.78
2020-21	219.15	165.11	0.23	165.34	153.76
Total	445.96	385.67	0.45	386.12	374.54

Source: GoI release orders and Finance Department data

As seen from **Table 4.2.3**, out of ₹445.96 crore released by GoI, only ₹385.67 crore was released by GoN to the implementing Departments. Further, out of the State matching share of ₹44.60 crore, an amount of ₹0.45 crore only was released to the implementing Departments (May 2022) resulting in short release of State share by ₹44.15 crore. Short release of funds in seven out of 14 Departments and non-utilisation of fund by four Departments are discussed in **Paragraph 4.2.3.2**.

Reply of the Government/Department on short release of fund is awaited (October 2022). However, as per UCs submitted by the State Government to Niti Aayog, GoI {a copy of which was forwarded (July 2022) to the Principal Accountant General (Audit), Nagaland} claimed cent *per cent* utilisation of funds.

4.2.3.1 Short release of fund

Details of the administrative approvals and drawal authorities issued by the Finance Department was obtained from the Finance Department and the 14 implementing Departments. Cross verification of records showed that funds under SA released by GoI was not fully released to the implementing Departments as shown in **Table 4.2.4**.

Table 4.2.4: Details of funds not fully released by GoN to the implementing Departments

(₹ in crore)

Sl. No.	Name of the Department	Year of sanction by GoI	Amount released by GoI	Amount released by GoN	Funds not released
1.	School Education	2018-19	3.57	0.00	3.57
2.	YRS	2018-19	2.68	2.68	0.00
		2020-21	4.37	0.00	4.37
3.	AH&VS	2020-21	20.30	10.70	9.60
4.	Information Technology	2020-21	4.51	0.00	4.51

Sl. No.	Name of the Department	Year of sanction by GoI	Amount released by GoI	Amount released by GoN	Funds not released
5.	Urban Development	2020-21	2.76	0.00	2.76
6.	Motor Vehicle	2020-21	5.47	1.68	3.79
7.	PWD (H)	2020-21	33.06	4.28	28.78
Total			76.72	19.34	57.38

Source: As per information provided by Finance Department and implementing Departments.

As seen from **Table 4.2.4**, out of ₹76.72 crore released by GoI for seven Departments, GoN did not release ₹57.38 crore to the implementing Departments (May 2022) in contravention of the terms and condition of sanction.

It was observed that projects in three out of seven departments¹⁰⁷ were completed before release of SA fund. However, GoN did not return the unutilised funds provided under SA. This indicated that GoN submitted misleading information (completed projects were shown as incomplete) in the project proposals to obtain funds from GoI.

On this being pointed out, the State Government stated (September 2022) that since the projects were completed utilising funds from State resources, the fund received from GoI was adjusted against the fund utilised by GoN.

The reasons provided by the State Government were factually incorrect as these schemes were being implemented out of the funds provided by the GoI and other funding agencies. Further, the reply is indicative of the fact that GoI was misled to obtain funds for the projects which were already completed on the date the proposal was submitted.

Recommendation: SA fund released by GoI to complete the earmarked works should be released in accordance with the terms and conditions of GoI sanction and funds received for completed projects should be returned to GoI.

4.2.3.2 Non-utilisation of SA fund

Examination of records on funds utilised by six Departments revealed that four Departments did not utilise (May 2022) the entire funds released for completion of the projects as shown in **Table 4.2.5**.

Table 4.2.5: Departments which did not utilise the entire funds released for completion of the projects

FY of SA fund	Name of Department	Name of project	Date of release	Amount	Amount utilised	Amount unutilised	Remarks
2018-19	YRS	Installation of Astro turf at IG stadium, Kohima	05/03/2019	268.00	0	268.00	Amount drawn on 06/03/2019 was deposited back to Government account on 18/03/2019. The project was completed and inaugurated in the year

¹⁰⁷ Youth Resources and Sports (YRS), AH&AS, Motor Vehicle

FY of SA fund	Name of Department	Name of project	Date of release	Amount	Amount utilised	Amount unutilised	Remarks
							2019 prior to release of SA fund of 2018-19.
2020-21	PWD (H)	Construction of Roof Top extension	22/03/2021	85.70	0	85.70	Fund was drawn on 22/03/2021 and remained unutilised (May 2022). The work was reported 100 per cent complete.
		Construction of Speaker and Deputy Speaker quarters	22/03/2021	341.50	51.51	289.99	The fund (₹341.50 lakh) was kept in CD on 30/03/2021. Out of this, an amount of ₹73.15 lakh was drawn on 23/09/2021. The physical progress of the Deputy Speaker's quarter was 100 per cent and Speaker's quarter was 32 per cent.
2020-21	AH&VS	Construction of Directorate Building	23/03/2021	810.00	542.26	548.74	₹21 lakh was returned to Government account on 31/03/2021. The physical progress achieved was 99 per cent.
			09/03/2022	281.00			
2020-21	PWD (R&B)	Construction of Bypass Road Seithogei to IG Stadium at Kohima	17/11/2021	270.00	210.52	59.48	Fund was drawn on 23/11/2021. However, the amount was utilised for maintenance works of the project and physical progress of maintenance work was indicated as 89 per cent.
Total				2056.20	804.29	1251.91	--

Source:-Departmental records.

As seen from **Table 4.2.5**, four Departments utilised only ₹8.04 crore out of ₹20.56 crore released to complete the projects. It was also observed that the Department of YRS deposited back ₹2.68 crore to Government account as the project was already completed prior to release of SA of 2018-19. PWD (H) parked ₹3.42 crore in Civil Deposits (CD) (March 2021) and released only ₹73.15 lakh from CD (September 2021) for utilisation. Further, ₹85.70 lakh released to the same Department for completion of the work “Construction of Roof Top extension” was drawn (March 2021) and parked in a bank account (May 2022).

Thus, the SA funds which were released by GoI to complete the projects reported by GoN as 50 per cent complete were either not utilised or kept in bank account/ CD or surrendered as the projects were already completed. The funds were obtained by submitting incorrect project proposals as it is evident that they were diverted for maintenance works and utilised for other purposes instead of creation of Capital assets for which the fund was released.

Reply of the Government/Department is awaited (October 2022).

Recommendation: Funds provided by GoI for the intended purpose should be released as earmarked and all incomplete projects should be expeditiously completed.

4.2.3.3 Delay in release of fund

As per clause 2 (ii) of the Terms and Conditions of GoI sanction order (October 2020), fund released to GoN shall be passed to the Departments/Institutions in the 'current financial' year.

Examination of records showed that two Departments viz. PWD (R&B) and AH&VS received the allocated amount only in the subsequent financial year (2021-22), as shown in **Table 4.2.6**.

Table 4.2.6: Details of funds received in subsequent financial year

Name of Department	Date of release by GoI	Date of release by GoN	Funds released (₹ in crore)	Delay after the financial year
AH&VS	13/10/2020	09/03/2022	2.81	11 months and 9 days
PWD (R&B)	13/10/2020	17/11/2021	2.70	7 months and 17 days
Total			5.51	

Source: Sanction orders

As seen from **Table 4.2.6**, GoN released funds of ₹5.51 crore to the two implementing Departments in the succeeding financial year in contravention of the terms and conditions of GoI sanction.

As stated in **Table 4.2.5**, funds released to these two Departments were either diverted or returned to GoN as the earmarked projects were completed through funding from other sources. This indicates submission of incorrect information by GoN for obtaining funds from GoI, on the pretext of incomplete works.

Reply of the Government/Department is awaited (October 2022).

4.2.3.4 Submission of Utilisation Certificates

According to clause 2 (v) of the Terms and Conditions of GoI sanction order, State Government shall furnish the Utilisation Certificates (UCs) to NITI Aayog in the prescribed format supported with project/work-wise details. The UCs should also disclose whether the specified, quantified, and qualitative target that should have been reached against the amount utilised, were in fact reached and if not, the reasons thereof.

Examination of records of the six selected Departments showed that the prescribed UCs were not submitted by any of the Departments. The UCs indicating 100 *per cent* utilisation of SA fund during 2020-21 submitted to NITI Aayog did not include certification of qualitative and quantitative targets achieved by the Departments. Audit verification of records and JPV of six selected Departments showed that only 5 out of 14 projects, achieved *cent per cent* completion. The percentage of completion in three projects were less than 50 and the remaining six projects ranged from 51 to 99 *per cent*.

This indicates that the State Government furnished incorrect UCs to NITI Aayog certifying completion of the projects for which funds were released by GoI.

The Government in reply (September 2022) stated that the entire SA fund (₹445.06 crore) released by GoI were released by GoN and utilised by the Departments on the earmarked projects, either in advance or after receipt from GoI.

The reply of the State Government is factually incorrect as GoN claimed non-completion of the projects through SA received during 2011-17, based on which GoI released ₹445.96 crore in 2018-19 and 2020-21 to complete the remaining works. The reply of the Government is not acceptable as the instant audit findings are derived from the records of SA funds provided during 2018-19 and 2020-21. Further, the claim of the Department that advance payment were made against these projects were incorrect, as these works were not a committed liability of GoI under SA, as the projects' funds were initially sourced from different agencies, including HUDCO, 13th FC, NEC and the State's own resources.

Recommendation: *Submission of UCs as envisaged in the terms and conditions of the sanction order should be mandatorily followed to give a reasonable assurance that the target of creating Capital Assets is met.*

4.2.4 Project implementation

Rule 202 of NPWD code stipulates that concurrence of the Department concerned before technical sanction should be obtained for every work. Formal acceptance by the Department concerned termed as “Administrative Approval” is taken as authority to execute the works.

Rule 204 of NPWD code stipulates that when the cost of the work is anticipated to exceed the amount approved by more than 10 *per cent*, revised administrative approval must be obtained.

Rule 205 of NPWD code stipulates that detailed estimates must be prepared by the competent authority and the sanction is accorded only by PWD as per the powers delegated.

As per Office Memorandum issued (June 2018) by GoN, all Technical Estimates of projects costing ₹five crore and above were required to be submitted to the High-Level Technical Committee (HLTC) headed by the Engineer-in-Chief for approval. The projects are then submitted for approval by State Level Programme Implementing Committee (SLPIC), headed by the Chief Minister.

The SLPIC, in its 12th Meeting (November 2009) decided that no tender should be floated without prior approval of SLPIC. The Planning and Coordination Department (PCD) was directed not to accord clearance of projects costing ₹five crore and above without prior approval by the SLPIC. The decision was reiterated in the terms of reference of the notification (June 2018) by PCD.

The Engineer-in-Chief issued (January 2011) instruction that all projects costing ₹five crore and above should be routed through the office of the Engineer-in-Chief for technical approval, finalisation of tender papers, *etc.*

Scrutiny of records revealed that there were incomplete projects under five departments after incurring an expenditure of ₹357.34 crore as of May 2022 out of the earmarked project cost of ₹875.31 crore. The details of total project cost, financial progress *vis-à-vis* physical progress are shown in **Appendix 4.2.1**.

Further, examination of records of the six selected Departments revealed payments (i) without actual completion of works (ii) higher rate than the approved Detailed Project Report (DPR), (iii) non preparation of DPR and (iv) execution of works based on unapproved DPR, *etc.*, as discussed in the following paragraphs.

4.2.4.1 Position of works completed in Police Engineering Project

(A) Residential, Non-Residential and Other Developmental Works

Examination of records of the Police Engineering Project (PEP) revealed that an amount of ₹347.68 crore out of ₹445.96 crore sanctioned by GoI was released to the Department for completion of five projects¹⁰⁸. Work orders for all the components of works for the five projects were issued during 2006 to 2010 and no revised work orders were issued for completion of the pending works approved/sanctioned by NITI Aayog. As per the approved DPRs, 2,585 items of work for Residential, Non-Residential and Other Developmental Works were to be executed. It was observed that only 1,174 items of works were completed (45.42 *per cent*) leaving 1,263 items of works (48.85 *per cent*) unexecuted. As per terms and condition of GoI sanction order, the SA fund of 2018-19 and 2020-21 was released to GoN for completion of the pending projects. However, despite receiving a consolidated amount of ₹883.56 crore¹⁰⁹ (including ₹465.88 crore released prior to release of SA 2018-19 and 2020-21) for construction works of these five battalions, only 45 *per cent* of the items of works was completed¹¹⁰ as shown in **Table 4.2.7**.

Table 4.2.7: Details of project-wise items of work yet to be executed

Project name	Components of work	Items of works to be executed as per DPR	Items of work executed	Items of work yet to be executed	Percentage to be completed
Police Department					
10 th IR Battalion, Zhadima	Residential buildings	481	303	178	
	Non-Residential	25	18	7	
	Other Developmental works	5	3	2	
	Total	511	324	187	36.59
11 th IR Battalion, Aboi	Residential buildings	481*	74	259	
	Non-Residential	26	21	5	
	Other Developmental works	14	10	4	
	Total	521	105	268	51.44
	Residential buildings	471	237	234	

¹⁰⁸ 10th, 11th, 12th, 13th, 14th IRBs

¹⁰⁹ ₹347.68 crore + ₹465.88 crore + (₹70.00 crore State Development fund 2020-21)

¹¹⁰ As on 26/04/2022 (10th IR), 21/03/2022 (11th IR) and 24/03/2022 (12th IR)

Project name	Components of work	Items of works to be executed as per DPR	Items of work executed	Items of work yet to be executed	Percentage to be completed
12 th IR Battalion, Chingtok	Non-Residential	26	15	11	
	Other Developmental works	14	5	9	
	Total	511	257	254	49.71
13 th IR Battalion, Yajang	Residential buildings	481	275	206	
	Non-Residential	26	15	11	
	Other Developmental works	14	10	4	
	Total	521	300	219	42.03
14 th IR Battalion, Okhezung	Residential buildings	481	168	313	
	Non-Residential	26	12	14	
	Other Developmental works	14	8	6	
	Total	521	188	333	63.92
Grand Total		2,585	1,174	1,263**	48.78

Source: Records of the Department and result of Joint Physical Verification (JPV)

* including 148 ongoing items of work in Aboi

** items of work not constructed is 259, therefore $1263 + 148 = 1,411 + 1,174 = 2,585$

As seen from **Table 4.2.7**, only 1,174 (51.28 per cent) items of works were completed, and 148 works (5.74 per cent) were ongoing out of the target of 2,585 items of works. Status of ongoing works at 11th IRB, Aboi is shown in **Photograph 4.2.1**:



Detailed analysis of records revealed that against the actual completion of 1,174 items of works in five projects, an expenditure of ₹809.89 crore (since inception of the projects from 2006) was incurred by the PEP as detailed in **Table 4.2.8**.

Table 4.2.8: Details of expenditure incurred by PEP

(₹ in crore)

Name of projects	Components of work	Total cost as per DPR	Total cost for completed and ongoing works	Payments made
10 th IR Battalion, Zhadima	Residential	28.38	18.85	Combined bills of payment of all the three components
	Non-Residential	6.15	4.97	Same as above
	Non-Developmental works	11.00	7.03	

Name of projects	Components of work	Total cost as per DPR	Total cost for completed and ongoing works	Payments made
	Total	45.53	30.85	58.82
11 th IR Battalion, Aboi	Residential	53.34	24.86	63.54
	Non-Residential	11.50	9.48	34.14
	Non-Developmental works	15.46	10.17	21.28
	Total	80.30	44.51	118.96
12 th IR Battalion, Chingtok	Residential	55.42	33.54	131.10
	Non-Residential	12.04	8.25	29.45
	Non-Developmental works	16.40	4.30	16.56
	Total	83.86	46.09	177.11
13 th IR Battalion, Yajang	Residential	53.59	35.92	170.30
	Non-Residential	11.54	8.02	4.04
	Non-Developmental works	16.39	9.92	40.60
	Total	81.52	53.86	214.94
14 th IR Battalion, Okhezung	Residential	66.34	26.55	141.15
	Non-Residential	15.02	9.05	54.47
	Non-Developmental works	19.89	8.79	44.44
	Total	101.25	44.39	240.06
Grand Total		392.46	219.70	809.89

Source: Departmental records

As seen from **Table 4.2.8**, ₹809.89 crore was spent despite the fact that only 45 per cent of the actual approved DPR was completed in five projects (May 2022). This was over and above the approved cost projected in the DPR by ₹417.43 crore¹¹¹ (106 per cent). It was further observed that out of ₹347.68 crore released to PEP in 2018-19 and 2020-21 under SA, only 148 items of works for ₹14.94 crore were taken up which also remained incomplete. No new items of works were taken up out of the fund of ₹347.68 crore released by GoI under SA. The remaining fund of ₹332.74 crore¹¹² was utilised for clearing past liabilities of the Departments instead of completing the earmarked works for which funds under SA was released by GoI in contravention of the terms and condition of the sanction. The State Government also did not obtain prior approval of GoI for clearing other past liabilities of the Department.

Reply of the Government/Department is awaited (October 2022).

(B) Construction of Parade Square and Firing Range

Construction of Parade Square and Firing Range were two components of work included in Other Developmental Works (ODWs) of the DPR of all the five Battalions. Work orders for construction of ODWs were issued during 2006 to 2010.

¹¹¹ ₹809.89 crore - ₹392.46 crore = ₹417.43 crore

¹¹² ₹347.68 crore – ₹14.94 crore = ₹332.74 crore (including ₹38.58 crore diverted for CSS 2017-18)

Examination of records and JPV revealed that in four out of five IR battalions, essential component of works, viz., Construction of Parade Square and Field Firing Range, were not constructed as shown in **Table 4.2.9**.

Table 4.2.9: Details of non-construction of essential component of works

(₹ in lakh)					
Sl. No.	Components required to be constructed as per DPR		Battalion Name	Cost of work	As per verification of records and JPV
Firing Range					
1.	(i)	Firing range distance 300 metres.	12 th IR Chingtok	44.13	Not constructed
2.	(ii)	Reinforced concrete wall with soil	13 th IR Yajang	41.56	
3.		filling at target area	14 th IR Okhezung	57.88	
4.	(iii)	Shooting platform Trenches for physical activity	10 th IR Zhadima	25.00	
Sub-Total				168.57	--
Parade Square					
1.	Construction of Parade Square with open gallery (4000 sqm ground area) with concrete flooring and hard Crete hardener topping, RCC drainage, etc.		12 th IR Chingtok	151.27	Not constructed
2.			13 th IR Yajang	137.58	
3.			14 th IR Okhezung	175.02	
4.			10 th IR Zhadima	270.95	
Sub-Total				734.82	--
Grand Total				903.39	--

Source: Records of Police Engineering Projects (Police Department)

Further, in 11th IRB Headquarters, the specifications of the Firing Range were compromised, as a 64-meter Range was constructed in place of the approved 300 meters, rendering it inadequate for training the personnel. Thus, the fund meant for construction of Parade Ground and Firing Range was utilised for clearing liabilities based on escalated cost of works already done. This resulted in non-execution and short execution of the works on construction of Parade Ground and Firing Range to the tune of ₹9.03 crore.

Reply of the Government/Department is awaited (October 2022).

(C) Construction of Quarter Guard

In Battalions, a quarter guard is a building where arms/ ammunition and other valuable inventory of unit are stored. Police personnel awarded detention/ confinement as punishment for minor offences are also kept inside cells in the building and guarded by armed personnel.

Examination of records and JPV of the five battalion headquarters revealed that Quarter Guard was constructed in all the five battalion headquarters. However, it was observed that the Quarter Guard constructed at 10th IRB Zhadima (₹56.38 lakh) in 2008 was depleted and a new Quarter Guard was approved (2017) to be constructed at a cost of ₹1.67 crore. Work orders were issued¹¹³ (December 2017) for construction of Quarter Guard including site development, water supply and sanitation, provision of protection

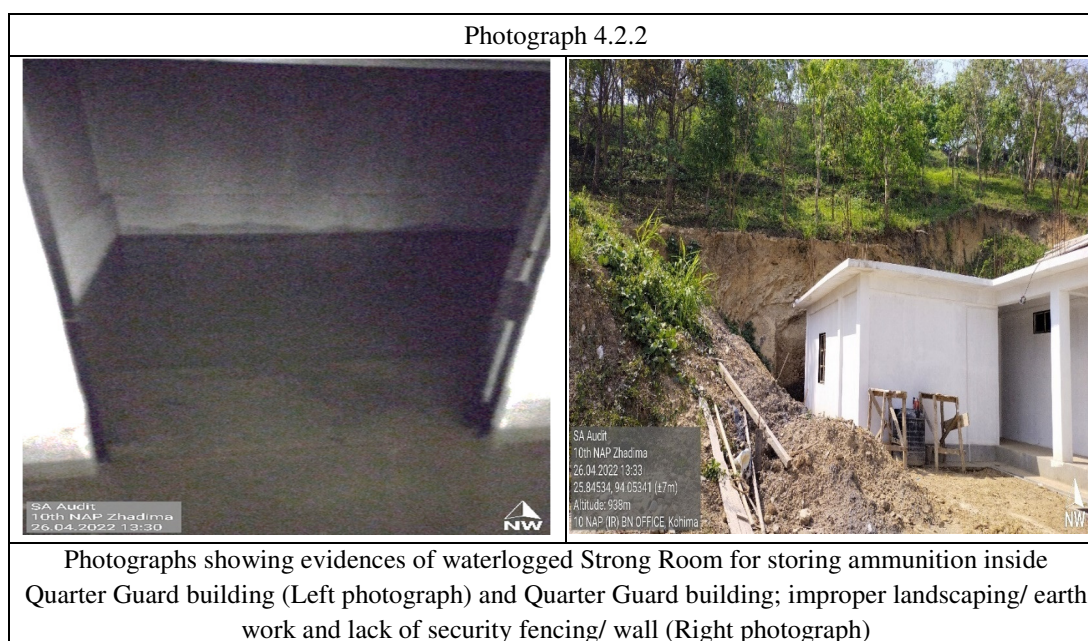
¹¹³ To M/s T. Kezieo

wall and compound pavement for ₹1.24 crore¹¹⁴, to be completed within 24 months from the date of issue of the work order.

Scrutiny of Running Account (RA) bills, MBs¹¹⁵ etc., revealed that an amount of ₹1.04 crore¹¹⁶ (84 per cent) was drawn in five bills for payment to the contractor. JPV (April 2022) of the work at 10thIRB Zhadima revealed the following deficiencies:

- i. Against the approved estimate of 5,154 sq. ft., the total area of the building constructed was 5,084 sq. ft.
- ii. The Strong Room which was constructed to store ammunitions and explosives was inundated up to the level of six to seven feet above the floor due to underground seepage and walls rendering the strong room unusable for storing ammunition and explosives.
- iii. Inadequate site development works such as construction of protection/retaining wall on the hillside led to landslide and damages to the ongoing building.
- iv. Security fencing and watch tower for security personnel was not constructed.
- v. Pavement work inside the compound was not constructed.

Photographic evidences of waterlogged Strong Room for storing ammunition inside Quarter Guard building (Left photograph) and improper landscaping/ earth work and lack of security fencing/ wall (Right photograph) are depicted in **Photograph 4.2.2**:



As seen from the photographs above, the New Quarter building was rendered unusable, due to water logged Strong Room and lack of security fencing/walls.

The reply of the Government/Department is awaited (October 2022)

¹¹⁴ ₹1.15 crore plus ₹0.09 crore

¹¹⁵ MB PEK/231 and PEK/113

¹¹⁶ Vide voucher No.17 dated 09/04/2019, No.51 dated 24/04/2019, No.03 dated 11/07/2019, No.07 dated 29/11/2019, No.4 dated 22/10/2021

Recommendation: *The essential infrastructure of Battalion Headquarters as per the approved DPR in consultation with the user Department (Battalion Headquarters) needs to be constructed.*

4.2.4.2 Payment at higher rates not approved by GoN-Police Engineering Project (PEP)

Examination of records of five projects implemented by Police Engineering Project (PEP) revealed that the Department engaged a consultant¹¹⁷ to prepare DPR in respect of four projects, *i.e.*, construction of permanent Headquarters of 11th, 12th, 13th and 14th IR Battalions. The DPR was approved (09 October 2009) by the Chief Engineer, PEP Kohima and HLTC. Scrutiny of the DPR revealed that only the Abstract of Cost was incorporated and Detailed Technical Estimates of works on which basis the actual works were to be executed were not incorporated in the DPRs.

As per the DPR, the Abstract of Cost of the four projects are as shown in **Table 4.2.10**.

Table 4.2.10: Details of Abstract Cost of the four projects

(₹ in crore)				
Battalion	Work Component	Cost of work as per DPR	Total cost	Cost of work order
11 th IRB	Residential	53.34	81.61	47.61
	Non-Residential	11.50	17.60	10.71
	Other Developmental work	15.46	23.65	14.17
	Total of 11th IRB	80.30	122.86	72.49
12 th IRB	Residential	55.42	84.80	49.56
	Non-Residential	12.04	18.43	11.21
	Other Developmental work	16.40	25.09	15.13
	Total of 12th IRB	83.86	128.32	75.90
13 th IRB	Residential	53.59	82.00	47.83
	Non-Residential	11.54	17.65	10.74
	Other Developmental work	16.39	25.07	15.05
	Total of 13th IRB	81.52	124.72	73.62
14 th IRB	Residential	66.34	101.50	60.55
	Non-Residential	15.02	22.97	13.98
	Other Developmental work	19.89	30.44	18.51
	Total of 14th IRB	101.25	154.91	93.04
Grand Total		346.93	530.81	315.05

Source: DPR and work orders of Police Department

As seen from **Table 4.2.10**, the total cost approved by HLTC for construction works of four battalions was ₹530.81 crore. Work orders were issued based on the estimated cost of the DPR to four contractors¹¹⁸ during October 2009.

Detail analysis of records of the above four projects revealed that contrary to the approved rate (SOR 2010) as exhibited in the original work orders, payment to contractors were made at higher item rate basis without obtaining State Government approval. The total expenditure made to the contractor on higher rates for completed works prior to release of SA fund in 2018-19 and 2020-21 are shown in **Table 4.2.11**.

¹¹⁷ M/s Fastrack

¹¹⁸ M/s Singh Construction Co. for 14th and 13th IRBns., M/s National Construction for 12th IRBn., M/s Hexad Syndicate for 11th IRBn.

Table 4.2.11: Details of payments made to the contractor on higher rates

(₹ in crore)

Name of IR Battalion	Components of work	Cost of works as per DPR	Actual cost of works executed	Payments made	Excess payment
1	2	3	4	5	6 (Col. 5 – 4)
11 th IRB	Residential	53.34	24.86	63.54	38.68
	Non-Residential	11.50	9.48	34.14	24.66
	Other Developmental work	15.46	10.17	21.28	11.11
	Total of 11th IRB	80.30	44.51	118.96	74.45
12 th IRB	Residential	55.42	33.54	131.10	97.56
	Non-Residential	12.04	8.25	29.45	21.20
	Other Developmental work	16.40	4.30	16.56	12.26
	Total of 12th IRB	83.86	46.09	177.11	131.02
13 th IRB	Residential	53.59	35.92	170.30	134.38
	Non-Residential	11.54	8.02	4.04	-3.98
	Other Developmental work	16.39	9.92	40.60	30.68
	Total of 13th IRB	81.52	53.86	214.94	161.08
14 th IRB	Residential	66.34	26.55	141.15	114.60
	Non-Residential	15.02	9.05	54.47	45.42
	Other Developmental work	19.89	8.79	44.44	35.65
	Total of 14th IRB	101.25	44.39	240.06	195.67
Grand Total		346.93	188.85	751.07	562.22

Source: Compiled records of Police Department

As seen from **Table 4.2.11**, against the actual approved cost of ₹346.93 crore for construction works of the four battalions, works for ₹188.85 crore only were completed (May 2022). The Department paid ₹751.07 crore resulting in excess payment of ₹562.22 crore over the approved cost.

The PEP arbitrarily allowed higher rates over the work order amount without obtaining approval of the State Government. This resulted in excess expenditure over the approved cost of the DPR without completion (48.78 per cent) of the approved items of work.

Recommendation: Payments made at higher rates not approved by the SLPIC and without actual completion of the items of work as per DPRs needs to be recovered.

4.2.4.3 Non preparation of DPR for executing works-PWD (R&B)

“Construction of Road from Bypass Seithogei to IG Stadium” under SA was taken up by the PWD (R&B) in 2013.

Details of funds received for the work and work orders issued for the construction is shown in **Table 4.2.12**.

Table 4.2.12: Details of funds received for the work and work orders issued for the construction

(₹ in lakh)

Year	Amount released to Department	Date of issue of work order	Name of contractor	Work order Amount	Status of work as reported by the Department
2012-13	221.24	07/01/2013	Pele Khezhi	442.48	Completed
	221.24				
2013-14	22.13				
	66.38				

Year	Amount released to Department	Date of issue of work order	Name of contractor	Work order Amount	Status of work as reported by the Department
2014-15	227.00	10/10/2014	Ngulie Solo & Sons	35.50	Completed
			Eastern Associates	53.45	Completed
		31/03/2015	T. Albert Solo & Sons	131.31	Completed
			Ngulie Solo & Sons	95.59	Completed
2015-16	28.92		Pele Khezhie	28.58	Liability of 2013 cleared
Total	786.91	--	--	786.91	--

Source: Records of the PWD (R&B)

As seen from **Table 4.2.12**, the Department issued five work orders against the work from 2012-15. It was observed that the work orders and construction of the work was not based on any DPR prepared and approved by the Government. Work orders were issued from time to time as and when funds for the work were released by the Government. The Department, in violation of Government orders, executed the work without any DPR approved by competent authority. Since the Department did not have any approved DPR of the project, it is not clear how the Department determined the actual cost of the entire project.

Further, during 2020-21, the Department received ₹270.00 lakh as SA fund for completion of the project. However, it was seen that the fund was utilised for maintenance of the project as discussed in **Paragraph 4.2.4.5**.

Thus, the proposal for allocation of funds submitted to GoI for creation of Capital Asset without ascertaining the actual fund requirement was in violation of financial rules. The action of the Department on incurring the fund for maintenance works was in contravention of the terms and conditions of GoI sanction order.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *The Government should ensure that the funds would be utilised for the purpose of creating of capital assets rather than diverting it for maintenance work.*

4.2.4.4 Execution of works based on unapproved DPR–F&AR Department

Department of F&AR received ₹1.62 crore¹¹⁹ under SA 2020-21 for creation of Capital Assets. The fund was released (March 2021) for completion of the project “Construction of Table fish raising and multiplication farm at Dimapur”.

The project was funded under SA approved in 2013-14 for ₹480.00 lakh (Central Share of ₹432.00 lakh and State Share of ₹48.00 lakh). Funds received during the period 2013-21 is shown in **Table 4.2.13**.

¹¹⁹ Released *vide* fund placement order dated 10 March 2021

Table 4.2.13: Details of fund received during the period 2013-21

(₹ in lakh)

Year	Instalment	Central Share	State Share	Total fund received	Remarks
2013-14	1 st Instalment	90.00	10.00	100.00	--
2014-15	2 nd Instalment	180.00	0.00	180.00	State share was not released
2020-21	3 rd Instalment	162.00	0.00	162.00	
Total		432.00	10.00	442.00	--

Source: Departmental records

As seen from **Table 4.2.13**, ₹4.32 crore was received by the Department for construction of the project. Scrutiny of records on the implementation of the project revealed that the project was executed without approved DPR or any concept note prepared and approved by the Government. It was observed that works were carried out departmentally on *ad hoc* basis, as and when, funds were made available to the Department, without observing codal formalities.

Scrutiny of records followed by JPV (May 2022) of the work revealed that ₹1.62 crore was utilised for maintenance and improvement of an existing farm, without any additions. The scope of work and actual work done for ₹1.62 crore is shown in **Table 4.2.14**.

Table 4.2.14: Details of scope of work and actual work done utilising the SA fund

(₹ in lakh)

Sl. No.	Scope of work as per working estimate	Amount	Actual work done	Payment
1.	Permanent embankment for nursery ponds	32.31	Existing four out of seven nursery ponds with Course Rubble Stone Masonry (CRSM) embankment was converted to brick and cement embankment	29.08
2.	Security wall/fencing	111.36	Repair of existing security wall were carried out	100.58
3.	CRSM retaining wall below Eco-hatcher Complex	19.89	Maintenance and repair work near boundary wall where land slips occurred were repaired with CRSM retaining wall	19.89
4.	Approach road to Fish farm	6.44	The fish farm is beside a public road, hence there was no separate approach road. However, the fund was utilised for black topping (bitumen coat) the compound of the farm	6.00
5.	Procurement of fish seeds and feeds	10.00	Recurring expenditure for fish seeds and feeds of the farm	9.00
Total		180.00	--	164.55

Source: Departmental records

As seen from **Table 4.2.14**, SA fund released for completion of the project was utilised for maintenance work of an existing farm, rather than utilising it for completing the incomplete projects as explicitly provided in the sanction order of GoI.

4.2.4.5 Diversion of fund from capital expenditure to revenue expenditure

As per Rule 30 (3) of Government Accounting Rules, 1990, expenditure of a capital nature shall not be classed as capital expenditure in the Government accounts unless the classification has been expressly authorised by general or special orders of Government.

As per Rule 31 (1), the allocation between capital and revenue expenditure on a Capital Scheme for which separate capital and revenue accounts are to be kept shall be determined in accordance with such general or special orders as may be prescribed by the President on the advice of the Comptroller and Auditor General. Further, as per clause 1 of the Terms and Conditions of GoI sanction order, funds released will be utilised by GoN only for the purpose for which it is approved, and it stands earmarked for the same.

Scrutiny of records revealed that ₹385.67 crore was released by GoN to 14 Departments, out of ₹455.96 crore released for creation of Capital Assets under SA. Out of this, GoN released ₹70.01 crore to six Departments and ₹5.29 crore was spent on items of revenue nature of expenditure as shown in **Table 4.2.15**.

Table 4.2.15: Details of diversion of fund from capital expenditure to revenue expenditure

(₹ in crore)

Name of Department	Name of work	Amount released	Amount diverted	Purpose for which diverted
Police Engineering Project, Chumukedima	Construction of 11 th IR Bn, Aboi, Mon	54.99	1.29	Maintenance of six roads at Chumukedima, Dimapur.
PWD (R&B)	Construction of Bypass Road Seithogei to IG Stadium at Kohima	2.70	2.11	Maintenance of road from Assam Rifles Camp Jn (NH 29) to IG Stadium (NH 2) via Seithogei.
F&AR	Construction of Table fish raising and multiplication farm at Dimapur	1.62	1.62	Maintenance of existing infrastructure of Table fish raising and multiplication farm at Dimapur.
AH&VS	Construction of Directorate Building	10.70	0.27	Payment of salary bills (₹27.21 lakh) of work charged employees engaged in other Departmental works during 2014-18.
Total		70.01	5.29	--

Source: Departmental records

As seen from **Table 4.2.15**, ₹5.29 crore earmarked for creation of Capital Assets for approved works was diverted and utilised for meeting expenditure of revenue nature which was in contravention to GoI sanction as well as financial propriety and accounting principles.

The reply of the Government/Department is awaited (October 2022).

Recommendation: *The State Government should ensure that the departments do not utilise funds meant for Capital Expenditure for expenditure of Revenue nature.*

4.2.4.6 Diversion of fund for clearing liabilities on unapproved works

GoI released an amount of ₹445.96 crore towards SA to GoN during 2018-19 and 2020-21 for completion of projects which had reported a progress of above 50 *per cent*. GoN released ₹386.12 crore (Central share ₹385.67 crore and State share ₹0.45 crore) to 14 Departments for completion of SA projects as per projected requirements of the Government to complete the earmarked works.

Examination of records of the PEP relating to construction of five IR Battalions (10th, 11th, 12th, 13th and 14th IR) and Electrical Division of PEP revealed that ₹38.58 crore was utilised for clearing liabilities of other schemes/works as shown in **Table 4.2.16**.

Table No. 4.2.16: Details of diversion of funds for clearing liabilities on unapproved works

(₹ in crore)				
Department/ Division	Fund provided	Purpose of fund provided	Name of the work against which fund was diverted	Fund utilised for clearing liabilities
Police Engineering Project, Kohima	46.47	Construction of 10 th IR Bn., Zhadima	Transferred to PEP, Chumukedima for payment of liabilities of works pertaining to CSS 2017-18.	18.98
			Transferred to PEP, Alichen for payment of liabilities of works pertaining to CSS 2017-18.	8.19
			Transferred to PEP (Elect) Kohima for payment of liabilities of works pertaining to CSS 2017-18.	3.88
			Transferred to PEP, Chumukedima (16/04/2019) for payment of liabilities of works pertaining to PS Diphupar (DEF, Dimapur).	0.40
			Payment of liabilities and expenditure towards works under CSS 2017-18 by PEP, Kohima.	7.13
Total	46.47	--	--	38.58

Source: Departmental records

As seen from **Table 4.2.16**, out of ₹46.47 crore released to PEP Kohima and PEP (Electrical Division) Kohima for completion of work under 10th IRB, Zhadima, and Electrical works of all the five IRBs, ₹38.58 crore was diverted to meet liabilities and expenditure on works of CSS 2017-18. When this was pointed out, the Chief Engineer, PEP confirmed (May 2022) that the work programme of CSS 2017-18 was not approved by GoI and no fund was released by GoI under CSS 2017-18. Thus, the fund of ₹38.58 crore was irregularly diverted without obtaining GoI approval.

Further scrutiny of records followed by JPV (April 2022) to ascertain the status of the project at 10th IRB, Zhadima revealed that out of 506 items¹²⁰ of works projected in the DPR (₹34.53 crore)¹²¹, only 324 items were completed as discussed in **Paragraph 4.2.4.1**. Thus, funds released by GoI for completion of 187 items of pending works in Battalion headquarters of 10th IRB, Zhadima was irregularly diverted.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *Funds released by GoI for the earmarked approved works should be utilised to complete those works and diversion of fund for clearing liabilities of the Department needs to be investigated and responsibility fixed.*

4.2.4.7 Payments made based on fake bills

GoN released (November 2021) ₹2.70 crore¹²² to PWD (R&B) from the SA fund 2020-21 for completion of the work “Construction of Bypass road Seithogei to IG Stadium”.

Scrutiny of records revealed that out of the fund provided for construction of “Bypass road Seithogei to IG Stadium”, ₹2.08 crore was utilised for “Maintenance of road from Assam Rifle Camp Junction (NH-29) to Indira Gandhi Stadium (NH-02) via Seithogei (11 Km)” as per working estimates approved by Chief Engineer, PWD (R&B). The work was carried out departmentally without observing the codal formalities. It was seen that funds were released by EE (South Division), Kohima to the SDO (South Division-IV) by Hand Receipt based on bills and supporting vouchers of materials and labour cost.

It was observed from the bills submitted by the SDO that some cash memos attached with these bills did not display the GSTIN¹²³ registration number and invoices attached bore fake GSTIN of non-existent firms. The fake GSTIN registration number (Urban Home Solution, High School Secretariat Road, bearing GSTIN 13CPGK0194AIZG) was also confirmed by the Deputy Commissioner of State Taxes, Kohima stating that such a dealer does not exist in their jurisdiction. Thus, ₹87.50 lakh out of ₹184.74 lakh was drawn in 27 vouchers/bills by enclosing fake invoices {**Appendix-4.2.2 (A)**}. It was further observed that 12 out of 27 vouchers for ₹52.38 lakh were duplicate vouchers {**Appendix 4.2.2 (B)**} of cash receipts of Machinery hire charges and Material bills which were already drawn and paid in other vouchers.

Thus, an amount of ₹1.40 crore out of ₹2.70 crore SA fund for works executed departmentally were paid on fictitious bills and misappropriated.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *Payment made on fictitious bills and duplicate vouchers needs to be recovered and responsibility on the officials involved needs to be fixed.*

¹²⁰ Residential 481 + Non-Residential 25

¹²¹ Residential ₹28.39 crore + Non-residential ₹6.15 crore

¹²² Vide Drawal Authority No. BUD/8-58/2021-22/NU/695 dated 17/11/2021

¹²³ Goods and Services Tax Identification Number

4.2.4.8 Loss of revenue due to non-deduction of Works Contract Tax (WCT)

GoI introduced Goods and Services Tax (GST) effective from 1 July 2017. Accordingly, Finance Department, GoN, issued a Circular¹²⁴ which envisaged that “Contractors who had entered into contracts for supply or execution of works contract prior to 1 July 2017 and also completed the supply of goods or contract works prior to July 2017 but payments received after 01 July 2017, Value Added Tax (VAT) shall be applicable until all payments are released”.

Scrutiny of records revealed that the Chief Engineer, PEP issued work orders in October 2009 and July 2010 for construction of Battalion Headquarters at 12th IRB Chingtok, Longleng, 13th IRB Yajang, Mokochung and 14th IRB Okhezung, Kiphire. Accordingly, the contractors commenced the works in 2010 and as per RA bills and MBs, the works were certified as completed in 2014, 2015 and 2016. Details of payment after July 2017 against the above three works are detailed in **Table 4.2.17**.

Table 4.2.17: Details of loss of revenue due to non-deduction of Works Contract Tax
(₹ in crore)

Sl. No.	Name of work	Name of the contractor	Value of work order	Payment made after 1 July 2017
1.	12 th IR Chingtok	M/s National Construction	75.90	113.87
2.	13 th IR Yajang	M/s Singh Construction	73.62	90.43
3.	14 th IR Okhezung	M/s Singh Construction	93.03	24.63
Total			242.55	228.93

Source: Departmental records

As seen from the above table, the three contractors were paid ₹228.93 crore after July 2017 for works which were certified as completed prior to enforcement of GST. It was observed that against the actual deductible amount of ₹11.45 crore as WCT, the Department deducted only ₹4.89 crore as TDS in contravention to the Government order.

Due to non-deduction of WCT in contravention to Government order, Government incurred a revenue loss of ₹6.56 crore.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *The applicable WCT may be recovered from the concerned contractors and deposited into Government Accounts.*

4.2.4.9 Deduction of cess on payments towards Construction works

As per Rule 4 (1), of the Building and Other Construction Workers’ Welfare Cess Rules, 1998, the cess levied under sub-section (1) of section 3 of the Act shall be paid by an employer, within thirty days of completion of the construction project or within thirty days of the date on which assessment of cess payable is finalised, whichever is earlier, to the cess collector.(2) Notwithstanding the provisions of sub-rule (1), where the duration of the project or construction work exceeds one year, cess shall be paid within thirty days of completion of one year from the date of commencement of work

¹²⁴ Vide No. F.No. FIN/REV-3/GST/1/08(Pt-1) dated 11/07/2017

and every year thereafter at the notified rates on the cost of construction incurred during the relevant period.

Scrutiny of payment vouchers for construction of IR Battalion Headquarters under PEP Alichen revealed that the applicable deduction of cess was not made while making payments (up to February 2019) as shown in **Table 4.2.18**

Table 4.2.18: Details of short deduction of cess

(₹ in lakh)					
Name of Battalion	Total No. of bills	Gross amount	Amount of cess deducted	Amount to be deducted @ one per cent	Difference
12 th IR Chingtok	35 Nos.	15,332.82	0.39	153.33	152.94
13 th IR Yajang	52 Nos.	21,716.63	17.72	217.17	199.45
14 th IR Okhezung	29 Nos.	23,498.34	102.65	234.98	132.33
Total		60,547.79	120.76	605.48	484.72

Source: Compiled from records of PEP Alichen, Police Department

As can be seen from the above table, an amount of ₹4.85 crore was short deducted from the bills of the contractor towards cess.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *The short deduction of Cess needs to be recovered from the contractors and deposited into the accounts of Nagaland Building and Other Construction Workers' Welfare Board (NBOCWWB).*

4.2.5 Monitoring

Paragraph 2 (viii) of GoI sanction orders¹²⁵ stipulated that the State Government and the implementing agency shall put in place a monitoring system to ensure that the project(s) achieve its schedule milestone and envisaged outcome.

The State Government however did not constitute a monitoring mechanism in contravention of the terms and condition of GoI sanction order to monitor the progress of the projects leading to non-achievement of the targeted outcome of creating capital assets.

Reply of the Government/Department is awaited (October 2022).

4.2.6 Outcome parameters

GoI through NITI Aayog released ₹445.96 crore as SA for completion of 23 sub-projects in 14 Departments. The derivable outcomes included completion of 23 pending sub-projects on request of the GoN for completion of the earmarked projects which had a physical progress of more than 50 per cent.

The two primary goals envisaged by GoI for release of the SA fund were to:

- Complete the 14 pending projects (23 sub-projects) which had 50 per cent progress within the targeted period.

¹²⁵ F.No.44 (1) PF-S/2020-736 dated 13/10/2020, and F. No. 44 (1) PF-S/2018-19-1536 dated 01/02/2016

- ii) Fund shall be released in that financial year and utilised by the State Government only for the purpose it was approved.

Analysis of records followed by JPV in the six Departments, to ascertain the outcomes derived from the implementation of the projects, revealed that:

- Nine out of 14 projects remained incomplete but were shown as complete as per the progress report, as shown in **Table 4.2.19**

Table 4.2.19: Details of physical and financial progress

Sl. No.	Name of Department	Name of Sub-projects (under the sampled six projects)	Details of progress (in per cent)	
			Financial vis-à-vis fund released	Physical as per JPV
1.	Police	Construction 10 th IR Battalion	100	37
		Construction 11 th IR Battalion	100	51
		Construction 12 th IR Battalion	100	50
		Construction 13 th IR Battalion	100	42
		Construction 14 th IR Battalion	100	64
2.	AH&VS	Construction of Directorate building at Kohima	99	99
3.	F&AR	Construction of Table top fish farm at Dimapur	90	90
4.	YRS	Installation of Astro Turf at IG stadium	100	100
		Installation of Flood light at IG stadium	100	100
5.	PWD (R&B)	Construction of Bypass Road Seithogei to IG Stadium at Kohima stadium	100	89
6.	PWD (Housing)	Construction of Speaker and Dy. Speaker quarters	100	66
		Construction of Roof top extension	100	100
		Construction of PWD Office Complex, Dimapur	100	100
		Construction of 11 Ministers' Quarters	100	100

Source: Records of the Department and Joint Physical Verification (JPV)

- Non/short release of funds (₹57.38 crore out of ₹76.72 crore) to 7 out of 14 Departments by the State Government for which fund were allocated to complete the earmarked projects. (Refer **Paragraph 4.2.3.1**).
- Funds of ₹38.58 crore were diverted to meet liabilities of the Departments on unapproved projects other than the earmarked projects. (Refer **Paragraph 4.2.4.6**)
- An amount of ₹5.29 crore out of ₹70.01 crore was utilised to meet revenue expenditure instead of capital expenditure (Refer **Paragraph 4.2.4.5**).
- Release of funds to two implementing Departments was delayed by seven to 11 months after the financial year for which it was sanctioned (Refer **Paragraph 4.2.3.3**)

Thus, the State Government failed to achieve the outcomes of the parameters set forth in the terms and conditions of GoI sanction orders.

Compliance Audit Paragraphs

FINANCE (TREASURIES & ACCOUNTS) DEPARTMENT

4.3 Fraudulent/ excess drawal of money

Failure of the Drawing and Disbursing Officers and Treasury Officers to exercise prescribed checks resulted in fraudulent/ double/ excess drawal of ₹2.26 crore.

Rule 66, Sub-clause 3 of the Central Government Accounts (Receipts and Payments) Rules, 1983, as adopted by the Government of Nagaland (GoN), prescribes that entries in all money columns of the pay bills are to be totalled separately under each section and parts, to arrive at the total entitlements as well as net payable after statutory deductions. Section-wise totalling of the pay bills must be checked by the Drawing and Disbursing Officer (DDO) himself or by some responsible official other than the person preparing the bill.

Rule 23 of the Central Treasury Rules (CTR), as adopted by the GoN, prescribes that the Treasury Officer (TO) shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it. Rule 24 further states that the TO may correct an arithmetical inaccuracy or an obvious mistake in any bill presented to him for payment.

Further, Rule 276 states that while drawing any arrear bill, the DDO shall record certificates on the arrear bill under his dated signature to the effect that (i) no part of the amount claimed has been drawn previously; and (ii) a note of the arrear claim has been made in the office copy of the bill or the pay bill register for the period to which the claim pertains.

Audit of pay bill vouchers, pertaining to the period 2017-18 and 2018-19 of various Departments submitted by the Treasury Officer to Principal Accountant General showed that 18 DDOs of 13 Departments (*Appendix-4.3.1*) had misappropriated ₹2.26 crore by fraudulently drawing pay and allowances and Office Expenses. The money was withdrawn by inflating the net total of pay bills, double drawal of pay and allowances, arrears, *etc.* in violation of the prescribed Financial Rules. When the matter was intimated to the Departments concerned, the Departments recovered (September 2018 to March 2022) ₹40.12 lakh and deposited the same into Government account. However, report on initiating disciplinary action against the defaulting officials was not furnished. Details of the *modus operandi* are shown in Table 4.3.1.

Table 4.3.1 Cases of excess/ fraudulent draws

Nature of Objections	Audit observations	Action Taken by Departments concerned
Excess drawal by inflating net total of pay bills	Two DDOs of two Departments had drawn funds of ₹46.29 lakh in five pay bills by irregularly inflating the net total amount where the actual admissible amount was ₹36.61 lakh. This resulted in excess drawal of ₹9.68 lakh between July 2017 and January 2019 as detailed in <i>Appendix-4.3.2</i> .	On being pointed out, the two DDOs recovered (January 2020 to February 2022) an amount of ₹9.18 lakh and deposited it into Government account. The balance of ₹0.50 lakh was yet to be recovered (September 2022).
Double drawal of pay & allowances including arrears	Three DDOs of three Departments fraudulently drew funds of ₹8.07 lakh during September 2017 to February 2019 in eight bills being pay & allowances and arrear bills which were already drawn in regular bills. This resulted in fraudulent drawal of ₹8.07 lakh as detailed in <i>Appendix-4.3.3</i> .	No action was taken as yet (August 2022).
Fraudulent/inadmissible drawal of pay & allowances including arrears	Fourteen DDOs of 11 Departments fraudulently drew funds of ₹170.50 lakh in 95 arrear bills during March 2017 to March 2019 by preparing fictitious 'due and drawn' statements for employees who were not entitled to draw arrears, as detailed in <i>Appendix-4.3.4</i> .	On being pointed out, four DDOs partially recovered (March 2019 to May 2022) ₹31.14 lakh and deposited the amount into Government account.
Fictitious drawal by manipulating the bills	One DDO of one Department fictitiously drew ₹7.99 lakh in excess without any supporting bills. The figures were also manipulated in the payment records resulting in excess expenditure of ₹4.31 lakh. Details are provided in <i>Appendix-4.3.5</i> .	No action was taken as yet (August 2022)
Fictitious drawal of TA Bills	Two DDOs of two Departments fictitiously drew ₹25 lakh during March 2018. Details are provided in <i>Appendix-4.3.6</i> .	No action was taken as yet (August 2022)

The above instances of excess/ double/ fraudulent draws by 17 DDOs of 12 Departments indicated failure at both the DDOs and TOs levels to exercise control and checks as prescribed by rules and procedures.

In all the above cases, the DDOs concerned prepared the pay bills/ arrear bills without ensuring correctness of the arithmetical calculations and presented the bills to the concerned Government Treasuries by appending the required certificates (Non Drawal Certificates, *etc.*) as a matter of routine. The TOs also did not exercise required checks before authorising the payments.

The blatant failure of the DDOs and TOs in complying with the provisions under CTR and Receipt and Payment Rules, while preparing and passing the bills, indicates possible collusion for fraudulent draws.

It is also pertinent to mention that the issue of fraudulent/ excess drawal by the DDOs by manipulating pay and allowances bills were highlighted in previous years' C&AG's Audit Reports. Details of similar cases highlighted in the Audit Reports of last five years i.e., 2015-16 to 2019-20 are provided in *Appendix-4.3.7*.

During the last five years, Audit pointed out the issue of fraudulent/ excess drawal by the DDOs, of which the Departments of School Education, Health & Family Welfare, Home (Police) and Veterinary & Animal Husbandry had the most cases of irregularities (*Appendix-4.3.8*).

The Public Accounts Committee (PAC) Reports/ recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments concerned in the form of Action Taken Notes (ATNs).

The PAC had discussed four such paragraphs pertaining to the Audit Reports of the C&AG of India for the years 2014-15 to 2016-17 and made the following recommendations:

- Department to furnish the latest report on the recovery;
- Department to take disciplinary action against the defaulting DDOs for presenting false bills as well as the TOs for passing the bills without following the prescribed checks on the bills presented by the DDOs; and
- Computerisation of all the Treasuries in the State.

As per PAC Reports, the Departments concerned were required to submit the ATNs on the recommendations of the PAC within two months from the date of laying of the Reports of the PAC to the Legislature. The concerned Departments, however, failed to submit ATNs on the recommendations made by the PAC.

The matter on the above irregularities was reported to the Government in August 2022 and replies received (August 2022 to September 2022) in 11 cases. The replies on the remaining 11 cases are awaited (November 2022).

Thus, due to failure of concerned Departments to comply with instructions of the PAC, the objective of ensuring financial accountability of the Executive to the Legislature remained unfulfilled and these financial malpractices continued to persist.

Recommendations:

The State Government may-

- (i) *investigate the matter and take appropriate action against the delinquent officers for the criminal offense of fraudulent withdrawal/ theft of public money.*
- (ii) *take steps to recover the amount misappropriated immediately from the concerned employees/ DDOs/ TOs with penal interest.*
- (iii) *investigate all such matters for all the Departments of the State.*
- (iv) *initiate steps to strengthen the internal control mechanism in all departments to prevent recurrence of fraudulent drawals and ensure that appropriate checks and balances are in place.*
- (v) *refer the cases to State Vigilance Commission for further investigation.*

PUBLIC WORKS (MECHANICAL) DEPARTMENT

4.4 Unauthorised diversion of funds from Salary head

Failure of the Treasury Officer in exercising the prescribed checks while passing Work-Charged salary cheques/ bills facilitated unauthorised diversion of funds of ₹83.50 lakh from the Salary head by the Mechanical Engineer, Public Works Department, Mechanical Division-I, Kohima.

Rule 65 (1) of the General Financial Rules, 2017 (which is being followed by the State Government) states that re-appropriation of funds from one primary unit of appropriation to another such unit within a grant or appropriation, may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates.

Rule 23 of the Central Treasury Rules (which is being followed by the State Government) prescribes that the Treasury Officer (TO) shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it.

Revised norms for payment of Work-Charged (WC) salary issued (August 2003) by the Works and Housing Department, Government of Nagaland (GoN) states that since the WC salaries are drawn by Engineers through “Self Cheques”, whenever WC salary cheques are presented to the Treasuries/ Sub-Treasuries, such cheques should invariably be accompanied by the incumbency list of the WC staff of the Divisions/ Drawing and Disbursing Officers (DDOs) concerned clearly indicating the amount payable against each. Failure to comply would result in the Treasuries/ Sub-Treasuries not accepting and passing the claims.

Finance Department, GoN sanctioned (June 2018 to March 2020) an amount of ₹294.35 lakh towards payment of WC employees’ salaries under the Mechanical Engineer (ME), Public Works Department (PWD), Mechanical Division-I, Kohima during 2018-20. As per the terms and conditions of financial sanctions, the amount should be utilised for the assigned purpose and should not be diverted for any other purpose.

Examination of records (March 2021) of the ME, PWD, Mechanical Division-I, Kohima revealed that the Division presented nine WC salary cheques of ₹294.35 lakh during 2018-20 to the concerned Government Treasury (Kohima North Treasury) without the mandatory incumbency list of the WC staff indicating the amount of salary payable against each. The TO irregularly passed the salary cheques/ bills for payment on the basis of “Bill Abstract” without following the prescribed checks on the bills presented by the DDO.

It was observed that out of the net drawal amount of ₹272.65 lakh¹²⁶, the Division utilised ₹83.50 lakh (31 *per cent*) towards payment of Travelling Allowance (TA) for 83 WC employees (*Appendix-4.4.1*), which resulted in unauthorised diversion of ₹83.50 lakh from “Salary Head” as shown in **Table 4.4.1**.

Table 4.4.1: Details of Work Charged salary diverted for payment of Travelling Allowances
(in ₹)

Year	Cheque No./ Book No.	Date	W/C salary for the month	Bill passed for payment of WC Salary		Amount diverted for TA
				Gross amount	Net amount	
2018-19	26362/ 264	18/06/2018	March-May 2018	52,88,000	50,01,250	26,84,508
	26364/264	10/09/2018	June-July 2018	21,92,000	20,02,200	4,50,502
	26366/264	22/10/2018	August-September 2018	21,92,000	20,03,630	4,58,928
	26368/264	12/12/2018	October-November 2018	21,92,000	20,07,310	4,81,406
	26370/264	17/03/2019	December 2018-February 2019	35,37,000	32,60,360	9,39,398
	Sub-total			1,54,01,000	1,42,74,750	50,14,742
2019-20	26372/264	18/07/2019	March-May 2019	35,37,000	32,51,120	6,12,978
	26374/264	15/10/2019	June-August 2019	32,49,000	29,91,230	6,22,041
	26376/264	10/12/2019	September-November 2019	39,99,000	37,47,000	14,30,823
	26378/264	09/03/2020	December 2019 -February 2020	32,49,000	30,01,100	6,69,519
	Sub-total			1,40,34,000	1,29,90,450	33,35,361
Grand Total				2,94,35,000	2,72,65,200	83,50,103

Source: Records furnished by Mechanical Division No. 1 Kohima and Kohima North Treasury

As seen from the above table, the Division submitted false/ inflated claims to the Treasury with the intention of diverting funds from the monthly allocation under "Salary head", which was irregular. The failure of the TO in exercising the prescribed checks while passing the WC salary cheques/ bills presented by the DDO also facilitated in unauthorised diversion of funds from “Salary head” towards payment of TA.

Further, Audit could not vouchsafe the TA payments made to individual WC employees as the Department did not furnish the supporting records (September 2022).

While accepting the facts, the Government stated (July 2022) that the allocation of TA under the Division for a financial year was usually only ₹2.00 lakh, which is too meagre to disburse TA for genuine Government duties performed by both regular and WC employees. Hence, the TA was disbursed to those deserving WC staff as per their entitlement after properly scrutinising their duty tour programs submitted by them, from the savings of monthly allocation under "Salary head".

The Department also stated (October 2022) that exact budget requirement cannot be worked out and submitted by the concerned Division for any financial year due to various reasons such as date of increment, effective date of MACP (Modified Assured Career Progression Scheme), promotion and regularisation of WC employees against vacancies that may arise in a year, sudden demise of staff, *etc.* The quantum of

¹²⁶ ₹21.70 lakh was deducted from Gross amount (₹294.35 lakh) towards General Provident Fund (₹18.14 lakh), GIS (₹0.38 lakh), Professional Tax (₹3.07 lakh) and H/Tax (₹0.11 lakh)

performance of duty for all the likely field detailments is generally very uncertain and hence the Division could not submit TA estimates.

The Department's reply confirms the fact that ₹83.50 lakh was diverted out of the Salaries Head in violation of the extant budgetary rules, rather than approaching the competent authority for re-appropriation for the expenditure.

Recommendations:

The State Government may-

- (i) *strengthen the internal control mechanism to ensure that such diversions do not occur in future.*
- (ii) *fix responsibility on the officials concerned for such violations of the budgetary norms.*

HOME (VILLAGE GUARDS) DEPARTMENT

4.5 Unauthorised drawal of additional Ration Allowance

Failure of the Treasury Officers in exercising the prescribed checks while passing the additional Ration Allowance bills presented by three Drawing and Disbursing Officers of the Village Guards Organisation resulted in unauthorised drawal of ₹2.40 crore.

Rule 22 of the Central Treasury Rules¹²⁷ (CTR) states that the Treasury Officer (TO) shall be responsible for acceptance of the validity of a claim against which he has permitted withdrawal and for evidence that the payee has actually received the sum withdrawn.

Rule 23 of the CTR further prescribes that the TO shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it.

Rule 92 of the Receipts and Payments Rules, 1983 (which is being followed by the State Government) states that the Head of Office is personally responsible for the amount drawn on a bill, signed by him or on his behalf, until he has paid it to the person(s) entitled to receive it and has obtained a legally valid acquittance.

As per the orders (March 1999) of the Commissioner, Nagaland, Village Guards (VGs) personnel are entitled to grant of Ration Allowance (RA) at the rate of ₹25 per person per day for 12 days in a month while they are on duty within the village jurisdiction. The District VG Officers/ Drawing and Disbursing Officers (DDOs) are not delegated any power to sanction additional RA.

¹²⁷ which is being followed by the State Government

- (1) Examination of records (October 2021) of the Commissioner, Nagaland and four district offices¹²⁸ under the Village Guards Organisation (VGO)¹²⁹ revealed that three DDOs namely Deputy Commandant VG-Mon, Deputy Commandant VG-Kiphire and Assistant Commandant VG-Meluri, irregularly drew RA of ₹1.95 crore through 24 bills during February 2015 to March 2021 which were in addition to the regular RA bills already drawn. (Details in **Appendix-4.5.1**).
- (2) Further examination of records revealed that the Commissioner, Nagaland submitted (April 2020) a proposal to the Nagaland State Disaster Management Authority (NSDMA) for procurement of basic medical items and RA to VG personnel on COVID-19 duty. Accordingly, NSDMA sanctioned (April 2020) ₹70.68 lakh (₹13.10 lakh for procurement of basic medical items and ₹57.58 lakh for five District VG Offices/ DDOs as additional RA to 9,596 VG personnel on COVID-19 duty). As a one-time dispensation, the additional RA for performance of COVID-19 duty was fixed at ₹50 per person per day for 12 days. NSDMA transferred¹³⁰ the total sanctioned amount to the Commissioner's bank account¹³¹. The additional RA released by NSDMA was further transferred (April 2020) to the respective DDOs¹³² (VGs) bank accounts.

It was observed that apart from the fund sanctioned (April 2020) by the NSDMA, there was no Government notification/ order authorising deployment of VGs and payment of RA to VG personnel on COVID-19 duty. The Deputy Commandant VG, Mon, however, drew an amount of ₹44.57 lakh by presenting five RA bills on COVID-2019 duty to the Senior TO, Mon as shown in **Table 4.5.1**.

Table 4.5.1: Details of RA bills on COVID-19 duty

(Amount in ₹)						
Sl. No.	Bill No.	Date	Period	No. of VGs	No. of days	Amount
1.	61	26/10/2020	13/05/2020 to 24/05/2020	2,425	12	7,27,500
2.	62	26/10/2020	18/06/2020 to 29/06/2020	454	12	1,36,200
3.	63	26/10/2020	13/07/2020 to 24/07/2020	454	12	1,36,200
4.	104	20/03/2021	13/08/2020 to 24/08/2020	2,912	12	32,02,800
			13/09/2020 to 24/09/2020	2,912	12	
			13/10/2020 to 24/10/2020	2,912	12	
			13/11/2020 to 24/11/2020	1,940	12	
5.	105	25/03/2021	13/05/2020 to 24/05/2020	847	12	2,54,100
Total						44,56,800

Source: Departmental records

¹²⁸ Commandant VG-Tuensang, Deputy Commandant VG -Mon, Deputy Commandant VG-Kiphire and Assistant Commandant VG-Meluri

¹²⁹ Commissioner, Nagaland is the Commandant General of the VGO. Under VGs, there is a Commandant VG at Tuensang, one Deputy Commandant each at Mon & Kiphire, one Assistant Commandant each at Longleng, Meluri and Noklak

¹³⁰ Vide cheque No. 742641 dated 09/04/2020

¹³¹ Account No. XXX8056

¹³² Commandant VG Tuensang ₹18,73,800; Deputy Commandant VG Mon ₹17,49,600; Deputy Commandant VG Kiphire ₹12,33,000; Assistant Commandant VG Meluri ₹4,68,600 and Assistant Commandant VG Longleng ₹4,32,600

Audit could not vouchsafe the additional RA payments made to individual VG personnel as the respective DDOs did not furnish the supporting records such as duty list, attendance, actual payee receipts/ acquittance rolls, etc.

From the foregoing paragraphs, it is evident that the DDOs submitted irregular claims to the Treasuries with the intention of drawal of additional RA without any sanction of the State Government. The TOs also did not insist on sanction orders from the competent authority before passing the bills and authorising the payment.

Failure of the TOs in exercising due diligence while passing the additional RA bills presented by the three DDOs facilitated in unauthorised drawal of ₹2.40 crore.

In reply, Commissioner, Nagaland stated (September 2022) that the DDOs have drawn RA for additional days beyond the regular claim of RA for 12 days in a month. The VGs performed duty even beyond their normal call of duty, though the Government have not issued any specific order authorising the officers to utilise the amount available in the budget for such expenses.

The justification provided by the Commissioner is not acceptable as the additional drawal/ payment of RA was not authorised by the State Government. Further, there was no Government notification/ order authorising deployment and payment of RA to VG personnel on COVID-19 duty.

Recommendations:

The State Government may-

- (i) initiate appropriate action against the erring officers responsible for the fraudulent drawals and recover the amount from the concerned employees/ DDOs/ TOs.***
- (ii) take steps to strengthen the internal control mechanism in VG organisation to prevent recurrence of unauthorised drawals and ensure that the checks and balances are in place.***

CHAPTER-V

REVENUE SECTOR

CHAPTER-V

REVENUE SECTOR

5.1 General

5.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the GoN during the financial years 2020-21 and 2021-22, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the GoI during the year and the corresponding figures for the preceding four years are shown in **Table 5.1.1**.

Table 5.1.1: Trends of revenue receipts

(₹ in crore)						
Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Revenue raised by the State Government					
	• Tax Revenue	638.28	846.43	958.23	1,022.74	1,300.89
	• Non-Tax Revenue	388.53	255.24	339.29	242.60	303.58
	Total	1,026.81	1,101.67	1,297.52	1,265.34	1,604.47
2.	Receipts from the GoI					
	• Share of net proceeds of divisible Union Taxes and Duties	3,353.13	3,792.41	3,267.08	3,409.25	4,875.46
	• Grants-in-Aid	6,639.27	6,543.33	6,858.69	6,752.84	6,971.21
	Total	9,992.40	10,335.74	10,125.77	10,162.09	11,846.67
3.	Total revenue receipts of the State Government (Sl. No. 1 and 2)	11,019.21	11,437.41	11,423.29	11,427.43	13,451.14
4.	Percentage of 1 to 3	9	10	11	11	12

Source: Finance Accounts of the respective years

The above table indicates that during the year 2021-22, the revenue raised by the State Government (₹1,604.47 crore) was 12 *per cent* of its total revenue receipts. The balance 88 *per cent* of the receipts during 2021-22 was from the GoI.

The details of tax revenue raised against the Budget Estimates (BEs) during the period 2017-22 are shown in **Table 5.1.2**.

Table 5.1.2: Details of the Tax Revenue against the Budget Estimates (BEs)

(₹ in crore)												
Sl. No.	Head of revenue	2017-18		2018-19		2019-20		2020-21		2021-22		Percentage of 2021-22 over 2020-21
		BEs	Actuals	BEs	Actuals	BEs	Actuals	BEs	Actuals	BEs	Actuals	
1.	SGST	0	187.57	250.00	469.64	340.37	613.22	541.25	663.81	726.72	830.34	25
2.	Sales Tax/VAT	410.00	287.55	225.00	186.69	252.89	175.15	265.50	205.50	325.00	261.87	27
3.	Taxes on vehicle	58.00	101.52	105.00	126.22	121.04	113.93	131.72	93.29	145.00	141.04	51
4.	Stamps and Registration Fees	2.31	2.62	2.40	2.53	2.64	2.79	3.10	2.25	3.10	3.39	51
5.	State Excise	5.60	4.20	5.10	4.65	5.10	3.24	5.50	4.54	5.50	3.32	(-27)

Sl. No.	Head of revenue	2017-18		2018-19		2019-20		2020-21		2021-22		Percentage of 2021-22 over 2020-21
		BEs	Actuals	BEs	Actuals	BEs	Actuals	BEs	Actuals	BEs	Actuals	
6.	Taxes on Goods and Passengers	7.00	17.59	14.60	20.16	18.91	18.09	25.00	15.62	25.00	21.43	37
7.	Land Revenue	1.08	0.90	0.65	1.13	0.81	1.04	1.20	1.09	1.25	1.23	13
8.	Others ¹³³	32.16	36.33	37.81	35.41	38.38	30.77	37.86	36.64	40.05	38.27	4
Total (Own Tax Revenue)		516.15	638.28	640.56	846.43	780.14	958.23	1011.13	1022.74	1271.62	1300.89	27

Source: Budget documents and Finance Accounts of the respective years

During 2021-22, GST collection of the State had increased by 25 per cent from ₹663.81 crore in 2020-21 to ₹830.34 crore in 2021-22. Tax revenue under Sales Tax, vehicle, Stamps and registration fees, taxes on goods and passengers and land revenue increased by 27, 51, 51, 37 and 13 per cent respectively whereas tax revenue under State Excise decreased by 27 per cent over the previous year.

Details of the Non-tax revenue against the BEs raised during the period 2017-22 are shown in **Table 5.1.3**.

Table 5.1.3: Details of Non-Tax Revenue against the BEs raised during 2017-22

(₹ in crore)

Sl. No.	Head of revenue	2017-18		2018-19		2019-20		2020-21		2021-22		Percentage of 2021-22 over 2020-21
		BEs	Actuals	BEs	Actuals	BEs	Actuals	BEs	Actuals	BEs	Actuals	
1.	Police	2.00	2.70	2.50	1.86	3.00	36.56	2.50	1.30	2.50	1.86	43
2.	Miscellaneous General Services	12.10	16.10	14.50	24.15	23.50	22.18	21.00	21.45	24.50	19.34	(-)10
3.	Education, Sports, Art and Culture	48.65	132.84	100.00	4.33	80.00	62.04	5.00	2.02	5.00	3.20	58
4.	Power	156.25	127.89	158.00	147.97	160.00	159.31	175.00	171.42	185.00	211.92	24
5.	Civil Aviation	11.71	2.09	20.00	6.70	10.00	8.79	10.50	1.41	10.00	6.12	334
6.	Road Transport	9.03	7.35	11.00	8.74	8.50	8.43	8.90	3.24	9.00	5.45	68
7.	Other Non-tax receipts	40.07	99.56	41.45	61.49	44.02	41.98	49.33	41.76	47.41	55.69	33
Total (Non-Tax Revenue)		279.81	388.53	347.45	255.24	329.02	339.29	272.23	242.60	283.41	303.58	25

Source: Budget documents and Finance Accounts of the respective years

The revenue receipts under the head 'Power' increased by ₹40.50 crore from ₹171.42 crore during 2020-21 to ₹211.92 crore during 2021-22 due to increase in 'Minor Head: 800-Other Receipts' and increase by ₹4.71 crore from ₹1.41 crore to ₹6.12 crore under the Head 'Civil Aviation' due to increase in 'Minor Head: 800-Other Receipts'.

¹³³ Other taxes on income and expenditure, taxes on duties and electricity, other taxes and duties on commodities and services

5.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2022 on some principal heads of revenue amounted to ₹7.29 crore out of which ₹2.93 crore was outstanding for more than five years, as shown in **Table 5.1.4**.

Table 5.1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2022	Amount outstanding for more than five years as on 31 March 2022	Replies of Department
1.	Nagaland Value Added Tax	2.32	1.08	Reply not furnished
2.	Petroleum Tax	4.26	1.18	
3.	Central Sales Tax	0.42	0.41	
4.	Purchase Tax	0.00	0.00	
5.	Professional Tax	0.06	0.03	
6.	Nagaland Sales Tax	0.23	0.23	
7.	GST	0.00	0.00	
Total		7.29	2.93	--

Source: Departmental figures

As on 31 March 2022, arrears of ₹7.29 crore were pending with the departmental authorities of which recovery of ₹2.93 crore was pending for more than five years.

Recommendation: *The Departments may review the arrears and take action for recovery under the law.*

5.1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Sales Tax Department in respect of Sales Tax/ VAT on Sales, Trades *etc.* are shown in **Table 5.1.5**.

Table 5.1.5: Arrears in assessments

Head of Revenue	Opening Balance of arrears in assessment as on 1 April 2021	New cases due for assessment during 2021-22	Total assessment due	Cases disposed-off during 2021-22	Balance at the end of the 31 March 2022	Percentage of cases disposed to the total assessment due
1	2	3	4	5	6	7 (5 to 4)
Taxes/ VAT on Sales, Trades, <i>etc.</i>	909	238	1,147	364	783	32%

Source: Departmental figures

The arrears in assessment decreased from 909 to 783 cases with the addition of 238 cases, which became due for assessment during 2020-21 and 364 cases were disposed of during the year.

5.1.4 Cases of evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Department, cases finalised and the demands for additional tax raised were requisitioned (January 2022) from the

Commissioner of Taxes, Dimapur. The Commissioner of Taxes, Dimapur replied (February 2022) that there was no evasion of tax detected.

5.1.5 Response of the Government/ Departments towards Audit

The Principal Accountant General (Audit), conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and which are not settled on the spot, are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/ Departments are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Principal Accountant General (Audit) within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Department and the Government for response. If replies to such serious and important audit observations are not found acceptable/convincing, these are included in the Report of the C&AG of India.

IRs issued upto March 2022 revealed that 392 paragraphs involving ₹408.83 crore relating to 91 IRs remained outstanding. Such details along with the corresponding figures for the preceding two years are shown in **Table 5.1.6**.

Table 5.1.6: Details of outstanding audit observations

Particulars	March 2020	March 2021	March 2022
Number of outstanding IRs	84	84	91
Number of outstanding audit observations	362	353	392
Amount involved (₹in crore)	405.06	396.90	408.93

Source: IRs of Revenue Sector

5.1.5.1 Outstanding Inspection Reports and Audit Observations

The Department-wise details of the IRs and audit observations outstanding as on 31 March 2022 and the amount involved are shown in **Table 5.1.7**.

Table 5.1.7: Department-wise details of IRs and audit observations outstanding

Sl. No.	Name of Department	Name of Receipts	No. of outstanding IRs	No. of Outstanding Audit Observations	Money Value involved (₹in crore)
1.	Finance	Taxes/VAT on Sales, Trade, etc.	35	248	171.74
2.	Finance	Miscellaneous General Services/ Lottery	6	22	216.03
3.	Transport	Taxes on Vehicles/ Taxes on Goods & Passengers	42	103	17.39
4.	Forest & Environment	Forest & Wildlife	8	19	3.77
Total			91	392	408.93

Source: IRs of Revenue Sector

The pendency of IR due to non-receipt of replies was indicative of the fact that the Heads of Offices/ Departments had not initiated action to rectify the defects, omissions and irregularities pointed out by the Principal Accountant General (Audit) in the IRs.

Recommendation: *The Government may consider putting in place an effective system for prompt and appropriate response to audit observations.*

5.1.5.2 Departmental Audit Committee meetings

In order to expedite settlement of the outstanding audit observations contained in the IRs, Departmental Audit Committees are constituted by the Government. These Committees are chaired by the Secretaries of the Administrative Departments concerned and attended by the officers concerned of the State Government and officers of the Principal Accountant General (Audit). The Audit Committees need to meet regularly in order to expedite clearance of the outstanding audit observations.

During 2020-22, the Department did not convene any Audit Committee meeting to clear the outstanding audit observations.

Recommendation: *The State Government may ensure holding of regular meetings of the Audit Committees for ensuring effective remedial action on the audit observations.*

5.1.5.3 Response of the departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the C&AG are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention to audit findings and requesting them to send their response within six weeks.

The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report of the C&AG.

Three revenue draft paragraphs were sent to the Additional Chief Secretary and Finance Commissioner during September 2022. Government reply in respect of all the three draft paragraphs are awaited.

5.1.5.4 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the C&AG in the Legislative Assembly, the departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately.

Twenty paragraphs¹³⁴ and two Performance Audits¹³⁵ included in the Reports of the C&AG on the Revenue Sector of the GoN for the years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 were placed before the State

¹³⁴ During 2011-12 = one paragraph, 2012-13 = three paragraphs, 2013-14 = two paragraphs, 2014-15 = three paragraphs, 2015-16 = three paragraphs, 2016-17 = three paragraphs, 2017-18 = three paragraphs and during 2018-19 = two paragraphs

¹³⁵ During 2015-16 = two Performance Audits viz. Nagaland State Lotteries (Finance Department) and Computerisation of Motor Vehicle Department (Transport and Communication Department)

Legislative Assembly on 18 July 2013, 25 July 2014, 17 March 2015, 19 March 2016, 28 March 2017, 20 September 2018, 15 February 2020 and 05 August 2021 respectively.

PAC discussed (during 2011-12 to 2021-22) 15 paragraphs¹³⁶ pertaining to the Reports of the years 2011-12 to 2016-17. The Departments did not furnish *suo-moto* explanatory notes to the Principal Accountant General (Audit) through the Nagaland Legislative Assembly Secretariat in respect of paragraphs/ reviews which appeared in the Audit Reports.

During 2020-22, one PAC meeting was held (May 2020) and no Action Taken Note was received.

5.1.6 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the IRs/ Audit Reports by the Departments/ Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for Taxation Department was evaluated.

The succeeding **Paragraphs 5.1.6.1 and 5.1.7** discuss the performance of Taxation Department in dealing with the cases detected in the course of local audit conducted and also the cases included in the Audit Reports for the years 2015-16 to 2020-22.

5.1.6.1 Position of Inspection Reports

The summarised position of IRs issued during the last five years, paragraphs included in these reports and their status as on 31 March 2022 are shown in **Table 5.1.8**.

Table 5.1.8: Position of Inspection Reports

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance		
	IR	Paras	Money Value	IR	Paras	Money Value	IR	Paras	Money Value	IR	Paras	Money Value
2017-18	70	309	344.73	3	30	70.93	2	15	11.03	71	324	404.63
2018-19	71	324	404.63	9	49	23.10	2	55	50.77	78	318	376.96
2019-20	78	318	376.96	12	65	40.83	6	21	12.73	84	362	405.06
2020-21	84	362	405.06	2	11	3.03	2	20	11.17	84	353	396.92
2021-22	84	353	396.92	7	46	17.78	0	7	5.77	91	392	408.93

Source: IRs of Revenue Sector

It is evident from the above table that against 70 outstanding IRs with 309 paragraphs as on 01 April 2017, the number of outstanding IRs increased to 91 with 392 paragraphs at the end of March 2022. The Department needs to take adequate steps to settle the outstanding IRs to avoid accumulation of the IRs and paragraphs.

5.1.7 Recovery in cases accepted by the Departments

The position of paragraphs included in the C&AG's Audit Reports of the last five years,

¹³⁶ During 2011-12 = one paragraph, 2012-13 = three paragraphs, 2013-14 = two paragraphs, 2014-15 = three paragraphs, 2015-16 = three paragraphs and 2016-17 = three paragraphs

those accepted by the Departments and the amounts recovered are shown in Table 5.1.9.

Table 5.1.9: Position of recovery of accepted cases

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as of 31/03/2022
2015-16	3	16.10	2	5.64	0.00	0.00
2016-17	3	25.59	1	11.47	0.12	0.12
2017-18	3	19.86	1	3.34	0.05	0.17
2018-19	2	21.02	0	0.00	0.00	0.17
2019-20	5	31.42	0	0.00	0.00	0.00
Total	16	113.99	4	20.45	0.17	--

Source: Previous C&AG Reports

From the above table, it may be seen that during the last five years, the Department accepted paras with an amount of ₹20.45 crore as against which, they recovered only ₹0.17 crore. Thus, it is evident that the progress of recovery even in accepted cases was very slow during the last five years.

Recommendation: *The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in the accepted cases.*

5.1.7.1 Action taken on recommendations accepted by Government

The draft Reports of the Performance Audits conducted by the Principal Accountant General (Audit) are forwarded to the departments concerned/Government to furnish their replies. These PAs are also discussed during the exit conference and views of departments/ Government are taken into account while finalising PAs for inclusion in C&AG Audit Reports.

During 2015-16 to 2020-22, two PAs relating to Finance Department and Transport Department were highlighted in the C&AG's Audit Report. Nine recommendations were made in C&AG's Report for consideration by the Government. Status of acceptance of these recommendations along with the recommendations made in audit regularly is shown in Table 5.1.10.

Table 5.1.10: Status of acceptance of audit recommendations made in PAs/ Audit Paragraphs

Year of Audit Report	Name of the Performance Audit* (Administrative Department)	No. of recommendations in PAs	No. of recommendations in Audit paragraphs	Status of acceptance of recommendations
2015-16	Nagaland State Lotteries (Finance Department)	5	Nil	Not communicated
	Computerisation of Motor Vehicle Department (Transport and Communication Department)	4		Not communicated
2016-17	Nil	Nil	Nil	--
2017-18	Nil	Nil	Nil	3
2018-19	Nil	Nil	Nil	2
2019-20	Nil	Nil	Nil	13
2020-21	Nil	Nil	Nil	
2021-22	Nil	Nil	Nil	

Source: C&AG's Audit Reports

* No Performance Audit on Revenue Sector conducted during 2016-17 to 2021-22

5.1.8 Audit Planning

The offices under various departments are, for the purpose of audit, categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in government revenues and tax administration *i.e.*, budget speech, white paper on State finances, Reports of the Finance Commission (State & Central), recommendations of the Taxation Reforms Committee, statistical analysis of revenue earnings during the past five years, factors of tax administration, audit coverage and its impact during past five years, *etc.*

Out of 23 auditable units, 15 auditee units¹³⁷ were planned for audit during 2020-22 and 12 units¹³⁸ were covered in audit.

5.1.9 Results of Audit

5.1.9.1 Position of local audit conducted during the year

Test check of the records of 12 units during 2020-22 revealed under assessment/ short levy/ loss of revenue/ non-realisation of outstanding revenue/ evasion of tax, *etc.*, in 12 offices aggregating ₹25.28 crore in 64 cases¹³⁹.

5.1.10 Coverage of this chapter

This chapter contains three compliance audit paragraphs (selected from the audit observations made during the local audit referred to above and previous years) involving financial effect of ₹25.61 crore¹⁴⁰.

Compliance Audit Paragraphs

FINANCE (TAXATION) DEPARTMENT

5.2 Loss of revenue due to non-assessment of returns

Non-assessment of returns of 11 dealers within the stipulated time limit by the Assessing Authority led to loss of revenue of ₹15.60 crore as the assessment had now become time barred.

Rule 25 of Nagaland Value Added Tax (NVAT) Rules, 2005, provides that every registered dealer shall furnish quarterly returns for the quarter ending 30th June, 30th September, 31st December and 31st March by the end of the following months. Rule 28 (1) also states that every registered dealer shall submit Annual Returns providing detailed information of gross purchases, sales including export sales, inter-state sales, consignment transfers, total tax due, tax paid showing treasury voucher numbers, interest and penalty payable within two months from the close of the year to which it relates.

¹³⁷ During 2020-21 = four units and during 2021-22 = 11 units

¹³⁸ During 2020-21 = four units and during 2021-22 = eight units

¹³⁹ During 2020-21: ₹14.59 crore in 32 cases and during 2021-22: ₹10.69 crore in 32 cases

¹⁴⁰ ₹15.60 crore + ₹1.14 crore + ₹1.40 crore + ₹1.36 crore + ₹3.85 crore + ₹2.26 crore

Section 24 (8) of NVAT Act, 2005 provides that when any registered dealer fails to furnish returns, the certificate of registration of such dealer may be suspended by the appropriate Assessing Authority (AA) in the manner prescribed.

Section 36(6) of the Act provides that if any dealer has not furnished returns in respect of any period by the prescribed date, the Commissioner shall assess to the best of his judgment the amount of tax due from such dealer. Section 38(1) of the Act further states that no assessment shall be made after the expiry of five years from the end of the tax period to which the assessment relates.

Examination of records (November 2021) of the Assistant Commissioner of State Taxes (ACST), Mon for the period from July 2016 to March 2021 revealed that 11 dealers utilised¹⁴¹ 172 C forms for purchase of goods worth ₹251.92 crore and 44 F forms for stock transfer of ₹24.03 crore during the tax period 2015-16 as detailed in **Appendix-5.2.1**. It was, however, observed that none of these 11 dealers submitted Annual Returns despite the fact that 172 C forms and 44 F forms were obtained from the Taxes Department and transactions involving ₹275.95 crore were carried out on those statutory forms. The AA did not suspend the dealers' certificate of registration in terms of Section 24 (8) of NVAT Act.

It was further observed that six out of these 11 dealers had submitted their online quarterly returns¹⁴² and declared purchases and sales as shown in **Table 5.2.1**.

Table 5.2.1: Details of sales and purchases as per online quarterly returns

(₹ in lakh)

Name of dealer	Purchase/ Stock transfer			Sales/ Stock transfer			Tax payable			Tax paid
	4.75% ¹⁴³	13.25% ¹⁴⁴	UC*	4.75%	13.25%	UC*	4.75%	13.25%	UC*	
Subh Laxmi Dealer, Naginimora	1,519.86	303.60	55.92	4,708.28	221.71	139.82	223.64	29.38	6.64	Nil
Madan Mohan Suppliers, Naginimora	3,946.74	906.71	8,687.90	3,943.49	911.51	8,711.79	187.32	120.78	413.81	Nil
Creative Sale India, Naginimora	464.67	--	643.74	464.67	--	464.76	22.07	--	30.72	Nil
Jupex India, Naginimora	6.96	--	88.89	6.96	--	88.89	0.33	--	4.22	Nil
Opel Trade, Naginimora	6.48	--	227.92	6.48	--	228.06	0.31	--	10.83	Nil

¹⁴¹ Data obtained from the TAX soft- VAT e-Filing System

¹⁴² M/s Vaishnavi Udyog (October-December 2015), M/s Creative Sale India (July-September 2015 and October-December 2015), M/s Jupex India (July-September 2015 and October-December 2015), M/s Opel Trade Corporation (July-September 2015 and October-December 2015), M/s Subh Laxmi Dealer Private Limited (April-June 2015, July-September 2015 and October-December 2015), M/s Madan Mohan Suppliers Private Ltd. (April-June 2015, July-September 2015 and October-December 2015)

¹⁴³ Readymade Garments, Clinker, Betel nuts, Spices, PET Preform, Edible oil, Multimedia Speakers, Hardware goods, Crockery goods, etc.

¹⁴⁴ Tiles, Pan Masala, Cement, Cosmetic items, Electrical items, Timber, Television, Nihar Hair Oil, Helmet, etc.

Name of dealer	Purchase/ Stock transfer			Sales/ Stock transfer			Tax payable			Tax paid
	4.75% ¹⁴³	13.25% ¹⁴⁴	UC*	4.75%	13.25%	UC*	4.75%	13.25%	UC*	
Vaishnavi Udyog, Naginimora	0	0	68.28	0	0	68.50	0	0	3.25	Nil
Total	5,944.71	1,210.31	9,772.65	9,129.88	1,133.22	9,701.82	433.67	150.16	469.47	
Grand Total	16,927.67			19,964.92			1,053.30			

Source: Departmental records

* UC-Unclassified. The tax has been calculated at a conservative rate of 4.75 per cent

As can be seen from the above table, six dealers declared a total purchase turnover of ₹169.28 crore and sales of ₹199.65 crore at the taxable rate of 4.75 and 13.25 per cent respectively. The taxable amount on sales of goods at applicable rates (tax for unclassified sales has been calculated at a conservative rate of 4.75 per cent) was ₹10.53 crore. The remaining five (out of 11) dealers did not submit any quarterly/ annual returns for the assessment year for amount involving inter-state purchase of ₹106.67 crore. Further, due to non-availability of records relating to intra-state purchases, Audit could not ascertain the gross purchases made by the dealers concerned. The tax payable calculated @ 4.75 per cent on undisclosed purchase by five dealers was ₹5.07 crore.

Further, Audit examined the details of branches/ subsidiary offices declared by these 11 dealers in their Certificate of Registration and noticed that none of the dealers have any branch offices/ subsidiaries, within or outside the State, which proves that the transfers made by these dealers against Form 'F' were actually sales and was taxable at the prescribed rates.

In view of the facts mentioned above, it was clear that these 11 dealers evaded minimum tax of ₹15.60 crore on sales of goods purchased from outside the State as detailed in **Appendix-5.2.1**.

Due to inaction on the part of the AAs in terms of NVAT Act and Rules, the Department lost an opportunity to levy and collect tax of ₹15.60 crore. In addition to the taxes, amount of leviable interest and penalty was also forgone.

Further examination of records and way bills (November 2021) revealed that six dealers under observation imported goods valued at ₹15.62 crore by using C form during 2016-17 and 2017-18 as shown in **Table 5.2.2**.

Table 5.2.2: Goods imported by six dealers

(Amount in ₹)

Sl. No.	Name of Dealer	Year (Tax period)	Way bill
1.	M/s Creative Sale India, Naginimora, Mon	2016-17	1,28,98,070
2.	M/s Konyak Enterprises, Ward No. 2, Mon		6,36,30,070
		2017-18	3,05,06,229
3.	M/s Shohid Enterprises, Mon Town	2016-17	2,01,87,544
4.	M/s Subh Laxmi Dealer Private Ltd, Naginimora, Mon		34,56,870
5.	M/s Vaishnavi Udyog, Naginimora, Mon		2,29,50,000
6.	M/s Mamto Trading, Naginimora, Mon		26,18,000
Total			15,62,46,783

Source: Departmental records

Even during the years 2016-17 and 2017-18, none of the dealers had submitted any returns and the AAs have not taken any action against the dealers. Although cases relating to 2016-17 and 2017-18 have not become time-barred as yet, the Department needs to take necessary steps to recover the tax due along with interest and penalty.

On this being pointed out, the Department stated (August 2022) that field officers were deputed to serve notices but the notices could not be delivered as the assesseees were not found in the addresses mentioned in the respective registration certificates. It was evident that the assesseees had obtained the registration number to avail the statutory forms and avoid payment of tax in other States by misusing it. The jurisdictional authority is in the process of cancellation of all the statutory forms issued to them so as to prevent any misuse of the same and notify all concerned. The Department further stated that detailed inquiry will be conducted and the final outcome shall be intimated.

The reply of the Department is indicative of its failure to serve demand notices on time and also suspend the certificate of registration. The Department was also silent on remedial measures to prevent loss of Government revenue in future and action taken against the dealers for default in filing of tax returns/ evasion of tax.

The matter was reported to the State Government in September 2022, and reply is awaited (December 2022).

Recommendations:

The State Government may-

- (i) *take necessary steps to fix responsibility on the officers concerned for causing loss of revenue to Government. Immediate action may be taken to assess the six dealers before the cases become time barred.*
- (ii) *take appropriate action against the dealers as per the Act/ Rules for wilful pilferage of Government revenue.*
- (iii) *put in place effective monitoring mechanism and controls to prevent such occurrences in future.*

5.3 Irregular claims of concessional rate of tax on statutory ‘C’ forms

Allowance of concessional rate of tax on inter-State sales turnover not supported by statutory ‘C’ forms and acceptance of fake ‘C’ form by the Superintendent of Taxes resulted in evasion of tax of ₹1.14 crore on which interest of ₹1.40 crore was also leviable.

Section 8 (1) of the Central Sales Tax (CST) Act, 1956 provides that every dealer, in the course of inter-State trade or commerce, shall be liable to pay tax at two *per cent*¹⁴⁵ of his turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State.

Section 8 (4) of the CST Act, 1956 further states that the provisions of Section 8 (1) shall not apply to any sale in the course of inter-State trade or commerce unless the

¹⁴⁵ from 01 June 2008

dealer selling the goods furnishes to the prescribed authority “a declaration duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in a prescribed form obtained from the prescribed authority” within the prescribed time or within such further time as that authority may, for sufficient cause, permit.

Section 12 (7) of the CST (Registration and Turnover) Rules, 1957 states that the declaration in Form C or Form F or the certificate in Form E-I or Form E-II shall be furnished to the prescribed authority within three months after the end of the period to which the declaration or the certificate relates.

Examination of records (November-December 2021) of the Superintendent of State Taxes (ST), Ward F, Dimapur revealed that the Assessing Authority assessed the annual CST return of a dealer M/s India Automobile, Dimapur (CST TIN - 13040487111) for the period 2015-16 to 2017-18 with a tax liability of ₹22.91 lakh, at a concessional rate of 2 *per cent* on Gross Turn Over (GTO) of ₹11.45 crore.

(A) Scrutiny of assessment records¹⁴⁶ of the dealer revealed that the Assessing Officer (AO) allowed concessional rate of 2 *per cent* on inter-State sales of ₹10.02 crore during the period 2015-16 and 2016-17, for which the dealer has not submitted the statutory ‘C’ forms required under Section 12 (7) of the CST (Registration and Turnover) Rules, 1957. This led to less levy and collection of ₹1.00 crore¹⁴⁷ from the dealer and resultant loss to the State exchequer.

(B) Scrutiny of records of the dealer pertaining to the period 2017-18 showed that the dealer had declared inter-state sale of ₹1.43 crore to M/s Mayur International, Jaipur against Form ‘C’¹⁴⁸ and claimed concessional rate of tax of 2 *per cent*. The assessing authority, while assessing (April 2019) the dealer accepted the Form ‘C’ submitted by the dealer without any verification and levied tax of ₹2.86 lakh.

Audit obtained the details of the buyer (M/s Mayur International, Jaipur, Rajasthan; TIN-08854702839) from TINXSYS (Tax Information Exchange System), which showed that the CST registration of the buyer was cancelled w.e.f 16 January 2014. Further, Audit also cross verified (August 2022) the ‘C’ form submitted by the buyer with the Commercial Tax Department (CTD), Rajasthan, which revealed that the ‘C’ form had not been issued by the CTD, Rajasthan and that the office¹⁴⁹ which allegedly issued the ‘C’ form in question does not legally exist.

After the issue was pointed out (May 2022) by Audit, the cases were reassessed (June 2022) and a net tax liability of ₹1.14 crore¹⁵⁰ was ascertained and a demand notice of ₹2.60 crore (including Interest and Surcharge of ₹1.40 crore and ₹5.73 lakh respectively) was served (June 2022) to the dealer.

¹⁴⁶ Assessed during October 2016 (2015-16), June 2017 (2016-17) and April 2019 (2017-18)

¹⁴⁷ Payable ₹1.20 crore; actually paid ₹20.04 lakh

¹⁴⁸ No. R/C/ 2009-5802246 dated 22/07/2010

¹⁴⁹ Office of the Commercial Tax Officer, Circle ‘B’, Nohar, Rajasthan

¹⁵⁰ Gross Tax Payable ₹1.37 crore minus Tax already paid ₹0.23 crore

Against the re-assessment order, the dealer filed (July 2022) an appeal with the appellate authority and submitted counterfoils of 'C' forms for the year 2015-16 and 2016-17 and submitted fresh 'C' form for the year 2017-18. The appellate authority, in its order dated 22 September 2022, accepted all the 'C' forms submitted by the dealer, quashed the re-assessment order of the AO and levied penalty of ₹one lakh for submitting wrong 'C' form for the year 2017-18.

Audit further cross-verified (December 2022) all the fresh 'C' forms submitted by the buyer with the Commercial Tax Department, Rajasthan and Uttar Pradesh, which revealed that no purchases were made from M/s India Automobile, Dimapur as shown in **Table 5.3.1**.

Table 5.3.1: Details of C forms verification

(Amount in ₹)

Sl. No.	Year	C form details of the purchasing dealer			Audit findings
		C form number & date of issue	Value	Name & address of Buyer	
1.	2015-16	No. 0580351 dated 02/02/2015	2,52,37,083	M/s Rites & Jones Petrochemicals Private Limited, G 65 Patel Nagar III, Ghaziabad, Uttar Pradesh. TIN: 09988830715	The Department issued the two "C" forms to the dealer on 02/02/2015. No C form was utilised by the dealer M/s Rites & Jones Petrochemicals Private Limited during the period from 01/04/2015 to 31/03/2016 and purchase/value of goods received from outside the State against forms of declaration/ certificates during 2015-16 was nil.
2.		No. 0580352 dated 02/02/2015	2,63,98,162		
3.	2016-17	No. R/C/ 2009/ 4794372 dated 12/09/2011	1,71,18,782	M/s M.K Packaging, J-1299 (D), Rampur Mundana, Bhiwadi Alwar, Rajasthan TIN: 08340855663	The Department issued all the four "C" forms to the dealer on 12/09/2011. The dealer did not submit Quarterly and Annual returns for the year 2016-17. The registration of the dealer was accordingly cancelled w.e.f. 31/03/2017. The dealer gave a statement along with an affidavit that no purchases were made from M/s India Automobile, Dimapur in the year 2016-17 or 2017-18. The dealer registered a First Information Report (FIR) on the case and submitted application for cancellation of these "C" forms.
4.		No. R/C/ 2009/ 4794373 dated 12/09/2011	1,79,62,415		
5.		No. R/C/ 2009/ 4794374 dated 12/09/2011	1,35,19,150		
6.	2017-18	No. R/C/ 2009/ 4794375 dated 12/09/2011	1,43,04,718		

Source: Departmental records and "C" forms verification reports submitted by Commercial Tax Department, Rajasthan and Uttar Pradesh

Audit observed that submission of 'C' form for the years 2015-16 and 2016-17 was an afterthought as no details were submitted with the returns as well as at the time of reassessment. Further, the dealer, who had claimed to have sold the goods to M/s Mayur

International, Jaipur, Rajasthan during 2017-18, submitted fresh 'C' forms obtained from M/s M K Packaging, Bhiwadi, Rajasthan which points towards connivance of the dealer and the buyer with the intention to evade tax. The change of buyer and submission of fresh 'C' forms were also not rejected by the appellate authority.

Thus, the Assessing and Appellate Authorities failed to exercise due diligence leading to a loss of ₹1.14 crore to the State Exchequer. Further, due to failure on the part of the Assessing Authority to ensure availability of statutory forms before allowing concessions, the State lost the opportunity to levy interest and penalty for non-payment of taxes.

The matter was referred to the State Government in September 2022 and their reply is awaited.

Recommendations:

The State Government may-

- (i) *fix responsibility on the officials for wilful negligence, failure to exercise due diligence and non-compliance of acts and rules leading to loss of revenue besides recovery of the pending dues from the assessee.*
- (ii) *take appropriate action against the dealer for wilful pilferage of Government revenue.*
- (iii) *introduce internal controls to check the leakage of Government revenue.*

5.4 Evasion of tax

Failure to undertake reconciliation of challans submitted by two dealers with Treasury receipts in Government Account resulted in loss of Government revenue of ₹1.36 crore due to forged challans. Besides, the same dealers also defaulted in payment of tax of ₹3.85 crore and were also liable to pay interest of ₹2.26 crore.

(A) Non-verification of Treasury Challans

Rule 32 of the Nagaland (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Rules, 1970 states that before any registered dealer furnishes the returns in the prescribed manner, he shall pay into a Government Treasury the full amount of tax due from him under the Act¹⁵¹ on the basis of such return and shall furnish along with the return a receipt from such Treasury Challan in token of payment of such tax. Rule 35 also provides that the dues referred to in the Act shall be paid directly into the Government Treasury by challans.

Rules 38 and 39 of the Rules further state that one of the challan copies retained by the Treasury shall be transmitted to the Superintendent on the following day of payment. Every Treasury Officer shall send an advice list to the Superintendent of the area on the

¹⁵¹ The Nagaland (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act, 1967

fifth of every month showing the amounts received in the previous month. The advice list shall contain the challan number and date, the name of the dealer and the amount paid.

Examination of records (November-December 2021) of the Deputy Commissioner of State Taxes (DCT), Dimapur Zone showed that ₹1.36 crore was recorded as revenue realised by the Department from two dealers during March-September 2021 *vide* six challans for the tax period 2013-14, 2014-15, 2016-17 and 2017-18 as shown in **Table 5.4.1**.

Table 5.4.1: Details of challans submitted by two dealers

Sl. No.	Name of dealer	Tax period	Challan No. and Date	Amount (in ₹)
1.	M/s Shebah Enterprises, Dimapur (TIN 13000071251)	2013-14	23 of 21/09/2021	22,60,000
		2014-15	24 of 21/09/2021	13,00,500
		2016-17	121 of 20/04/2021	25,00,000
		2017-18	151 of 23/03/2021	25,00,000
2.	M/s CAL Filling Station, Dimapur (TIN 13000072261)	2016-17	120 of 20/04/2021	25,00,000
		2017-18	150 of 23/03/2021	25,00,000
Total				1,35,60,500

Source: Departmental records

It was observed that the amounts were recorded in the assessment proceedings files of the dealer/assessee as receipts/challans submitted by the dealers and were taken into account in the tax assessment by the Assessing Authority (AA).

Audit examination of the receipts/challans with the Treasury advice list (Senior Treasury Officer, Dimapur) revealed that all the six receipts/challans amounting to ₹1.36 crore, submitted by the two dealers to the AA and entered in the assessment proceedings files as revenue realised, were not found in the Treasury records.

This indicated that there was no institutional mechanism to check/reconciliation of challans submitted by dealers with Treasury advice list/Treasury records to ascertain that the entries for amounts received from these dealers were deposited in the Treasury and actually credited into the Government Account.

Had the Department undertaken reconciliation of receipts/challans submitted by dealers with Treasury records as stipulated in the rules, such irregularities would have been detected at the initial stage.

(B) Default in Payment of Taxes

Section 3 of the Nagaland (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act, 1967 (as amended in August 2013) states that every dealer who imports goods into Nagaland shall be liable to pay tax on his turnover of sales at the rates specified in Schedule-II with effect from the day on which he effects his first sales of such goods. The Act also provides for payment of interest at the rate of two *per cent* per month on the amount of tax due from the date of tax becoming due till the date of discharge.

Further examination of records (November-December 2021) of the DCT, Dimapur zone showed that these two dealers had defaulted on payment of tax of ₹3.85 crore for the tax period 2013-14 to 2019-20 as shown in **Table 5.4.2**.

Table 5.4.2: Details of tax defaulted by the two registered dealers

(Amount in ₹)

Sl. No.	Name of the dealer	Year	Date of issue of DN (Money value)	Due date for payment	Recovery after issue of DN		Tax due for payment	Interest at 2 per cent on tax due	No of months (up to July 2022)	Total interest due	Total amount due
					Date of payment	Amount					
1.	M/s Shebah Enterprises, Dimapur (TIN 13000071251)	2016-17	08/01/2018 (41,01,076)	20/03/2018			41,01,076	82,022	3	2,46,065	2,46,065
					08/06/2018	4,00,000	37,01,076	74,022	39	28,86,839	28,86,839
					29/09/2021	1,21,076	35,80,000	71,600	11	7,87,600	43,67,600
		2017-18	01/08/2018 (31,70,348)	31/08/2018	15/09/2018	2,00,000	29,70,348	59,407	3	1,78,221	1,78,221
					13/12/2018	2,00,000	27,70,348	55,407	2	1,10,814	1,10,814
					14/02/2019	1,50,000	26,20,348	52,407	20	10,48,139	10,48,139
					08/10/2020	2,00,000	24,20,348	48,407	1	48,407	48,407
					27/11/2020	2,00,000	22,20,348	44,407	21	9,32,546	31,52,894
		2018-19	19/08/2021 (62,42,314)	30/10/2021	Nil	0	62,42,314	1,24,846	10	12,48,463	74,90,777
		2019-20	19/08/2021 (59,69,187)	30/11/2021	Nil	0	59,69,187	1,19,384	9	10,74,454	70,43,641
2.	M/s CAL Filling Station, Dimapur (TIN 13000072261)	2013-14	06/03/2018 (25,30,000)	21/03/2018	Nil	0	25,30,000	50,600	53	26,81,800	52,11,800
		2014-15	06/03/2018 (9,10,587)	21/03/2018	Nil	0	9,10,587	18,212	53	9,65,222	18,75,809
		2015-16	06/03/2018 (6,08,010)	21/03/2018			6,08,010	12,160	42	5,10,728	5,10,728
					20/09/2021	6,08,010	0	0		0	0
		2016-17	25/05/2018 (42,40,068)	05/06/2018	08/06/2018	4,50,000	37,90,068	75,801	50	37,90,068	75,80,136
		2017-18	01/08/2018 (46,60,718)	31/08/2018			46,60,718	93,214	26	24,23,573	24,23,573
					08/10/2020	2,00,000	44,60,718	89,214	1	89,214	89,214
					27/11/2020	2,00,000	42,60,718	85,214	21	17,89,502	60,50,220
		2018-19	31/08/2021 (44,69,898)	30/10/2021	Nil	0	44,69,898	89,398	10	8,93,980	53,63,878
		2019-20	31/08/2021 (44,83,548)	30/10/2021	Nil	0	44,83,548	89,671	10	8,96,710	53,80,258
Total							3,84,56,668			2,26,02,345	6,10,59,013

Source: Departmental records

As seen from above table, tax amount of ₹3.85 crore due for payment remained outstanding for long periods leading to less revenue collection. The two dealers were also liable to pay interest of ₹2.26 crore (July 2022) on the outstanding tax due for payment.

From the foregoing paragraphs, it is concluded that failure to undertake reconciliation of challans submitted by dealers with Treasury receipts in Government Account resulted in loss of Government revenue of ₹1.36 crore due to submission of forged challans by the dealers. The two dealers further defaulted in payment of tax of ₹3.85 crore and were also liable to pay interest of ₹2.26 crore.

On this being pointed out (August 2022), the Department stated (August 2022) that the amount of ₹1.36 crore has been recovered. On default in payment of taxes, the Jurisdictional Authority has given sufficient opportunities to the assesseees but the assesseees failed to pay the demand dues. Therefore, both the cases were forwarded to the Certificate Officer (CO) for recovery from his end.

The Department further stated (October 2022) that in the case of M/s Shebah Enterprises, Dimapur, out of the total tax dues of ₹58.00 lakh under the CO for the tax period 2016-17 and 2017-18, an amount of ₹47.20 lakh has been recovered, while in the case of M/s Cal Filling Station, Dimapur, out of the total tax dues of ₹86.61 lakh under CO for the tax period 2015-16, 2016-17 and 2017-18, an amount of ₹64.60 lakh has been recovered. Recovery of the remaining dues from both assesseees shall be intimated in due course of time.

The reply is indicative of the fact that the Department allowed the dealers to continue their operations in the State despite defaulting on payment of taxes. Moreover, the reply is silent on recovery of interest of ₹2.26 crore (July 2022) payable by the dealers.

The matter was reported to the State Government in September 2022 and reply is awaited (October 2022).

Recommendations:

The State Government may-

- (i) establish an institutional mechanism for verification of challans submitted by dealers with Treasury advice list/Treasury records and ensure that only verified payment of taxes is taken into consideration while making assessment.***
- (ii) fix responsibility on the officials concerned for their negligence to exercise due diligence while making assessments and ensure that the amount of tax due from the dealers is recovered with penal interest.***
- (iii) take appropriate legal action against the dealers as per the Act/ Rules for wilful pilferage of Government revenue.***

CHAPTER-VI
ECONOMIC SECTOR
(PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-VI

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

6.1.1 Introduction

As of 31 March 2022, there were seven Public Sector Undertakings (PSUs)¹⁵² in Nagaland as shown in **Table 6.1.1**.

Table 6.1.1: Total number of PSUs as on 31 March 2022

Type of PSUs	Working PSUs	Non-working PSUs	Total
Government Companies ¹⁵³	5	2	7
Statutory Corporations	Nil	Nil	Nil
Total	5	2	7

Source: Information as provided by PSUs

None of these companies are listed on the stock exchange which means that the shares of the PSUs cannot be traded in the stock exchange. During the year 2021-22, no new PSU was incorporated and no existing PSU was closed down.

Regarding one PSU viz. Kohima Smart City Development Limited (**KSCDL**), analysis is not covered in the report due to non-submission of Accounts.

6.1.2 Investment in PSUs

The investment in PSUs include the investments made by the State Government and Others (including the Central Government, Holding companies, Banks, Financial Institutions, etc.). The State Government's stake in these PSUs is mainly of three types:

- **Share Capital and Loans:** In addition to the share capital contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support:** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees:** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

As on 31 March 2021 and 2022, total investment of the State Government and Others (capital, and long-term loans) in six PSUs was ₹119.30 crore in 2020-21 and ₹118.59 crore¹⁵⁴ in 2021-22 as per details shown in **Table 6.1.2**.

¹⁵² All Government Companies

¹⁵³ Government Companies include 'Other companies' referred to in Section 139(5) and 139(7) of the Companies Act 2013

¹⁵⁴ Investment figures are provisional and as per the information provided by the PSUs, as none of the six PSUs has finalised accounts for 2021-22 as of September 2022

Table 6.1.2: Details of total investment in six PSUs as on 31 March 2021 and 31 March 2022
(₹ in crore)

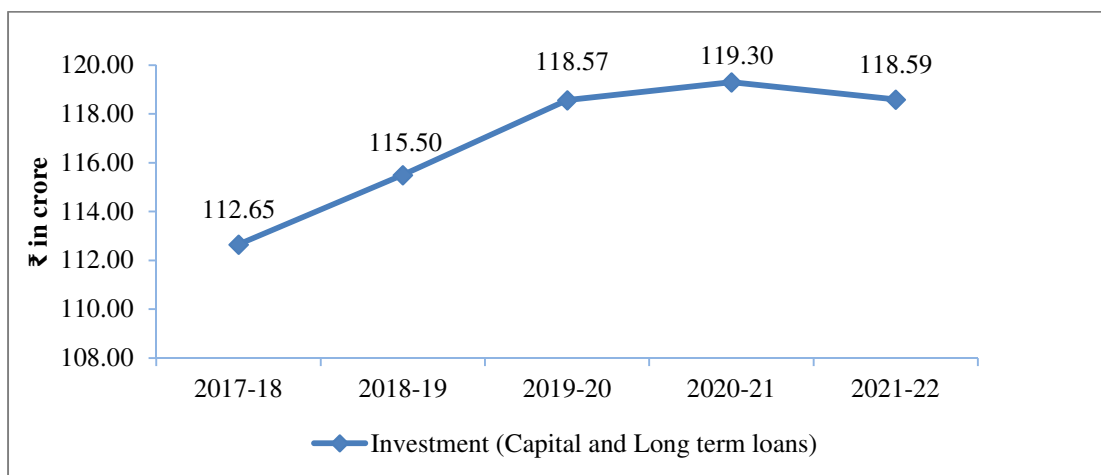
Particulars	2020-21			2021-22		
	Equity Capital	Long term Loans	Total	Equity Capital	Long term Loans	Total
State Government	34.34	0.81	35.15	34.34	0.81	35.15
Others*	7.92	76.23	84.15	7.92	75.52	83.44
Total	42.26	77.04	119.30	42.26	76.33	118.59

Source: Information as provided by PSUs

* Others include Central Government, holding companies, banks/FIs, etc.

The total investment consisted of 35.64 *per cent* towards capital and 64.36 *per cent* in long-term loans as of 31 March 2022. The investment in 2021-22 was decreased by ₹0.71 crore from 2020-21 due to loan waiver/ repayment. The investment grew by 5.67 *per cent* from ₹112.65 crore in 2017-18 to ₹118.59 crore in 2021-22 as shown in **Chart 6.1.1** below:

Chart 6.1.1: Total investment in PSUs



Source: Information as provided by PSUs

Further, it can be seen from **Table 6.1.2** above that, around 30 *per cent* (₹35.15 crore) of the total investment (₹118.59 crore) in PSUs as on 31 March 2022 was contributed by the State Government. However, there was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the PSUs. During 2021-22, out of five working PSUs, only one PSU (Nagaland State Mineral Development Corporation Limited) recorded profit (₹2.50 crore) as per its latest finalised accounts (2018-19) (**Appendix 6.1.2**). However, no dividend was declared by this PSU.

6.1.2.1 Sector-wise investment in PSUs

The total investment by the State Government and Others (Central Government, Holding companies, Banks, Financial Institutions, etc.) in various important sectors at the end of 31 March 2018 and 31 March 2022 is shown in **Table 6.1.3**.

Table 6.1.3: Sector-wise investment in PSUs as on 31 March 2022

(₹ in crore)

Name of Sector	Year of investment	
	2017-18	2021-22
Finance	71.79	81.99
Manufacturing	10.68	10.68
Service	10.91	5.61
Miscellaneous	19.27	20.31
Total	112.65	118.59

Source: Information as provided by PSUs

As can be seen from **Table 6.1.3** above, the thrust of PSU investment during 2017-18 and 2021-22 was in Finance sector¹⁵⁵, which had increased by 14.21 *per cent* from ₹71.79 crore (2017-18) to ₹81.99 crore (2021-22). The share of this Sector in overall investment has increased by 5.51 *per cent* during 2021-22 (69.14 *per cent*) from 63.73 *per cent* during 2017-18.

6.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the PSUs concerned should carry out reconciliation of differences. The position in this regard as of 31 March 2021 and 2022 is shown in **Table 6.1.4**.

Table 6.1.4: Variation between Finance Accounts and records of PSUs

(₹ in crore)

Outstanding in respect of	2020-21			2021-22		
	Amount as per Finance Accounts	Amount as per records of PSUs ¹⁵⁶	Difference	Amount as per Finance Accounts	Amount as per records of PSUs ¹⁵⁷	Difference
Equity	111.05	34.34	76.71	111.05	34.34	76.71
Loans ¹⁵⁸	0.48	0.81	0.33	0.48	0.81	0.33
Guarantees	59.03	15.62	40.62	59.03	19.28	39.75

Source: As per the State Finance Accounts 2021-22 and information furnished by PSUs

From **Table 6.1.4** above, it can be noticed that there were unreconciled differences in the figures of equity (₹76.71 crore), and guarantees (₹40.62 crore in 2020-21 and ₹39.75 crore in 2021-22) as per two sets of records. The differences for equity occurred in respect of all the PSUs while differences for guarantee relate to two PSUs¹⁵⁹. As regards Loan figures, the Finance Department of GoN disburses the loans to various Departments of GoN for different sectoral activities and books the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective

¹⁵⁵ Finance Sector included only one PSU (Nagaland Industrial Development Corporation Limited)

¹⁵⁶ Information as provided by PSUs and includes only the investment made by the State Government

¹⁵⁷ Information as provided by PSUs and includes only the investment made by the State Government

¹⁵⁸ In the State Finance Accounts, 2021-22, the loan figures appear sector-wise and not PSU-wise, hence, the figures of the State Government loans provided to PSUs are not available in Finance Accounts

¹⁵⁹ Serial no. A1 and A4 of **Appendix 6.1.2**

PSUs functioning under their administrative control. Hence, figures of State Government loans provided to PSUs are not available in the State Finance Accounts.

Though the Principal Secretary, Finance Department, Government of Nagaland as well as the Management of the PSUs concerned were apprised regularly about the differences impressing upon the need for early reconciliation, no significant progress was noticed in this regard.

Recommendation: *The Government and the PSUs concerned may take concrete steps to reconcile the differences and account for the loans given by Departments to their PSUs in a time-bound manner.*

6.1.4 Accountability framework

The audit of the financial statements of a Company in respect of financial years commencing on or after 01 April 2014 is governed by the provisions of the Companies Act, 2013 and audit of the financial statements in respect of financial years that commenced prior to 01 April 2014 continue to be governed by the Companies Act, 1956. The new Act has brought about increased regulatory framework, wider management responsibility and higher professional accountability.

6.1.4.1 Statutory Audit/ Supplementary Audit

Statutory Auditors appointed by the C&AG audit the financial statements of a Government Company. In addition, C&AG conducts the supplementary audit of these financial statements under the provisions of Section 143(6) of the Act.

6.1.4.2 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Government appoints the Chief Executives and Directors on the Board of these PSUs.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this purpose, the Annual Reports of State Government Companies together with the Statutory Auditors' Reports and comments of the C&AG thereon are required to be placed before the Legislature under Section 394 of the Act.

6.1.5 Arrears in finalisation of accounts

The financial statements of the companies are required to be finalised within six months after the end of the financial year *i.e.* by 30 September in accordance with the provisions of Section 96(1) of the Act. Failure to do so may attract penal provisions under Section 99 of the Act. As per the Act, the SPSU and every officer of the SPSU who is at default shall be punishable with fine which may extend up to ₹one lakh and in the case of a continuing default, with a further fine which may extend upto ₹5,000 for every day during which such default continues.

Moreover, timely finalisation of accounts is important for the State Government to assess the financial health of the PSUs and to avoid financial misappropriation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of

fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

Table 6.1.5 below provides the details of progress made by the five working PSUs¹⁶⁰ in finalisation of their annual accounts as on 30 September 2022.

Table 6.1.5: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Number of Working PSUs	5	5	5	4	5 ¹⁶¹
2.	Number of accounts finalised during the year	6	8	2	14	3
3.	Number of accounts in arrears	21	18	21	9	15
4.	Number of Working PSUs with arrears in accounts	5	5	5	4	5
5.	Extent of arrears (nos. in years)	1 to 8	1 to 9	1 to 10	1 to 3	1 to 5

Source: Department records

As can be seen from **Table 6.1.5** above, the arrears in accounts of the working PSUs had improved in the current year. The main reason for increase in arrears was due to non-submission of accounts by Kohima Smart City Development Limited (KSCDL) since its inception (24 March 2017). Further, two PSUs, namely Nagaland State Mineral Development Corporation and Nagaland Hotels Limited, did not submit any account during the year 2021-22.

The administrative departments, which have the responsibility to oversee the activities of the PSUs, have to ensure that the PSUs finalise and adopt their accounts within the stipulated period. The Principal Accountant General (Audit), Nagaland had been regularly pursuing the issue with the Chief Secretary of Nagaland and the administrative departments concerned for liquidating the arrears of accounts of PSUs. However, the State Government and the PSUs concerned could not address the issue to clear pendency of accounts of the PSUs in a time-bound manner.

6.1.6 Investment by State Government in PSUs whose accounts are in arrears

The State Government had invested ₹4.28 crore in one PSU (*Nagaland Industrial Development Corporation Limited*) during the years for which accounts were not finalised as detailed in **Appendix 6.1.1**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred were properly accounted for and the purpose for which the amount was invested was achieved.

¹⁶⁰ As on 30 September 2022, Nagaland Handloom & Handicraft Development Limited finalised its accounts upto 2019-20 and Nagaland Industrial Development Corporation Limited upto 2020-21. One PSU, namely Kohima Smart City Development Limited, has not submitted its first accounts as of 30/09/2022.

¹⁶¹ Includes Kohima Smart City Development Limited incorporated on 24/03/2017.

Recommendations:

The Government may consider-

- (i) *setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of PSUs.*
- (ii) *outsourcing the work, where there is lack of staff expertise, relating to preparation of accounts and take punitive action against Company Management responsible for arrears of accounts.*
- (iii) *stop further financial assistance to such companies until the accounts are made as current as possible.*

6.1.7 Special support and guarantees to PSUs during the year

State Government provides financial support to PSUs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans and grants/subsidies in respect of PSUs for three years are shown in **Table 6.1.6**.

Table 6.1.6: Details of budgetary support to PSUs

Sl. No.	Particulars	(₹ in crore)					
		2019-20		2020-21		2021-22	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	0	0.00	0	0.00	0	0.00
2.	Loans given from budget	1	3.41	1	0.62	1	4.28
3.	Grants/Subsidy from budget	5	24.49	5	26.76	4	28.30
Total Outgo (1+2+3)			27.90		27.38		32.58
4.	Guarantees issued	1	3.41	1	0.62	1	4.28
5.	Guarantee Commitment	1	15.00	1	15.00	1	15.00

Source: Information as provided by the PSUs

It may be seen from **Table 6.1.6** above that the year-wise budgetary outgo to PSUs had increased during 2021-22 by ₹5.20 crore as compared to the previous year (2020-21). During all three years under reference, the significant portion of budgetary support ranging between 87 per cent (2019-20) and 86.86 per cent (2021-22) was provided in the form of grants/subsidy.

State Government also guarantees the repayment of loans (with interest) availed by the PSUs from Banks/Financial Institutions subject to the prescribed limits and payment of guarantee fee of one per cent of the guarantee amount by the PSUs concerned. The State Government issued guarantees of ₹0.62 crore in 2020-21 and ₹4.28 crore in 2021-22 against the borrowings availed by one PSU (Nagaland Industrial Development Corporation Limited). The PSU had not paid any guarantee fee to the State Government during 2020-21 and 2021-22 in absence of any demand from the State Government.

6.1.8 Performance of PSUs as per their latest finalised accounts

The financial position and working results of working PSUs (all Government companies) as per their latest finalised accounts are detailed in **Appendix 6.1.2**. The comparative details of working PSU turnover and State GDP for five years ending 2021-22 is shown in **Table 6.1.7**.

Table 6.1.7: Details of working PSUs turnover vis-à-vis State GDP

	(₹ in crore)				
Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Turnover ¹⁶²	6.48	6.70	6.78	6.52	6.05
State GDP	23,623.00	26,637.00	30,508.00	29,313.00	32423.00
Percentage of Turnover to State GDP	0.03	0.03	0.02	0.02	0.02

Source: Information as provided by PSUs

A ratio of PSU-turnover to State GDP shows the extent of PSU activities in the State economy. It may be noticed from **Table 6.1.7** above that during the last five years (2018-22), the State GDP had grown by 37.25 *per cent* while the turnover of PSUs during the corresponding period had decreased by 6.64 *per cent*. Thus, the year-wise increase in PSU-turnover during the period of five years was not commensurate with the growth in the State GDP during the corresponding period. The percentage of PSU-turnover to GSDP, has decreased to 0.02 *per cent* due to rounding off of percentage figures to two decimal points.

6.1.8.1 Key parameters

Some other key parameters of working PSUs performance as per their latest finalised accounts as on 30 September of the respective year are shown in **Table 6.1.8**.

Table 6.1.8: Key Parameters of working PSUs

	(₹ in crore)				
Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Debt	67.20	70.05	73.72	71.63	71.85
Turnover ¹⁶³	6.48	6.70	6.78	6.52	6.05
Debt/Turnover Ratio	10.37:1	10.46:1	10.87:1	10.99:1	11.88:1
Interest Payments ¹⁶⁴	2.06	2.08	2.06	1.61	1.09
Accumulated Profits/(Losses)	(78.50)	(66.38)	(68.62)	(67.75)	(73.33)

Source: Annual Accounts, PSUs

Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can be a sign of having too much debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to successfully manage their debt servicing and repayments.

PSU Debt

It can be noticed from **Table 6.1.8** above that during the period of five years (2017-22), the PSU debt had been more than 10 times of their turnover indicating acute difficulties in repayment and servicing of debts by the PSUs. Consequently, the DTR had been at high levels during all the five years under reference. Further, during 2017-22, the PSU debts had registered an overall increase of 6.92 *per cent* (₹4.65 crore) while there was an overall decrease of 6.64 *per cent* (₹0.43 crore) in PSU-turnover during the

¹⁶² Turnover of working PSUs as per the latest finalised accounts as on 30 September of the respective year

¹⁶³ Turnover of working PSUs as per the latest finalised accounts as on 30 September of the respective year

¹⁶⁴ Interest payments of working PSUs as per the latest finalised accounts as of 30 September of the respective year

corresponding period. As a result, the DTR of working PSUs increased from 10.37:1 (2017-18) to 11.88:1 (2021-22) during five years (2017-22) indicating deteriorated position of PSUs in servicing and repayment of their long-term debts as compared to previous years.

Further, the high PSU debts had caused additional pressure on the PSUs in servicing their debts by way of interest liability. However, as can be noticed from **Table 6.1.8** above, the figures of interest payment by PSUs during 2019-20 to 2021-22 are not consistent with the PSU debts during the corresponding years. This was mainly due to non-payment and non-accounting of interest liability against long term debts by one PSU (Nagaland Industrial Development Corporation Limited) during these years. The unaccounted accumulated interest liability of Nagaland Industrial Development Corporation Limited as per its latest finalised Accounts (2020-21) as of September 2022 stood at ₹6.61 crore.

6.1.8.2 Erosion of capital due to losses

The paid-up capital and accumulated losses of four working PSUs as per their latest finalised accounts as on 30 September 2022 were ₹26.45 crore and ₹73.33 crore respectively (**Appendix 6.1.2**).

The accumulated losses (₹82.89 crore) of three working PSUs had completely eroded their paid-up capital (₹24.85 crore) as per their latest finalised accounts as shown in **Table 6.1.9**.

Table 6.1.9: PSUs with erosion of paid-up capital

(₹ in crore)			
Name of PSU	Latest finalised accounts	Paid up capital	Accumulated losses
Nagaland Industrial Development Corporation Ltd., Dimapur	2020-21	23.20	-54.49
Nagaland Hotels Ltd., Dimapur	2017-18	0.82	-22.09
Nagaland Handloom & Handicrafts Development Corporation Ltd., Dimapur	2019-20	0.83	-6.31
Total	--	24.85	-82.89

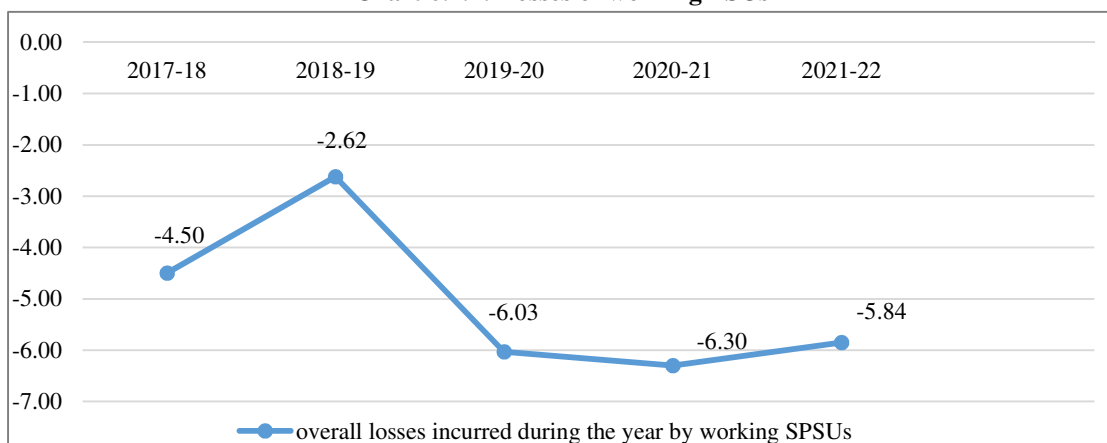
Source: Department records

The Return on Equity (ROE)¹⁶⁵ of these three PSUs was not workable due to complete erosion of their equity capital. ROE in respect of the remaining PSU (Nagaland State Mineral Development Corporation Limited) was positive.

The overall position of the aggregate losses incurred by working PSUs during 2017-18 to 2021-22 shown in **Chart 6.1.2**.

¹⁶⁵ ROE = (Net Profit after taxes *minus* preference dividend) ÷ Shareholders' Fund/Equity; Where, Shareholders' Fund/Equity = Paid up Share Capital *plus* Free Reserves and Surplus *minus* Accumulated Loss *minus* Deferred Revenue Expenditure

Chart 6.1.2: Losses of working PSUs



Source: Latest finalised accounts of the PSUs as on 30 September of the respective years

As can be noticed from **Chart 6.1.2**, the losses of working PSUs has decreased by 7.30 *per cent* in 2021-22 as compared to 2020-21. The PSUs mostly depend on the State Government grants to meet the salary expenditure of its employees since they have less or no income from operations.

6.1.9 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. To determine the RORR on government investment in the State PSUs, the investment of State Government in the form of equity, interest-free loans and grants/subsidies given by the State Government for operational and management expenses less the disinvestments (if any), has been considered and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'profit after tax' (PAT) of the PSUs by the sum of the PV of Government investment.

During 2021-22, as per their latest finalised accounts, three PSUs where State Government had made direct investment, incurred losses and one PSU, Nagaland State Mineral Development Corporation, had shown a net profit of ₹2.50 crore which is mainly the grant received from the State Government while one PSU *i.e.*; Kohima Smart City Development Limited had not finalised its first accounts nor furnished any information. On the basis of return on historical value, the State Government's investment in PSUs had eroded by 0.91 *per cent* during 2021-22. As per the RORR where the PV of investment is considered, the State Government investment eroded by 0.81 *per cent* as shown in **Appendix 6.1.3**. This difference in the percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

6.1.10 Impact of Audit Comments on Annual Accounts of PSUs

During October 2020 to September 2022, four working Companies forwarded seventeen audited accounts to the Principal Accountant General (Audit), Nagaland. Of these, fourteen accounts were issued Non Review Certificate and three Accounts were

selected for audit. Out of these three accounts audited, two were audited during 2020-21 and one in 2021-22.

The Statutory Auditors had given qualified certificates to all the three accounts. The details of aggregate money value of comments of Statutory Auditors and C&AG during the last three years is shown in **Table 6.1.10**.

Table 6.1.10: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2019-20		2020-21		2021-22	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Increase in loss	2	1.63	2	2.90	1	1.67
2.	Decrease in profit	0	0	0	0	0	0
3.	Errors of classification	1	0.06	2	5.66	0	0
Total		3	1.69	4	8.56	1	1.67

Source: Comments issued to PSUs by statutory auditors and C&AG

From the above **Table 6.1.10**, it can be noticed that the money value of comments of statutory auditors and C&AG during last three years ranged between ₹1.67 crore (2021-22) and ₹8.56 crore (2020-21) indicating deficiencies in with the requirements of ‘Generally Accepted Accounting Principles’ (GAAP) and Accounting Standards (AS) by the PSUs.

6.1.11 Follow up action on Audit Reports

6.1.11.1 Submission of Explanatory notes

The Report of the C&AG represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Administrative Departments concerned are required to submit the explanatory notes to paragraphs/performance audits included in the Audit Reports of the C&AG after their presentation to the Legislature, without waiting for any questionnaires from the Committee on Public Undertakings (COPU). However, the Finance Department, Government of Nagaland had not issued any specific instructions in this regard.

The State Audit Reports¹⁶⁶ for the years from 2013-14 to 2018-19 included four compliance audit paragraphs¹⁶⁷ on PSUs in the PSU Chapters of these Reports. As per the status available as on 30 September 2022, no explanatory notes were pending to be received from the Administrative Departments concerned against these compliance audit paragraphs.

¹⁶⁶ The State Audit Reports for five years (2013-14 to 2017-18), were placed in the State Legislature between 17 March 2015 and 15 February 2020 and Audit Report 2018-19 was placed on 5 August 2021

¹⁶⁷ One compliance audit paragraph appeared in each of the State Audit Report for the year 2013-14 and 2016-17 and two paragraphs appeared in 2018-19

6.1.11.2 Discussion of Audit Reports by COPU

The status as on 30 September 2022 of Performance Audits and paragraphs on the State PSUs that appeared in State Audit Reports and discussed by the COPU was as under:

Table 6.1.11: Details of performance audits and paragraphs featured in the State Audit Reports and their discussion held in the COPU

Period of Audit Report	Number of reviews/ paragraphs as on September 2021	
	Paragraphs appeared in Audit Report	Paragraphs discussed
2013-14	1	1
2014-15	0	-
2015-16	0	-
2016-17	1	1
2017-18	0	-
2018-19	2	Nil
2019-20	0	Nil
Total	4	2

Source: Audit Reports of the respective years

During the period 2013-14 to 2020-22, four paragraphs relating to PSUs had featured in the State Audit Reports against which two paragraphs were pending for discussion by COPU (February 2022).

6.1.12 Reforms in Power sector

As part of the power sector reforms, a separate State-owned Company was to be formed under the Companies Act, 1956 to look after the activities of generation, transmission and distribution of electricity in the State. In Nagaland, the Government constituted (February 2008) the Nagaland Electricity Regulatory Commission as part of reforms envisaged by the Electricity Act of 2003. The State Government, however, had not taken any action for restructuring of the power sector and formation of a separate Company for taking up the activities of power sector in the State. At present, all the activities relating to generation, transmission and distribution of electricity in the State are managed and controlled solely by the Power Department of the State Government.

Performance Audit

DEPARTMENT OF POWER

6.2 Implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)

The Electricity Act, 2003 mandates that Government of India (GoI) shall endeavour to supply electricity to all areas including villages and hamlets to ensure rapid economic development. As per Ministry of Power¹⁶⁸ (MoP), a village was considered as electrified if:

- Basic infrastructure such as distribution transformer and distribution lines were provided in the inhabited locality as well as the dalit basti/hamlet where it exists;

¹⁶⁸ New definition of village electrification was issued by MOP, vide their letters No. 42/1/2001-D (RE) dated 05/02/2004 and No. 42/1/2001-D (RE) dated 17/02/2004

- Electricity was provided to public places like schools, panchayat offices, health centres, dispensaries, community centres, etc.; and
- The number of households electrified was at least 10 per cent of the total number of households in the villages.

Highlights

- *The Department could not achieve the objectives of DDUGJY/Saubhagya schemes to provide 24x7 power supply and reduction of Aggregate Technical & Commercial (AT&C) losses.*

(Paragraph 6.2.6.2)

- *There was cost-overrun of ₹4.66 crore on re-tendering, forfeiture of ₹11.45 crore additional GoI grant due to delay in completion of works and extra expenditure of ₹2.46 crore on procurement of consumer meters.*

(Paragraphs 6.2.8.2, 6.2.8.6 and 6.2.8.11)

- *The Department incurred idle expenditure of ₹25.74 crore on metering of rural BPL households and ₹9.85 crore on metering of Distribution Transformers and free electricity connections provided to ineligible beneficiaries.*

(Paragraphs 6.2.8.10, 6.2.8.12 and 6.2.8.13)

- *The Quality Assurance Inspection and Monitoring was ineffective.*

(Paragraphs 6.2.9.2 and 6.2.9.3)

6.2.1 Introduction

6.2.1.1 DDUGJY and Saubhagya

Government of India (GoI) launched (December 2014) Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) subsuming the targets of the erstwhile Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY) as a separate rural electrification sub-component. Two additional objectives were included, viz. (i) separating agriculture and non-agriculture feeders to facilitate judicious rostering of power supply in rural areas and (ii) strengthening and augmenting the sub-transmission and distribution infrastructure in the rural areas. In Nagaland, the scheme did not include segregation of agricultural and non-agricultural feeders as there was no dependence on electricity for agriculture as most of the agricultural activities were carried out through jhum cultivation, natural downhill streams, rainwater and minor irrigation canals.

GoI also launched (September 2017) Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) to achieve universal household electrification by providing last mile connectivity to all households in rural and urban areas.

The status of rural electrification prior to the launch of DDUGJY/Saubhagya scheme and number of un-electrified (UE)/partially electrified (PE) village sanctioned/ covered is shown in **Table 6.2.1**.

Table 6.2.1: Details of rural electrification prior to the scheme and after the scheme

Villages as per Census 2011	Details of villages in December 2014		Details of villages sanctioned under scheme		Details of villages covered/ electrified as on 31 March 2021		Balance PE village to be covered as on 31 March 2021
	UE	PE	UE	PE	UE	PE	
1,433	82	1,351	82	818	82	711	107

Source: Approved DPRs and reply of Department

As seen from **Table 6.2.1**, against the envisaged target of 900 villages (UE: 82 + PE: 818), Department of Power, Nagaland (DoPN) completed electrification works in 793 villages (88 *per cent*) under the scheme as on 31 March 2021.

6.2.2 Role of major stakeholders

MoP is the Nodal Ministry for the implementation of DDUGJY and Saubhagya schemes. The Rural Electrification Corporation (REC) is the Nodal Agency for operation and implementation of the DDUGJY/Saubhagya schemes. DoPN is responsible for preparation of Need Assessment Document (NAD)/ Detailed Project Reports (DPRs), implementation of the scheme, appointment of Project Management Agency (PMA), establishment of project implementation cell at central/district level, submission of progress of project to the Nodal Agency and ensuring availability of power to achieve target of 24x7 power supply. The State Government is responsible to provide support on policy issues, provide land for sub-stations and facilitate in obtaining statutory clearances, ensure implementation of National Optical Fibre Network component, arrange for State contribution and furnish guarantee for the loan component under the scheme.

6.2.3 Funding pattern of the scheme

Funding mechanism of DDUGJY and Saubhagya schemes is detailed in **Table 6.2.2**.

Table 6.2.2: Details of funding mechanism of the scheme

Agency	Nature of support	Quantum of support	
		Others	Special Category States ¹⁶⁹
Government of India (GoI)	Grant	60 <i>per cent</i>	85 <i>per cent</i>
Department of Power, GoN	Own Fund	10 <i>per cent</i>	5 <i>per cent</i>
Lender (FIs/ Banks)	Loan	30 <i>per cent</i>	10 <i>per cent</i>
Additional Grant from GoI on achievement of prescribed milestones	Grant	50 <i>per cent</i> of total loan component <i>i.e.</i> , 15 <i>per cent</i> of total project cost	50 <i>per cent</i> of total loan component <i>i.e.</i> , five <i>per cent</i> of total project cost
Maximum Grant by GoI (including additional grants)	Grant	75 <i>per cent</i>	90 <i>per cent</i>

Source: Departmental records

The Government of Nagaland (GoN) had availed loan from REC to finance the contribution of 15 *per cent* of the Scheme.

¹⁶⁹ Special Category States (All North Eastern States including Nagaland)

6.2.4 Audit Approach

6.2.4.1 Audit objectives

The Performance Audit was undertaken to ascertain whether:

- NAD and DPRs were prepared as per the Scheme guidelines;
- Financial management was efficient and effective and Scheme funds were utilised as per the Scheme guidelines;
- Project Management was effective, efficient and transparent in:
 - Strengthening and augmentation of sub-transmission and distribution system in rural areas including metering of distribution transformers/ feeders/ consumers.
 - Electrification of villages and households as per the scheme.
- Monitoring and evaluation of projects was effective and ensured timely corrective measures.

6.2.4.2 Audit criteria

The audit criteria for the performance audit were derived from the following:

- Scheme guidelines issued by the Ministry and additional guidelines issued by REC regarding Quality control and Procurement of Goods and services, etc.;
- Bipartite/Tripartite agreement among REC, State Government, State Power Department;
- Minutes of the Monitoring Committee meetings;
- Instructions/circulars/orders issued by MoP and REC regarding the scheme;
- Approved Detailed Project Reports;
- Applicable General Financial Rules; and
- Contract Agreements.

6.2.4.3 Audit scope and methodology

GoI approved 63 DPRs (₹315.35 crore) for implementation of DDUGJY and Saubhagya schemes in all the 11 districts of Nagaland (2014-20). Out of 11 districts, 30 DPRs in six districts¹⁷⁰ (₹213.52 crore) were selected for audit (*Appendix-6.2.1*)

An entry conference was held (11 December 2020) with the representatives of the Government and Department of Power wherein audit criteria and methodology were discussed. The audit methodology included collection, analysis of data and issue of audit queries/audit observations. In addition, beneficiary survey was also conducted in the sampled villages. The findings of the performance audit were discussed in the exit conference (21 December 2021). Replies of the State Government have been suitably incorporated in the Report.

6.2.5 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the Department during the course of the Performance Audit.

¹⁷⁰ Dimapur, Wokha, Peren, Mon, Phek and Tuensang

Audit findings

6.2.6 Planning

6.2.6.1 Non-conduct of detailed field survey before preparation of DPRs

The Scheme guidelines stipulate that the implementing agency should prepare DPRs based on detailed field survey to identify beneficiaries and villages/habitations for electrification.

It was observed that field survey was not conducted and the DPRs were prepared based on NAD. Instances where the scheme could not be executed due to non-conduct of field survey before preparation of DPR are discussed below:

- i) As per the DPR of DDUGJY additional 1.6 MVA, 33/11 KV sub-station at Kikruma, Phek was required to be established. It was however observed that, the work order was issued for installation of 2.5 MVA, 33/11 KV SS.

The Government stated (September 2022) that distribution sector being dynamic in nature where the load growth can be exponential, the DoPN found that 1.6 MVA would become overloaded within no time and therefore, opted for higher 2.5 MVA/ 11 KV capacity transformer.

The reply is indicative of the fact that the DPRs had been prepared as a matter of routine without assessing the present and future requirements.

- ii) Monitoring Committee of Saubhagya sanctioned electrification of 24,566 poor urban HHs at a cost of ₹7.37 crore. It was observed that, during execution, DoPN could identify and cover only 7,697 poor urban HHs which resulted in revision of the project cost to ₹2.35 crore.

The Government stated (September 2022) that the DPR figure was an estimated data of poor urban HHs collected from concerned Divisions. However, the DoPN executed the work as per actuals and the project cost was reduced/ revised accordingly.

The reply confirms the fact that the DPR did not capture the actual number of un-electrified poor urban HHs indicating non-conduct of field survey.

- iii) There was mismatch in identification of BPL HHs for electrification as per DPRs and actual coverage in the selected six districts as shown in **Table 6.2.3**.

Table 6.2.3: Details showing mismatch between DPRs and actual coverage

Sl. No.	Selected District	BPL HHs identified in DPRs for electrification						Actual BPL HHs electrified	Difference
		RGVY XII	DDUGJY New I	DDUGJY New II	Saubhagya (Rural)	Saubhagya (Urban)	Total		
	State (Nagaland)	37,751	4,743	16,800	66,766	7,697	1,33,757	1,33,014	743
1.	Dimapur	6,963	554	2,377	10,946	1,844	22,684	20,370	2,314
2.	Mon	1,924	622	1,817	6,734	735	11,832	11,809	23
3.	Peren	4,851	760	1,155	4,528	919	12,213	9,649	2,564
4.	Phek	2,880	150	1,382	7,486	250	12,148	12,295	(147)
5.	Tuensang	3,020	1,299	2,959	6,221	250	13,749	15,065	(1,316)
6.	Wokha	3,776	722	1,202	5,795	250	11,745	11,461	284
	Total	23,414	--	--	--	--	84,371	80,649	--

Source: DPRs and reply of Department

It can be seen from above that in the six selected districts, electrification of 80,649 BPL HHs was taken up against the estimated 84,371 in DPRs. In four districts, (Dimapur, Mon, Peren and Wokha) the DPRs had inflated numbers whereas in Phek and Tuensang, DPR figures was lower than actuals.

The above observations indicate that detailed field survey was not conducted before preparation of DPRs.

6.2.6.2 Mismatch of approved DPRs with overall objective of scheme

Strengthening/augmentation of transmission and distribution infrastructure in rural areas is one of the objectives of DDUGJY/Saubhagya scheme to provide reliable and quality supply of power. Accordingly, the scope of work was to ensure (i) 24x7 power supply for non-agricultural consumers and (ii) reduction of Aggregate Technical & Commercial (AT&C) losses as per trajectory finalised by the Ministry of Power in consultation with the State.

The mismatch between actual infrastructure requirements *vis-a-vis* the sanction under the schemes is shown in **Table 6.2.4**.

Table 6.2.4: Details showing mismatch between actual requirements and sanction of MoP, GOI

Sl. No.	Item of works	Require-ment as per NAD	Sanctioned by MoP, GoI				Difference
			DDUGJY	DDUGJY New & Addl.	Saubhagya	Total	
		(i)	(ii)	(iii)	(iv)	(v)	(vi)
1.	33 KV line (in CKM)	172.00	36.00	49.40	0	85.40	86.60
2.	11 KV line (in CKM)	2,076.34	274.18	409.59	121.96	805.73	1,270.61
3.	LT line (CKM)	1,810.80	241.28	221.43	369.60	832.31	978.49
4.	Distribution Transformer (Nos.)	2,304	305	226	131	662	1,642

Source: Need Assessment Document and Sanction orders from GoI

From **Table 6.2.4**, it can be seen that the works sanctioned under the Scheme were not sufficient to meet the critical gap in sub-transmission and distribution network infrastructure in rural areas. The impact of the same can be observed in non-achievement of targeted AT&C losses as shown in **Table 6.2.5** and non-fulfilment of 24x7 power supply as detailed in **Table 6.2.6**.

Table 6.2.5: Trajectory finalised by MOP *vis-à-vis* the actual AT&C loss figures

(Figures are in *per cent*)

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
AT&C Loss trajectory	64.21	59.21	53.21	47.21	41.21	35.21	29.21
AT&C Loss Actual	67.72	67.97	66.42	66.41	62.01	63.14	63.14

Source: Departmental records

Table 6.2.6: Gap in Power availability and Power demand in the State

Year	Power availability (in MUs)	Power demand (in MUs)	AT&C losses (in <i>per cent</i>)
2014-15	694.256	728.96	67.72
2015-16	750.088	787.50	67.97
2016-17	761.527	814.83	66.42
2017-18	765.164	818.72	66.41

Year	Power availability (in MUs)	Power demand (in MUs)	AT&C losses (in per cent)
2018-19	793.516	833.19	62.01
2019-20	841.260	883.32	63.14
2020-21	838.460	880.38	63.14

Source: Department's reply

The critical gap in sub-transmission and distribution network infrastructure in rural areas, shortage of power availability against the demand and chronic Aggregate Technical & Commercial (AT&C) losses have resulted in unreliable and limited hours of power supply defeating the overall objective of the schemes.

The Government (September 2022) accepted the gap in infrastructure and the mismatch between actual requirements and sanctions under the scheme. It was also assured by DoPN that every effort will be put in place to check the leakage of power to reduce AT&C losses.

6.2.7 Financial Management

The Ministry of Power, GoI had sanctioned ₹315.35 crore for the Scheme as detailed in **Table 6.2.8**. The Bipartite agreement (January 2015) between REC and GoN provided a fund sharing pattern in the ratio of 85:15 (90:10 if scheme is completed in scheduled time). For financing 15 per cent of the project cost, the GoN availed loan from REC.

The receipt and utilisation of Scheme funds during 2014-15 to 2020-21, as on 31 March 2021, is given in **Table 6.2.7**.

Table 6.2.7: Receipt and utilisation of Scheme fund

Year	Opening balance (₹ in crore)	Amount receipt (₹ in crore)		Total available (₹ in crore)	Actual expenditure (₹ in crore)	Closing balance (₹ in crore)
		GoI subsidy	REC Loan			
1	2	3	4	5=2+3+4	6	7=5-6
2014-15	0	0	0	0	0	0
2015-16	0	24.92	2.77	27.69	19.44	8.25
2016-17	8.25	21.51	0	29.76	21.28	8.48
2017-18	8.48	23.64	5.46	37.58	30.62	6.96
2018-19	6.96	94.48	6.73	108.17	93.07	15.10
2019-20	15.10	24.01	16.18	55.29	27.72	27.57
2020-21	27.57	10.48	0.25	38.30	15.95	22.35
Total	--	199.04	31.39	230.43	208.08	--

Source: Sanction orders and Departmental records

As seen from **Table 6.2.7**, against the sanction of ₹315.35 crore, DoPN received ₹230.43 crore (₹199.04 crore grant and ₹31.39 crore loan) from GoI and REC respectively against which expenditure amounting to ₹208.08 crore was incurred as of September 2022.

Audit findings on financial management are discussed in the succeeding paragraphs:

6.2.7.1 Financial and Physical Progress of works

REC approved and sanctioned 63 DPRs at ₹315.35 crore for implementation of the Scheme in 11 districts. DoPN was required to complete all works within 30 months

from the date of sanction. The financial and physical progress (March 2021) are shown in **Tables 6.2.8** and **6.2.9**.

Table 6.2.8: Scheme-wise Financial Progress

(₹ in crore)				
Scheme	Date of sanction	Sanction ¹⁷¹	Receipt	Expenditure
DDUGJY (RGGVY) XII	01/03/2014	92.35	76.02	62.98
DDUGJY New I	18/08/2015	42.38	37.95	39.90
DDUGJY New II	09/01/2017	42.18	35.31	26.06
DDUGJY Addl.	31/01/2020 ¹⁷²	51.99	10.73	2.73
Saubhagya & Infra	08/10/2018	86.45	70.42	76.41
Total		315.35	230.43	208.08

Source: Sanction orders and Departmental records

Table 6.2.9: Scheme-wise Physical Progress

Works	RGGVY XII		DDUGJY New		Saubhagya		Total Progress	
	LOA	Prog.	LOA	Prog.	LOA	Prog.	LOA	Progress
New 33 KV SS (in nos.)	1	0	6	2	0	0	7	2
Augmentation of SS (in nos.)	4	4	0	0	0	0	4	4
33 KV line (in CKm)	36.00	28.00	49.40	40.20	0	0	85.40	68.20
11 KV line (in CKm)	274.18	145.30	409.59	242.23	121.96	121.96	805.73	509.49
LT line (in CKm)	241.28	123.36	221.43	95.10	369.60	369.60	832.31	588.06
DT (in nos.)	305	164	226	106	131	131	662	401
DTR meter (in nos.)	305	150	697	548	0	0	1002	698
Feeder meter (in nos.)	0	0	191	144	0	0	191	144

Source: Letter of Awards (LOAs) and Departmental records

As can be seen from **Tables 6.2.8** and **6.2.9**, DoPN could not complete the works within the scheduled time (March 2021). Against the envisaged electrification target of 900 villages, DoPN undertook works in 793 villages (88 *per cent*) covering 1,33,014 BPL households (81 *per cent*) out of the targeted 1,63,504 beneficiaries.

As a result of the delay in completion of the works within the stipulated timeframe, the State Government lost an opportunity to convert five *per cent* of the loan component into grants from GoI as discussed in detail in **Paragraph 6.2.8.6**.

The Government (September 2022) stated that all works have been completed as on 31 March 2022 and closure reports have been submitted to REC.

6.2.7.2 Non-maintenance of dedicated bank accounts

Paragraph 2.3.2 of DDUGJY guidelines and Paragraph 4.1 of Saubhagya guidelines stipulates that the utility shall open separate dedicated bank accounts in a nationalised bank and the nature of the account shall be current account with Corporate Liquid Term Deposit facility.

Further, Paragraph 6.5 of DDUGJY guidelines stipulates that the utility shall ensure that funds released under DDUGJY is utilised for the purpose for which it is released and will not be diverted for any other purpose other than DDUGJY.

¹⁷¹ Final sanction cost of schemes would be determined on completion of projects

¹⁷² In-principle sanctioned by REC on 13/10/2018

It was observed that in contrary to the Scheme guidelines, DoPN operated a single bank¹⁷³ account for both DDUGJY and Saubhagya schemes. It was observed that an amount of ₹5.99 crore of DDUGJY fund was diverted (March 2021) to meet liabilities for Saubhagya works.

The Government accepted (September 2022) the observation and stated that due to tremendous pressure to complete Saubhagya, the DoPN was compelled to make payments for Saubhagya works from DDUGJY funds, as a temporary measure. Consequently, on receipt of Saubhagya fund, the DDUGJY fund was recouped.

The operation of single bank account for both DDUGJY and Saubhagya was in contravention to the Scheme guidelines and led to temporary diversion of funds.

6.2.7.3 Non-remittance of interest earned on Grant

Paragraph 6.3-of DDUGJY guidelines and Paragraph 4.3- of Saubhagya guidelines require that interest earned should be remitted to MoP on regular basis and at least once in a quarter.

It was observed that interest of ₹3.06 crore was earned (2015-21) on capital subsidy but only ₹2.29 crore was remitted to MoP (*Appendix-6.2.2*) leaving a balance of ₹0.77 crore yet to be transferred. It was also seen that interest earned on capital subsidy was not remitted regularly to MoP as envisaged in the scheme guidelines.

While accepting the audit observation, the Government apprised (September 2022) that the interest earned has been duly refunded to MoP.

6.2.7.4 Excess Service Charges paid to Project Management Agency (PMA)

Paragraph 11- of DDUGJY guidelines and Clause 3.3 (iv-c) of Saubhagya guidelines stipulate that grant would be provided by GoI for expenditure on PMA upto 0.50 *per cent* of the project cost.

DoPN awarded PMA contract to M/s WAPCOS Ltd. for DDUGJY and Saubhagya schemes with service charges at 0.75 *per cent* ₹2.36 crore against GoI grant provision of ₹1.57 crore. Due to higher rate of service charge fixed by DoPN in contravention to the scheme guidelines, there was an extra financial burden of ₹0.79 crore¹⁷⁴.

Further, as per contract agreement, the terms of payment for PMA were (i) 30 *per cent* as advance on acceptance of the work, (ii) 30 *per cent* on completion of Stage-1, 25 *per cent* on completion of Stage-2 and 15 *per cent* after submission of the final report.

It was observed that payments were made based on the claims submitted by PMA instead of the contractual terms of payment wherein balance 15 *per cent* of final instalment of fund was to be released only after submission of the final report and release of final instalment of fund.

¹⁷³ Punjab & Sind Bank A/c No. XXXXX308

¹⁷⁴ ₹2.36 crore - ₹1.57 crore = ₹0.79 crore

It was further noticed that due to non-linking of the payments to be made to the PMA as per the achievement of milestones, DoPN paid (September 2021) excess amount of ₹45 lakh as PMA fees for two components of the schemes as shown in (*Appendix-6.2.3*).

The Government accepted (September 2022) the audit observation and stated that PMA was selected from the list of empanelled consultants and the rate fixed for PMA at 0.75 *per cent* was arrived at after negotiations. The Government has requested REC to allow PMA charges at 0.75 *per cent* for Nagaland and permission from REC was awaited.

6.2.7.5 Delay in submission of Utilisation Certificates (UCs)

Paragraph 7-Chapter IV of DDUGJY guidelines and Paragraph 5-Chapter V of Saubhagya guidelines stipulate that UCs should be submitted latest by 30 April of the succeeding year.

It was observed that there was delay in submission of UCs ranged between one month and eight months as detailed in **Table 6.2.10**.

Table 6.2.10: Delay in submission of UCs

Financial Year	Due date of UC	Actual date of UC submission		Delay	
		DDUGJY	Saubhagya	DDUGJY	Saubhagya
2015-16	30/04/2016	06/01/2017	NA	8 months	-
2016-17	30/04/2017	26/09/2017	NA	5 months	-
2017-18	30/04/2018	02/05/2018	NA	-	-
2018-19	30/04/2019	11/06/2019	11/06/2019	1 month	1 month
2019-20	30/04/2020	28/09/2020	01/05/2020	5 months	-
2020-21	30/04/2021	25/05/2021	25/05/2021	-	1 month

Source: Departmental records

The Government accepted (September 2022) the observation and stated that the main reason for delay was time taken in compiling the expenditures, checking of MBs, *etc.* from various field divisions.

6.2.7.6 Payment without ensuring insurance documentation

The terms of the contract agreement stipulate that the Contractor was to take insurance policy in the joint name of DoPN and the Contractor. The insurance policies should be valid till the date of operational acceptance of the project. The freight charges included in the estimates were inclusive of insurance charges.

It was observed that the contractors had not submitted any insurance policy or premium receipt to DoPN. The Department did not ensure submission of copies of insurance policies by the contractors before authorising payments of freight charges as per the estimated rates. The payment made without the proof of insurance amounts to undue financial benefit to the contractors.

The Government accepted (September 2022) the audit observation and assured to work towards proper documentation of insurance papers.

6.2.8 Project Management

6.2.8.1 Non-adherence to the guidelines resulted in delay in award of contracts

Clause 8 of DDUGJY guidelines and Clause 8.3 of Saubhagya guidelines stipulate that the projects shall be implemented on turnkey contract through e-tendering. In exceptional circumstances, partial turnkey/departmental basis would be permitted. Further, the scheme guidelines stipulate that the works shall be awarded within six months from the date of sanction. It was noticed that there was delay in award of work orders ranging between 65 and 93 days (*Appendix-6.2.4*).

It was further observed in the case of DDUGJY (RGVVY-XII) works that DoPN had requested (03 March 2014) for REC's approval on manual tendering for implementation of DDUGJY in Nagaland citing lack of expertise in e-tendering process but simultaneously issued (04 March 2014) Notice Inviting Tender (NIT) in national and regional newspapers. In response to the NIT, four firms participated and Letter of Award (LOA) was issued (May 2014) to the L1 firm¹⁷⁵ for ₹97.46 crore. It was however seen that REC communicated (September 2014) its disapproval for manual tendering, with directions for fresh tendering of works through e-tender and to complete the process by November 2014. Accordingly, DoPN cancelled (November 2014) the LOA and e-tendering was done with the assistance of E-Procurement Cell of the State Government. After evaluation of two valid bids, M/s Diamond Power Infrastructure Limited, Vadodara (DPIL) was declared L1 and LOA was issued (November 2014) for ₹91.52 crore on turnkey contract with scheduled completion period of 24 months. Thus, due to non-observance of the guidelines, the award of work was delayed beyond the stipulated period of six months with consequential delay in completion and loss of five *per cent* additional assistance.

The Government stated (September 2022) that delay was due to rejection of manual tendering for which re-tendering was done. Further, due to COVID-19 pandemic and consequent SOPs restricting all activities, the works could not be completed in time.

6.2.8.2 Cost over-run of ₹4.66 crore on terminated contract borne by the Government

Clause 36 of General Conditions of Contract provides that on termination of the contract due to the contractor's default, the Contractor shall be liable for any excess cost for completing the balance works.

Examination of records revealed that DoPN terminated (June 2018) the contract with M/s DPIL due to slow progress of works under DDUGJY. Out of the contract value of ₹91.52 crore, DoPN had paid ₹33.21 crore against the work done till the date of termination. Consequently, the balance work was put to tender (estimated cost worth ₹22.77 crore) and was carried out departmentally (estimated cost of ₹35.54 crore). The e-tendered work was awarded (March 2019) to M/s Spectrum Infra Ventures Private

¹⁷⁵ Joint venture of M/s Spectrum Meghalaya Cement Company Private Limited, Guwahati and M/s Diamond Power Infrastructure Limited, Vadodara

Limited for ₹27.43 crore, which exceeded the sanctioned amount by ₹4.66 crore. The cost overrun of ₹4.66 crore should have been recovered from the original contractor (M/s DPIL) as delay in completion of the work was attributable to the contractor. Audit observed that the bank guarantee of ₹0.92 crore only was forfeited (July 2018) from the original contractor.

As a result of termination of the original contract, the work scheduled to be completed in June 2019, was still ongoing (August 2021).

In reply, the Government stated (September 2022) that the cost escalation of ₹4.66 crore on re-tendering arose due to time lapse on cancellation of the original contract for slow progress of work and the Government assured to bear the additional cost and not charge it to scheme funds.

The State Government accepted the audit observation and as such, the contractor was liable to bear the cost escalation of the project in terms of Clause 36.

6.2.8.3 Delay in execution of works

Chapter II Para 9 of DDUGJY guidelines states that the works should be completed within 24 months from the date of award of work.

It was observed that out of seven new Sub-Stations (33 KV SSs) and four augmentation of SSs sanctioned under various component of the scheme, the work of only two new SSs and four augmentation of SSs was completed and commissioned as of March 2021 as shown in **Table 6.2.11**.

Table 6.2.11: Details of execution of SSs and augmentation of SSs

Sl. No.	Component	Name of Sub-Station	LOA date	Scheduled completion date	Remarks
1.	DDUGJY (RGGVY XII)	2.5 MVA Sub-Station at Niuland, Dimapur	08/03/2019	08/03/2021	Complete but not charged.
		Augmentation of SSs at Longleng, Mokokchung, Zunheboto			Complete
2.	DDUGJY NEW	2.5 MVA Sub-Station at Chen, Mon	06/07/2017	06/07/2019	In progress
		2.5 MVA Sub-Station at Naltoqa, Zunheboto			Complete
		1.6 MVA Sub-Station at Sangsanyu, Tuensang	27/08/2018	27/08/2020	Complete
3.	DDUGJY ADDL.	2.5 MVA Sub-Station at Athibung, Peren 2.5 MVA Sub-Station at Chetheba, Phek 2.5 MVA Sub-Station at Kikruma, Phek	06/03/2019	06/03/2021	In progress

Source: Departmental records

The above SS works were sanctioned to cater to the additional load requirement of village/ household electrifications covered under the Scheme. However, due to non-completion/non-commissioning of the SSs, the villages had to endure unreliable power supply.

The Government stated in its reply (September 2022) that all works has been completed since.

6.2.8.4 Delay in receipt of materials from Supplier

The work order for supply of items under RGGVY/ DDUGJY XII Package-B¹⁷⁶ for ₹five crore was awarded to M/s Spectrum Infra Ventures Private Limited with completion period of three months. The items, however, were yet to be received from the supplier (March 2021) as shown in **Table 6.2.12**.

Table 6.2.12: Items to be received under RGGVY XII Package B

Sl. No.	Items	Quantity ordered	Received
1.	25 KVA, 11/0.44 KV DT (in nos.)	58	39
2.	63 KVA, 11/0.44 KV DT (in nos.)	6	0
3.	ACSR Mink Conductors (in Km)	56.36	0.00
4.	ACSR Weasel Conductors (in Km)	355.76	178.00
5.	AAC ANT Conductors (in Km)	495.00	143.32

Source: Departmental records

The Government stated (September 2022) that the remaining items were received during 2021-22.

The reply confirms the delay in supply of items by more than two years.

6.2.8.5 Non-levy of Liquidated Damages for delay in execution of works

As per the Bipartite Agreement between REC and GoN, DoPN was to incorporate provision for levy of Liquidated Damages (LDs) in the agreements for delay in completion of projects.

It was seen in all the sampled six districts that tendered works agreement included a clause on levy of LDs for failure to complete the work within the scheduled date. However, LDs was neither invoked nor was any attempt made to fix responsibility on the contractors, even in cases where delay was attributable solely to the contractor. Non-levy of LDs also attributed to the delay in execution of works as contractors became complacent without any penalty for delay/slow progress.

The Government (September 2022) stated that the initial delay was due to rejection of manual tendering and re-tendering. Also, there were many factors for delay which was informed to REC, and extension was granted from time to time. Moreover, due to COVID pandemic the works could not be completed in time. For these reasons, no liquidated damages were levied on contractors.

The reasons put forward by the Government are not acceptable as the audit observation is based on the cases where the Department concerned have themselves attributed the delay in execution of work to the contractors.

6.2.8.6 Additional GoI grant forgone due to delay in completion of works

Chapter II Paragraph 9 of DDUGJY guidelines stipulate that project under the scheme should be completed within a period of 24 months from the date of issue of LOA in turnkey implementation. For execution on partial turnkey/departamental basis, the project was to be completed within 30 months from the date of communication of the

¹⁷⁶ Vide No.CEL/DDUGJY-XII/PKG-B/LOA/1992 dated 08/03/2019

approval of the MC. The amendment¹⁷⁷ to DDUGJY guidelines provide for additional GoI grant of five *per cent* on timely completion of projects.

In Nagaland, the works under DDUGJY scheme were executed on partial turnkey/ departmental basis and therefore should be completed within 30 months from the date of sanction. The works under Saubhagya scheme was scheduled to be completed by December 2018. Details of sanction and completion of works are shown in **Table 6.2.13**.

Table 6.2.13: Details of sanction date and completion date

Components of Scheme	Sanction Date	Scheduled completion date	Status
RGVY XII	01/03/2014	August 2016	Works under progress
DDUGJY New (I)	18/08/2015	February 2018	Works under progress
DDUGJY New (II)	19/01/2017	July 2019	Works under progress
DDU Addl.	13/10/2018	April 2021	Works under progress
Saubhagya and Infra	25/07/2018	December 2018	Works completed but closure reports not submitted

Source: Departmental records

As can be seen from **Table 6.2.13**, the works under DDUGJY were still under progress beyond the scheduled completion period (April 2021) which resulted in loss of additional GoI grant of ₹11.45 crore (five *per cent* of ₹228.90 crore) and the State Government lost an opportunity to decrease their total outstanding debt to that extent.

6.2.8.7 Non-validation of performance security deposits by the contractor

Clause 9.1.1 of General Condition of Contract (GCC) stipulates that the Contractor shall, within 28 days of the notification of Letter of Intent, provide a performance security for the due performance of the Contract equivalent to 10 *per cent* of the Contract Price, with a validity upto 90 days beyond the Defect Liability Period (12 months). Apart from the Contractor's performance security, the Contractor was required to arrange additional performance securities, as specified in GCC within 28 days of the notification of award in favour of the employer in the form acceptable to the employer. No payment to the Contract shall be released unless the required Bank Guarantee(s) towards contract performance is/are furnished by the contractor.

Examination of records revealed that the contractor executing Package-A (₹16.91 crore), B (₹5.00 crore) and C (₹5.53 crore) works under DDUGJY failed to extend the Bank Guarantee (BG) or Performance Guarantee (PG) which was valid up to November 2019. DoPN released payments without verifying the validity of the BG or PG (10 *per cent* of work order *i.e.* ₹2.74 crore) thereby giving undue benefit to the contractor.

The Government accepted (September 2022) the audit observation and stated that Bank Guarantee/Performance Guarantee has been renewed as per the advice of audit.

¹⁷⁷ Approved by Monitoring Committee in its meeting held on 02 September 2015

6.2.8.8 Inconsistency in identification of un-electrified rural households

RGGVY XII/ DDUGJY scheme provides for free electricity connections to rural BPL households in villages. Similarly, the objective of Saubhagya scheme was to achieve universal household electrification by providing last mile electricity connectivity to all Unelectrified (UE) households in rural and UE households (BPL) in urban areas.

Status of HHs electrification as per Census 2011 and prior to implementation of DDUGJY scheme is shown in **Table 6.2.14**.

Table 6.2.14: HHs electrification as per Census 2011 and prior to implementation of DDUGJY

Sl. No.	District	Census of India 2011						DPR of RGGVY XII / DDUGJY (2014)		
		Rural HHs	Urban HHs	Total HHs	UE Rural HH	UE Urban HH	Total UE HHs	UE RR Non-BPL HHs	UE RR BPL HHs	Total UE Rural HH
1.	Dimapur	36,034	40,698	76,732	4,463	856	5,319	12,512	9,934	22,446
2.	Kiphire	13,400	3,255	16,655	2,324	184	2,508	445	3,277	3,722
3.	Kohima	26,421	25,715	52,136	1,114	298	1,412	4,170	1,737	5,907
4.	Longleng	9,896	1,684	11,580	4,902	262	5,164	1,288	1,722	3,010
5.	Mokokchung	30,016	12,328	42,344	1,984	206	2,190	1,510	2,477	3,987
6.	Mon	35,804	5,543	41,347	26,531	418	26,949	1,351	2,227	3,578
7.	Peren	15,850	2,841	18,691	4,643	189	4,832	1,827	4,851	6,678
8.	Phek	32,889	5,002	37,891	1,633	76	1,709	5,004	2,880	7,884
9.	Tuensang	32,185	6,802	38,987	13,739	250	13,989	119	3,302	3,421
10.	Wokha	27,028	6,241	33,269	7,917	84	8,001	11,296	4,754	16,050
11.	Zunheboto	25,388	4,945	30,333	1,342	145	1,487	15,645	6,397	22,042
Total		2,84,911	1,15,054	3,99,965	70,592	2,968	73,560	55,167	43,558	98,725

Source: Section II Table 4 of Census of India 2011 - District-wise series 14 Part XII-B prepared by Directorate of Census Operations Nagaland and approved DPR of RGGVY XII/ DDUGJY

As can be seen from **Table 6.2.14**, there was an increase in UE rural HHs from 70,592 in 2011 to 98,725 (including 43,558 BPL HHs) in 2014. However, the number of free electrifications sanctioned under various components of DDUGJY scheme was 1,33,757 BPL HHs which is much higher than 43,558 UE BPL HHs identified prior to implementation of scheme as shown in **Table 6.2.15**.

Table 6.2.15: Free electrifications sanctioned under various components of DDUGJY

Sl. No.	District	RGGVY XII/ DDUGJY		Rural BPL HHs			SAUBHAGYA		Total BPL HHs (c)+(d)+(e)+ (f)+(g)
		Rural APL HHs	Public places	RGGVY XII	DDUG JY New I	DDUGJ Y New II	Rural BPL HHs	Urban BPL HHs	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Dimapur	96	240	6,963	554	2,377	10,946	1,844	22,684
2.	Kiphire	0	74	3,277	235	852	2,887	1,632	8,883
3.	Kohima	424	30	1,737	56	1,255	4,281	1,317	8,646
4.	Longleng ¹⁷⁸	1,293	84	449	167	959	1,057	0	2,632
5.	Mokokchung	0	77	2,477	178	1,096	6,546	0	10,297
6.	Mon	1,152	47	1,924	622	1,817	6,734	735	12,135

¹⁷⁸ Longleng is catered from Mokokchung Division

Sl. No.	District	RGGVY XII/ DDUGJY		Rural BPL HHs			SAUBHAGYA		Total BPL HHs (c)+(d)+(e)+(f)+(g)
		Rural APL HHs	Public places	RGGVY XII	DDUG JY New I	DDUGJ Y New II	Rural BPL HHs	Urban BPL HHs	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
7.	Peren	0	64	4,851	760	1,155	4,528	919	12,213
8.	Phek	760	343	2,880	150	1,382	7,486	250	12,148
9.	Tuensang	80	54	3,020	1,299	2,959	6,221	250	14,031
10.	Wokha	8,935	222	3,776	722	1,202	5,795	250	12,723
11.	Zunheboto	15,645	127	6,397	0	1,746	10,285	500	18,928
Total		28,385	1,362	37,751	4,743	16,800	66,766	7,697	1,33,757

Source: Extract from approved DPRs and Central Store Records

It was also observed that the electrification was to cover 1,63,504 connections (28,385 APL HHs, 1,362 public places and 1,33,757 BPL HHs) as per the approved DPR. The financial assistance is provided only for BPL HHs connection at the rate of ₹3,000 per HH consisting of purchase of materials *i.e.*, Energy Meter, LED lamp, PVC Boards, MCB, DP switch, angle holder and PVC wire and installation charges.

As per the scheme, DoPN should have purchased electrification materials for 1,63,504 connections out of which electrification of 28,385 APL HHs and 1,362 public places should have been carried out on payment basis. However, it was seen that against the requirement of 1,63,504 connections, DoPN had issued work orders to procure materials for 1,33,014 BPL HHs only.

The Government (September 2022) stated that the figures in DPR was an estimate and there is bound to be variation in execution and REC was informed about the actual coverage.

The reply does not provide justification to the observations raised in the paragraph as APL HHs and public places remain to be electrified.

6.2.8.9 Non-release of connections to APL and public places

The objective of the Scheme is to provide access to electricity to all categories of rural households including APL HHs. DoPN had assessed the required capacities of transformers based on the combined load requirement of BPL HHs, APL HHs and public places in each village/habitation. Further, Ministry of Power considered a village as electrified only when electricity was provided to public places like schools, panchayat offices, health centres, *etc.* apart from the HHs.

As per approved DPRs of DDUGJY, DoPN had identified 28,385 APL HHs and 1,362 public places like schools, health centres, *etc.*, for electrification, on payment basis. Contrary to the provisions included in the approved DPRs, DoPN did not formulate any mechanism to ensure actual release of electricity connections to HHs other than the BPL HHs. DoPN did not provide any records to confirm actual coverage of the APL HHs and public places under the Scheme. Further, it was observed during field

survey¹⁷⁹ that 80 *per cent* of public places like schools and health centres were temporarily electrified but not metered.

The Government stated (September 2022) that the public places like schools, health centres, *etc.*, are electrified as and when the application is received from the concerned departments. Therefore, the metering of APL and public places was taken up outside the scheme as normal service connection followed by the Department.

The reply is factually incorrect as documentary evidence suggested that apart from the BPL HHs, no other HHs and public places were electrified. Further, without electrification of public places and individual HHs, the village cannot be declared as an electrified village as per the new definition of village electrification.

6.2.8.10 Free electricity connections provided to ineligible beneficiaries

Under Saubhagya scheme, the beneficiary households for free electricity connections were to be identified using SECC (Socio-Economic Caste Census), 2011 data. However, UE households not covered under SECC data, would also be provided electricity connections under the scheme on payment of ₹500 which shall be recovered by DoPN in 10 instalments through electricity bill.

As per SECC 2011, there were 70,592 UE rural HHs inclusive of BPL HHs in the State. Subsequently, DoPN identified 43,558 UE rural BPL HHs prior to implementation of the scheme in 2014. It was observed that only 43,558 BPL HHs were eligible for free electricity connections, however, DoPN provided free connections to 1,33,014 BPL HHs which was more than the SECC 2011 figure. As a result, 89,456 BPL HHs¹⁸⁰ ineligible beneficiaries were provided free electricity connections.

The Government (September 2022) stated that the objective of the Scheme was to electrify all left out BPL households to achieve 100 *per cent* electrification. Thus, DoPN carried out electrification keeping the broader objective of the Scheme.

The reply is not tenable as free electricity connections were to be provided only for UE BPL HHs as per SECC 2011 and the remaining were to be provided electrification at a cost of ₹500 each.

6.2.8.11 Extra expenditure on purchase of consumer meters

Standard Bidding Document (SBD) of the Scheme stipulates technical specification of consumer energy meter for BPL HH electrification.

It was seen that REC provided (December 2018) relaxation in the e-tendering process and permitted departmental execution of household electrification. Accordingly, DoPN issued work orders to existing vendors/suppliers of the Department. The work order for supply of consumer meters specified technical specification for 40,000 meters, whereas the work orders for 93,014 meters specified the brand name in addition to technical specification. It was further observed that DoPN procured 40,000 meters (technical

¹⁷⁹ Audit surveyed 86 sampled villages, out of which in 32 villages electrification of public places (on payment basis) was sanctioned

¹⁸⁰ 1,33,014 – 43,558 = 89,456

specifications) @ ₹1,250 each whereas the rates for 93,014 meters (Brand Name) ranged between ₹1,450 and ₹1650 each. This not only resulted in violation of the procurement procedure but also resulted in extra expenditure of ₹2.46 crore¹⁸¹ as detailed in (*Appendix-6.2.5*).

The Government stated (September 2022) that during the procurement process of the consumer meters for Saubhagya scheme, there was a huge gap in demand and supply of consumer meters by the manufacturer. Thus, the small differences in prevailing market prices had to be overlooked for early completion of consumer metering.

The justification provided by the Government is not acceptable as the rates should have been negotiated with the suppliers keeping in mind the quantity procured.

6.2.8.12 Idle expenditure on purchase of consumer meters

Under DDUGJY/Saubhagya schemes, 1,33,757 BPL HHs were sanctioned for electrification. Against this, 1,33,014 BPL HHs were taken up for electrification (March 2021). The purpose of metering was to capture actual energy consumption of the individual HH consumer and to issue accurate billing to reduce AT&C losses.

Physical verification of the selected villages revealed that household electricity connection was provided through a community single point meter (SPM) in rural areas of Nagaland. Under SPM, the Village Electricity Monitoring Board (VEMB) of each village collects fixed monthly electricity charges from electrified households, irrespective of energy consumption and deposits it to DoPN after deducting collection charges. Individual HH meter reading was not done in the villages. Since rural BPL households are billed on fixed rate, the meters provided under the scheme have served no purpose leading to idle expenditure of ₹25.74 crore¹⁸². Moreover, this incorrect billing system under SPM is also a major factor for high AT&C losses figures in the State.

In reply, the Government stated (September 2022) that under the Nagaland Communitisation Act of Public Institutions and Services Act, 2002, the electricity supply in villages were communitised and billing is done through SPM. The HHs metering under the scheme was meant to provide a basis for determining individual HH consumption and collection of electricity charges by VEMB which will facilitate the VEMBs to serve bills as per the individual meter reading. Also, Electricity Act, 2003 mandates that no licensee shall supply electricity except through a meter.

The reply is not acceptable as presently the billing is not carried out based on meter and VEMB does not do meter reading in the villages. Thus, the expenditure on providing consumer meter in villages remains an idle investment.

¹⁸¹ ₹14,08,93,100 minus ₹11,62,67,500= ₹2,46,25,600

¹⁸² Cost of 1,33,014 meters (₹19.09 crore) + Cost of meter installation (₹6.65 crore i.e. 1,33,014 meter at ₹500 average cost of installation per meter) = ₹25.74 crore

6.2.8.13 Unfruitful expenditure on installation of DTR/Feeder meters

Clause 2(iv) of DDUGJY guidelines envisages for installation of meters on Distribution Transformers (DTs) in the electrified villages to collect DT-wise consumption data and utilise the same to ascertain load usage and monitoring of distribution loss for each feeder. So, apart from metering at consumer end, the metering arrangement at distribution transformers and feeders would facilitate building up a mechanism for proper energy accounting which will help in identifying high loss pockets and initiating remedial measures towards reduction of AT&C losses. Further, for proper energy accounting a suitable Meter Data Acquisition System (MDAS) software should be a part of the metering process and should be in place prior to installation of DTs and Feeder meters.

DoPN had issued (July 2015, October 2017 and August 2018) work orders for supply and installation of energy meters on 1,002 DTRs and 191 Feeders under the Scheme with scheduled completion date of 31 March 2019 as shown in **Table 6.2.16**.

Table 6.2.16: Supply and Installation of energy meters on DTRs and Feeders

(₹ in crore)

Work Order	Particulars	Contractor	Scheduled completion	Total Work Cost	Paid till date
No.CEL/RGGVY/XII/NIT/1329 dated 15/07/2015 (part)	Supply & installation of 305 DTR meter	Diamond Power	21/06/2017	1.02	0.82
No.CEL/DDUGJY/UEV/LOA-DTR/1898 dated 05/10/2017	Supply & installation of 83 DTR meter	National Power System	05/01/2018	0.30	0.26
No.CEL/DDUGJY-Meter/PKG(A)/ 1495 dated 27/08/2018	614 DTR meter 191 Feeder meter	Spectrum Infra Ventures Pvt. Ltd.	31/03/2019	9.26	8.77
Total				10.58	9.85

Source: Departmental records

Against the work order, DoPN had received (March 2021) 906 DT meters and 191 Feeder meters with a delay of two years from the scheduled date of supply. It was observed that an amount of ₹9.85 crore was spent for the purchase of 906 DT meters and 191 Feeder meters and installation of 698 DT meters and 144 Feeder meters as of August 2021. However, in absence of MDAS, DoPN could not carry out transformer-wise energy accounting, auditing and checking of energy losses. Thus, the expenditure of ₹9.85 crore was rendered unfruitful as it failed to secure the intended benefits of the Scheme to monitor and check the distribution losses.

The Government (September 2022) stated that Meter Data Acquisition System (MDAS) was available only in nine Restructured Accelerated Power Development and Reforms Programme (RAPDRP) towns in Nagaland and the fund required for MDAS with IT component could not be incorporated in DDUGJY Schemes and this issue was deferred to Revamped Distribution Sector Scheme (RDSS) launched by GoI in July 2021. DoPN is making all efforts to manually collect meter reading data for the DTR and feeder meters installed under DDUGJY till such time the MDAS is in place under RDSS.

The justification provided by the Government is not acceptable as provisions for MDAS, which was a pre-requisite for energy accounting and auditing, should have been made prior to installation of DT and Feeder meters.

6.2.9 Monitoring

6.2.9.1 No plan for execution of Scheme awareness programme

Chapter-III of Saubhagya guidelines stipulates that the communication campaign/ awareness programme at the State/local levels was to be taken up by DoPN. REC had sanctioned ₹57.98 lakh for taking up awareness campaigns in 11 districts as shown in *Appendix-6.2.6*.

It was observed that DoPN did not book any expenditure against communication head and no documentary evidence of conduct of any such awareness programme was available with DoPN. Further, out of 197 HHs surveyed in sampled villages, 162 HHs stated that they were not aware of Saubhagya Scheme.

On this being pointed out, the Government submitted (September 2022) photographic evidence of awareness program conducted by the DoPN. Further, it was stated that the provision for scheme awareness was made only in DPRs and was not mentioned in sanction order. Hence, some expenditure was made for scheme awareness as part of erection cost and no separate expenditure was booked.

The reply that some expenses towards awareness program had been clubbed with other expenses substantiates the audit observation that no expenses were booked under communication head separately. Moreover, 82 per cent of the HHs surveyed clearly stated that they were not aware of Saubhagya Scheme which corroborates lack of awareness programme.

6.2.9.2 Ineffective Quality Assurance Inspections

The Quality Assurance Mechanism (QAM) under RGGVY XII has a three-tier quality monitoring mechanism *i.e.*, TPIA¹⁸³, RQM¹⁸⁴ and NQM¹⁸⁵ whereas under DDUGJY and Saubhagya there is a single tier QAM in addition to in-house quality process checks. The status of inspections by TPIA/PMA/RQM and compliance of defects by DoPN (March 2021) are shown in (*Appendix-6.2.7*). There were considerable defects noticed during inspections which are yet (March 2021) to be rectified by DoPN. However, NQM had not conducted any inspection as on 31 March 2021.

In reply, the Government accepted (September 2022) the audit observation and assured that all rectifications would be carried out in due course of time.

¹⁸³ WAPCOS is the Third-Party Inspecting Agency (TPIA) for RGGVY XII and Project Management Agency (PMA) for DDUGJY and Saubhagya projects appointed by DoPN

¹⁸⁴ REC Quality Monitors (RQM) is appointed by REC

¹⁸⁵ National Quality Monitors (NQM)

6.2.9.3 Ineffective monitoring

In compliance to Scheme guidelines and Bipartite Agreement between GoN and REC, the State Level Standing Committee (SLSC) was constituted (October 2013) with Chief Secretary, Nagaland as Chairman. The Committee was to recommend the project proposal formulated by the implementing agency and also monitor progress, quality control and resolve issues relating to the implementation of projects *viz.*, allocation of land for Sub-Stations, right of way, forest clearance, *etc.*

It was however observed that SLSC held only four meetings¹⁸⁶ to recommend the DPRs to REC for approval by MoP, GoI. Further, there was nothing on record to suggest that the SLSC monitored the implementation of schemes which led to various shortcomings in implementation and compromised the timelines for implementation of the Schemes as discussed in the preceding paragraphs *inter alia* **Paragraphs 6.2.8.6** (delay in completion of the works), **6.2.8.12** (idle expenditure on individual consumer meters in communitised electrified villages) and **6.2.8.13** (unfruitful expenditure on installation of DTR/Feeder meters).

In reply, the Government stated (September 2022) that SLSC did detailed scrutiny of the DPR prepared by the Department and recommended the same to REC and the Scheme was implemented with assistance of PMA for effective monitoring.

The reply confirms the Audit contention that supervision, guidance and monitoring of scheme implementation at State level was lacking due to ineffective monitoring by SLSC.

6.2.10 Conclusion

DDUGJY and Saubhagya Schemes was implemented in 11 Districts of the State with an objective to provide 24 x 7 power supply and reduce AT&C losses. However, critical gap in sub-transmission and distribution infrastructure, shortfall in supply against demand of power and delay in completion of village electrification infrastructure resulted in non-achievement of both the objectives of the Scheme. Moreover, the execution and management of the scheme works was flawed with deficiency. Audit noticed instances of poor planning, financial mismanagement and non-adherence to scheme guidelines in project execution, undue benefit to the contactors by way of accepting higher price of materials and ineffective monitoring mechanism. The role of SLSC to ensure quality and timelines in scheme implementation was ineffective due to failure to hold meetings for monitoring of Scheme works.

¹⁸⁶ 27/01/2014, 13/07/2015, 20/11/2015 & 31/05/2018

6.2.11 Recommendations

The State Government should-

- (i) ensure conduct of detailed field study prior to preparation of DPRs.*
- (ii) devise effective systems to ensure efficient billing based on actual meter reading and collection of revenue to reduce AT&C losses.*
- (iii) institute a system for conduct of periodic Energy Accounting and Audit.*

CHAPTER-VII
FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER - VII

FOLLOW UP OF AUDIT OBSERVATIONS

7.1 Response of the Departments to the recommendations of the Public Accounts Committee

The Public Accounts Committee (PAC) Reports/ recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments concerned in the form of Action Taken Notes (ATNs). As per PAC Reports of the State of Nagaland, the departments concerned were required to submit the ATNs on the recommendations of the PAC within three months from the date of laying of the Reports of the PAC to the Legislature.

As of March 2022, out of 1,739 recommendations of the PAC made during the period from 1990-91 to 2021-22, 1,217 ATNs on the recommendations had been submitted to the PAC and discussed.

7.2 Monitoring

The State Level Audit and Accounts Committee was formed (June 2008) under the Chairmanship of the Chief Secretary to monitor the follow up action on audit related matters and corrective action on the findings reported by Audit. The Committee was also to review and oversee the working of Departmental Audit and Accounts Committee and also to hold meetings once in six months. During 2020-22, no State Level Audit and Accounts Committee meeting was convened.

7.3 Outstanding Inspection Reports

The Principal Accountant General (Audit), Nagaland conducts periodic inspection of the Government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed under the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities noticed during the inspection and not settled on the spot. The IRs are issued to the Heads of the Offices inspected with copies to the higher authorities for taking corrective action.

The Heads of the Offices/Government are required to comply with the observations contained in the IRs, rectify the defects, omissions and report compliance through initial reply to the Principal Accountant General (Audit) within one month from the date of issue of the IRs. Serious irregularities are reported to the Heads of the departments and the Government.

As of March 2022, 1,751 IRs containing major paragraphs issued from 1997-98 onwards were pending for settlement. The large pendency of IRs was indicative of absence of adequate action to rectify the defects, omissions and irregularities pointed out through IRs by the Heads of Offices and Heads of the Departments.

Recommendation: *The Government may look into the matter and consider streamlining the system to ensure timely response to audit observations. Action may be taken against the officials who fail to send replies to IRs/paragraphs as per prescribed time schedule and the losses/ outstanding advances/overpayments may be recovered in a time bound manner.*

7.4 Departmental Audit Committee Meetings

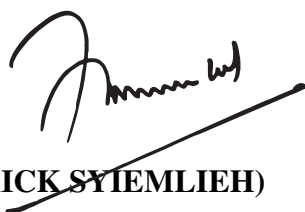
In order to expedite the settlement of the outstanding audit observations contained in the IRs, Departmental Audit Committees had been constituted by the Government.

Departmental Audit Committees are chaired by the Secretaries of the Departments concerned and their meetings are attended by the officers concerned of the State Government and officers from the office of the Principal Accountant General (Audit), Nagaland.

During 2020-21, three Audit Committee Meetings (ACM) were convened in respect of the departments of State Council for Education Research and Training (SCERT), Technical Education and Fire & Emergency Services on 16 December 2020, 19 January 2021 and 26 March 2021 respectively to clear the outstanding audit observations. During the ACMs, 06 IRs consisting of 30 paragraphs pertaining to SCERT Department, 06 IRs consisting of 29 paragraphs pertaining to Technical Education Department and 03 IRs consisting of 18 paragraphs pertaining to Fire & Emergency Services Department had been discussed, out of which 2 IRs and 18 paragraphs in respect of SCERT, 4 IRs and 22 paragraphs in respect of Technical Education and 2 IRs and 12 paragraphs in respect of Fire & Emergency Services Departments respectively had been settled.

In 2021-22, two Audit Committee Meetings were convened in respect of the department of Horticulture and Water Resources on 31 August 2021 and 8 September 2021 respectively. During the ACMs, 20 IRs consisting of 72 paragraphs pertaining to Horticulture Department and 21 IRs consisting of 73 paragraphs pertaining to Water Resources Department respectively had been discussed, out of which 11 IRs and 50 paragraphs in respect of Horticulture Department and 5 IRs and 38 paragraphs in respect of Water Resources Department respectively had been settled.

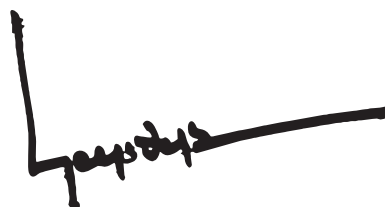
Kohima
The 20 June 2023



(FREDERICK SYIEMLIEH)
Principal Accountant General (Audit)
Nagaland

Countersigned

New Delhi
The 20 June 2023



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix-2.2.1 (A)

Statement showing the details of 54 projects identified under Kohima Smart City Mission as of July 2022

(Reference: Paragraph 2.2.8.1)

Sl. No.	Name of the project	Project Cost	Cost as per Work Order	Amount Released till Date	Financial Progress	Physical Progress	Remarks
		(₹ in crore)			(In per cent)		
1.	Urban Design - Public plazas, Kiosks, Public amenities, Landscaping, Sculptures etc.						
	Beautification of Kohima Town Phase-I	16.18	15.71	9.18	58.44	85.00	Work Order Issued
	Walkable Street	7.20					DPR Completed
	Upgradation of Local Ground	63.92					DPR Completed
2.	Multi services utility duct	20.06					DPR Completed
Under Sl. No. 1	Footover Bridge & Development of Parking Area	6.89					DPR Under Preparation
3.	Utility removal	7.00					DPR Completed
4.	Rejuvenation of bazaars - Cityscaping	7.30					DPR Completed
5.	Upgrading Central Commercial Area(KMC/KSCDL Office)	1.32	1.17	1.124	96.08	100.00	Work Completed
6.	Advertisements and Hoarding	11.00					DPR Under Preparation
7.	Cycle Tracks	5.38					DPR Under Preparation
8.	Street furniture	3.45					DPR Under Preparation
9.	Road cleaning vehicles equipment	4.74	4.74	4.740	100.00	100.00	Work completed
10.	Pelican and Puffin pedestrian systems	0.25					DPR Under Preparation
11.	Traffic Bollards	0.20					Tender Stage
12.	Internal road network development	16.56					DPR Under Preparation
13.	Smart Street lighting system including CCTV digital signage	0.74	0.74	0.74	100.00	100.00	Work Completed
14.	Pedestrian Space Footpath disable friendly	5.32					DPR Under Preparation
15.	Smart parking including CCTV, Boom	2.70					DPR Under Preparation

Audit Report for the year ended 31 March 2022

Sl. No.	Name of the project	Project Cost	Cost as per Work Order	Amount Released till Date	Financial Progress	Physical Progress	Remarks
		(₹ in crore)			(In per cent)		
16.	Resurfacing of existing main paved roads	6.64					DPR Under Preparation
17.	Multi-level car parking	60					Undertaken by Municipal Department
	(Old Medical Dte)		27.54	14.00	50.84	53.00	
	(Old NST)		25.16	12.88	51.19	55.00	
18.	Old secretariat Redevelopment-Mini Sports Complex	13.87					DPR Completed
	Old secretariat Redevelopment-MLCP	28.24	0				DPR Completed
	Old secretariat redevelopment-Hotel	55.45	0				DPR Completed
19.	Old secretariat redevelopment- Commercial Block - Office and Shopping space	41.33	0				DPR Completed
20.	Old secretariat redevelopment-Transforming all Government buildings into Disable friendly.	4.87	4.65	2.53	54.41	56.00	Work Order Issued
21.	Building facade rejuvenation, site development works including lighting and ladsaping - New Market, Naga bazaar, Dak lane, Porter lane buildings	3.50					DPR Under Preparation
22.	Naga Heritage Museum Interpretation and resource center with augmented reality tours and heritage tours	23.59					DPR Completed
23.	Redevelopment of Tourism Information and Facilitation Center	0					DPR Under Preparation
24.	Recreational Tourism Battle Tank Area World War 2 sites						
Under Sl. No. 21	Capital cultural Hall	36.35	14.40	9.18	63.74	70.00	Work Order Issued
	Capital cultural Hall (Ancillary Works)		21.45	0.00	0.00	42.00	Work Order Issued
25.	Battle Tank	10.90					DPR Completed
26.	Artisan Village	9.00	0				DPR Under Preparation
27.	World War Memorial & Heritage Site	5.00					DPR Under Preparation
28.	Area Redevelopment strategy - In situ slum upgradation - Slum rehabilitation and rejuvenation of the old houses	92.63					DPR Under Preparation
Under Sl. No. 1	Community Hall cum parking at New Market		2.04	1.64	80.07	85.00	Work Order Issued
29.	SCADA System for Water	4.50	0				DPR Under Preparation
30.	Water quality monitoring system and real time display	0	0				DPR Under Preparation

Sl. No.	Name of the project	Project Cost	Cost as per Work Order	Amount Released till Date	Financial Progress	Physical Progress	Remarks
		(₹ in crore)			(In per cent)		
31.	Smart metering with leakage control system and theft control	0	0				DPR Under Preparation
32.	3 Bin Segregation Dustbins	0	0				DPR Under Preparation
33.	Reverse Vending Machines Pilot project	0	0				DPR Under Preparation
34.	GPS enabled vehicles for waste collection (21 Tata mobiles given to wards)	1.53	1.53	1.53	100.00	100.00	Work Completed
35.	Community Waste Composting Organic kitchen waste	0	0				DPR Under Preparation
36.	Bio-Toilets Public convenience (25 Nos)	0.9971	0.9971	1.00	100.00	100.00	Work Order Issued
37.	Decentralized waste water treatment DEWATS	12.00	0				DPR Under Preparation
38.	Electricity Distribution-Underground Electrical Network	53.17	0				DPR Under Preparation
39.	Electricity Distribution-Electrical Sub-station	0	0				DPR Under Preparation
40.	Electricity Distribution- Smart meters	0	0				DPR Under Preparation
41.	Electricity Distribution-Roof top solar panels	55.76	0				DPR Under Preparation
42.	Sustainable urban drainage system including Re-use	41.52	0				DPR Completed
43.	Rain water harvesting	18.84	0				DPR Completed
44.	Green Belt Development	29.92	0				DPR Under Preparation
45.	GIS based asset management system	1.50	0				DPR Under Preparation
46.	Ropeway	40.90	0				DPR Under Preparation
47.	Bus stops Detailed Information kiosks with real time status and Advertisements	19.14	0				DPR Under Preparation
48.	Additional Buses for lease	0.84	0.84	0.84	100.00	100.00	Work Completed
49.	Fire Station Automated Fire Response System	10	0				DPR Under Preparation

Audit Report for the year ended 31 March 2022

Sl. No.	Name of the project	Project Cost	Cost as per Work Order	Amount Released till Date	Financial Progress	Physical Progress	Remarks
		(₹ in crore)			(In <i>per cent</i>)		
50.	Emergency Response System Early warning and evacuation system	13.00	0				DPR Under Preparation
51.	Smart Ambulance	0.60	0.60	0.60	100.00	100.00	Work Completed
52.	Discover Kohima Web Mobile apps for comprehensive heritage and tourism promotion	0	0				DPR Under Preparation
53.	Wi-Fi hotspot zones - City Wi-Fi Hotspot - Reception area, Wi-Fi Router, Civil works	4.53	4.53	2.15	47.54	100.00	Work Completed
54.	Integrated Command and Control Center for Kohima Smart City	131.16	131.16	74.61	56.88	85.00	Work Completed

Source: Departmental records

Appendix-2.2.1 (B)
Statement showing the details of financial progress vis-à-vis physical progress as of July 2022
(Reference: Paragraphs 2.2.8.1 and 2.2.11.1)

Sl. No.	Name of work	Estimated cost	Cost as per work order	Amount released till date	Financial progress	Physical progress	Remarks
		(₹ in crore)			(In per cent)		
Urban Design - Public plazas, Kiosks, Public amenities, Landscaping, Sculptures, etc.							
1.	Beautification of Kohima Town Phase-I	16.18	15.71	9.18	58.44	85	Work Order Issued
2.	Walkable Street	7.20					DPR Completed
3.	Upgradation of Local Ground	63.92					
4.	Multi services utility duct	20.06					
5.	Foot-over Bridge & Development of Parking Area	6.89					DPR Under Preparation
6.	Utility removal	7.00					DPR Completed
7.	Rejuvenation of bazaars – City scaping	7.30					
8.	Upgrading Central Commercial Area (KMC/ KSCDL Office)	1.32	1.17	1.124	96	100	Work Completed
9.	Advertisements and Hoarding	11.00	0				DPR Under Preparation
10.	Cycle Tracks	5.38	0				
11.	Street furniture	3.45	0				
12.	Road cleaning vehicles equipment	4.74	4.74	4.74	100	100	Work completed
13.	Pelican and Puffin pedestrian systems	0.25	0				DPR Under Preparation
14.	Traffic Bollards	0.20	0				Tender Stage
15.	Internal road network development	16.56	0				DPR Under Preparation
16.	Smart Street lighting system including CCTV digital signage	0.74	0.74	0.74	100	100	Work Completed
17.	Pedestrian Space Footpath disable friendly	5.32	0				DPR Under Preparation
18.	Smart parking including CCTV, Boom	2.70	0				
19.	Resurfacing of existing main paved roads	6.64	0				
20.	Multi-level car parking	60.00					Undertaken by Municipal Department
	(Old Medical Directorate)		27.54	14.00	51	53	
	(Old NST)		25.16	12.88	51	55	
21.	Old secretariat Redevelopment-Mini Sports Complex	13.87					DPR Completed
22.	Old secretariat Redevelopment-MLCP	28.24	0				
23.	Old secretariat redevelopment-Hotel	55.45	0				

Audit Report for the year ended 31 March 2022

Sl. No.	Name of work	Estimated cost	Cost as per work order	Amount released till date	Financial progress	Physical progress	Remarks
		(₹ in crore)			(In <i>per cent</i>)		
24.	Old secretariat redevelopment- Commercial Block - Office and Shopping space	41.33	0				DPR Completed
25.	Old secretariat redevelopment-Transforming all Government buildings into Disable friendly.	4.87	4.65	2.53	54	56	Work Order Issued
26.	Building facade rejuvenation, site development works including lighting and landscaping - New Market, Naga bazaar, Dak lane, Porter lane buildings	3.50	0				DPR Under Preparation
27.	Naga Heritage Museum Interpretation and Resource Center with augmented reality tours and heritage tours	23.59	0				DPR Completed
28.	Redevelopment of Tourism Information and Facilitation Center	0	0				DPR Under Preparation
29.	Recreational Tourism Battle Tank Area World War 2 sites	No concept note/ DPR was prepared. Hence, no expenditure incurred against the work.					
30.	Capital cultural Hall	36.35	14.40	9.18	64	70	Work Order Issued
	Capital cultural Hall (Ancillary Works)		21.45	0	0	42	
31.	Battle Tank	10.90					DPR Completed
32.	Artisan Village	9.00	0				DPR Under Preparation
33.	World War Memorial & Heritage Site	5.00					
34.	Area Redevelopment strategy - In situ slum upgradation - Slum rehabilitation and rejuvenation of the old houses	92.63					
35.	Community Hall cum parking at New Market		2.04	1.64	80	85	
36.	SCADA System for Water	4.50	0				DPR Under Preparation
37.	Water quality monitoring system and real time display	0	0				
38.	Smart metering with leakage control system and theft control	0	0				
39.	3 Bin Segregation Dustbins	0	0				
40.	Reverse Vending Machines Pilot project	0	0				
41.	GPS enabled vehicles for waste collection(21 Tata mobiles given to wards)	1.53	1.53	1.53	100	100	Work Completed
42.	Community Waste Composting Organic kitchen waste	0	0				DPR Under Preparation
43.	Bio-Toilets Public convenience (25 Nos)	0.9971	0.9971	1.00	100	100	Work Order Issued
44.	Decentralised waste water treatment DEWATS	12.00	0				DPR Under Preparation
45.	Electricity Distribution-Underground Electrical Network	53.17	0				DPR Under Preparation
46.	Electricity Distribution-Electrical Sub-station	0	0				
47.	Electricity Distribution- Smart meters	0	0				

Sl. No.	Name of work	Estimated cost	Cost as per work order	Amount released till date	Financial progress	Physical progress	Remarks
		(₹ in crore)			(In per cent)		
48.	Electricity Distribution-Roof top solar panels	55.76	0				
49.	Sustainable urban drainage system including Re-use	41.52	0				DPR Completed
50.	Rain water harvesting	18.84	0				DPR Completed
51.	Green Belt Development	29.92	0				DPR Under Preparation
52.	GIS based asset management system	1.5	0				
53.	Ropeway	40.9	0				
54.	Bus stops Detailed Information kiosks with real time status and Advertisements	19.14	0				
55.	Additional Buses for lease	0.84	0.84	0.84	100	100	Work Completed
56.	Fire Station Automated Fire Response System	10.00	0				DPR Under Preparation
57.	Emergency Response System Early warning and evacuation system	13.00	0				
58.	Smart Ambulance	0.60	0.60	0.60	100	100	Work Completed
59.	Discover Kohima Web Mobile apps for comprehensive heritage and tourism promotion	0	0				DPR Under Preparation
60.	Wi-Fi hotspot zones - City Wi-Fi Hotspot - Reception area, Wi-Fi Router, Civil works	4.53	4.53	2.15	48	100	Work Completed
61.	Integrated Command and Control Center for Kohima Smart City	131.16	131.16		57	85	

Source: Departmental records

Details of 61 works as of July 2022:

Status of the works	No. of Project	Cost of the work as per work order	Expenditure till date	Financial Progress
		(₹ in crore)		(in per cent)
Work Completed	8	145.31	86.33	59.41
Work Order Issued/ Ongoing	6	111.95	50.41	45.03
Tender Stage	1	0	0	0.00
DPR Completed	13	0	0	0.00
DPR Under Preparation	32	0	0	0.00
No detail	1	0	0	0.00
Total	61	257.26	136.74	--

Source: Departmental records

Appendix-2.2.2

Statement showing TDS of Income Tax to be deducted from the three companies

(Reference: Paragraph 2.2.9.2)

(Amount in ₹)

Sl. No.	Name Contractor	Name of work	Bill No.& date	Amount passed for payment (Monthly invoice)	Income Tax TDS @ 2% & 10%
1.	Bharat Electronics Ltd. (BEL)	Integrated Command Control Centre (ICCC) (Adv.)	20 of 3/7/2019	15,00,00,000	30,00,000
2.		S-II	120 of 28/02/2020	10,17,02,295	20,34,046
3.		S-II	127 of 19/03/2020	5,00,24,805	10,00,496
4.		S-II	40 of 5/8/2020	7,50,10,054	15,00,201
5.		S-III	56 of 03/9/2020	3,72,88,364	7,45,767
6.		S-III	73 of 9/10/2020	67,97,924	1,35,958
7.		S-II&III	83 of 17/11/2020	13,79,87,125	27,59,743
8.		S-II&III	100 of 4/01/2021	14,52,90,851	29,05,817
9.		S-II&III	120 of 30/3/2021	4,19,77,682	8,39,554
Sub-Total (A) (2%)				74,60,79,100	1,49,21,582
1.	M/s. WAPCOS	(PMC) M/Adv.	5 of 26/4/2019	86,39,650	8,63,965
2.		(TASK-1&3)	98 of 19/12/2019	22,11,607	2,21,161
3.			105 of 8/2/2020	19,01,156	1,90,116
4.			6 of 2/5/2020	85,59,922	8,55,992
5.			58 of 9/8/2020	15,39,627	1,53,963
6.			97 of 21/12/2020	44,72,764	4,47,276
7.			126 of 31/3/2021	75,49,313	7,54,931
8.		TASK-2 LUMPSUM	113 of 8/3/2021	49,40,657	4,94,066
9.			14 of 6/7/2021	18,00,000	1,80,000
Sub-Total (B) (10%)				4,16,14,696	41,61,470
1.	M/s. Symbios Creations Ltd.	WIFI Project (Adv.) 1st	104 of 21/12/2019	68,01,747	1,36,035
2.		2nd	130 of 30/3/2020	68,01,747	1,36,035
3.		3rd	84 of 24/11/2020	31,73,542	63,471
4.		4th	106 of 5/2/2020	15,86,770	31,735
5.		5th	6 of 3/5/2021	15,86,771	31,735
6.		6th	16 of 16/7/2021	15,86,771	31,735
Sub-Total – C (2%)				2,15,37,348	8,61,494
Grand Total (A+B+C)					1,99,44,546

Source: Figures of KSCDL

Appendix-2.2.3

Statement showing details of payment made before actual execution of the work
(Reference: Paragraph 2.2.10.6)

Sl. No.	Items of works	Unit	Rate	As per RA Bill		Qty. actually executed as per joint physical inspection
				Qty	Amount (in ₹)	
1	Providing and fixing ISI marked flush door shutters decorative type, ore of block board construction with frames of 1st class hard wood and well matched teak 3 ply veneering with vertical grains of cross bands and face veneers on both faces of shutters, 35 mm thick including ISI marked stainless steel butt hinges with necessary screws	Sqm	2,923.85	15.44	45,144.24	Nil
2	Providing and fixing 1 mm thick MS sheet sliding shutters with frames and diagonal braces of 40x40x6 angle iron, 3mm gusset at the junction and corners 25 mm dia pulley, 40x40x6 angle and T iron guide at the top and bottom respectively including applying a priming coat of approved steel primer	Sqm	5,078.58	31.32	1,59,061.13	Nil
3	Providing and fixing ball bearing for rolling shutters	No.	1603.8	4	6,415.20	Nil
4	Providing and fixing at all heights false ceiling of 12 mm thick tapered edge gypsum board conforming to IS 2095 including providing and fixing of frame work make of special sections power pressed from MS Sheet and galvanised in accordance with zinc coating 600 as per IS 277 and consisting of angle cleats of size 25mm wide x 1.6mm thick	Sqm	2,644.45	153	4,04,600.85	Nil
5	Marble works in flooring with extra for stairs	Sqm	5,035.51	24.15	1,21,607.57	Nil
6	Providing and laying ceramic glazed floor tiles 300x300 mm of 1st quality conforming to IS 13755 of NITCO, ORIENT, SOMANY, KAJARIA or equivalent make in colours such as white, ivory, grey fume red Brown	Sqm	1,151.83	77.57	89,347.45	Nil
7	Providing and fixing aluminium works for doors, windows, ventilators and partitions with extruded built up standard tubular sections/appropriate Z sections and other sections of approved make conforming to IS:733 and IS:1285 fixed withdrawal plug and screws or with fixing clips, or with expansion hold fasteners including necessary filling up of gaps at junction, at top, bottoms and sides with required PVC/neoprene felt etc.	Kg	511.44	258.67	1,32,294.19	Nil
8	Providing and fixing glazing in aluminium door, windows, ventilators, shutters, etc. with PVC/neoprene gasket etc complete as per architectural drawing.	Sqm	1,415.64	26.46	37,457.83	Nil
9	Finishing walls with textured exterior paint "Sandex Matt" of M/s Snowcem India Ltd. or equivalent of required shade.	Sqm	268.68	219.98	59,105.30	Nil
10	12 mm thick plaster in proportion 1:3 (1-Cement, 3-fine sand) For Second Floor (External wall)	Sqm	247.69	181.63	44,987.32	Nil
Total					11,00,021.08	--

Source: KSCDL Records and Joint Physical Inspection Report

Appendix-2.2.4
Statement showing activity-wise time schedule
(Reference: Paragraph 2.2.11.1)

Sl. No.	Activity wise Deliverable	Time period (T0 date of signing of Contract) and T1 is the date of appointment of implementing agency
1.	Activity 1: Inception Report	T0+ 15 days
2.	Activity 2: a) For ABD Modules: Submission of Situation Analysis Report for Modules and its acceptance& approval by the Smart City/SPV b) For Pan City Module: Submission of Business Re-engineering Report (BPR) and Final function requirement specifications (FRS) and its acceptance& approval by the Smart City/SPV	T0+ 12 Months
3.	Activity 3: For ABD and Pan City Modules: Feasibility Study Report and its acceptance& approval by the Smart City/SPV	
4.	Activity 4: For ABD and Pan City Modules: Submission of Detailed Project Report and its acceptance& approval by the Smart City/SPV	
5.	Activity 5: For ABD and Pan City Modules: Submission of Bid Documents and its acceptance& approval by the Smart City/SPV	

Source: Contract Agreement and RFP

Appendix-2.2.5
Statement showing projects implemented without involvement of the PMC
(Reference: Paragraph 2.2.11.1)

Sl. No.	Project Name	Project Cost (in crore)	Cost as per Work Order (in crore)	Amount Released till Date (in crore)	Physical Progress
1.	<i>Beautification of Kohima Town Phase-I</i>	16.18	15.71	9.18	85%
2.	Upgrading Central Commercial Area (KMC/KSCDL Office)	1.32	1.17	1.124	100%
3.	Road cleaning vehicles equipment	4.74	4.74	4.740	100%
4.	Smart Street lighting system including CCTV digital signage	0.74	0.74	0.74	100%
5.	Old secretariat redevelopment-Transforming all Government buildings into Disable friendly.	4.87	4.65	2.53	56%
6.	<i>Community Hall cum parking at New Market</i>	2.04	2.04	1.64	85%
7.	GPS enabled vehicles for waste collection(21 Tata mobiles given to wards)	1.53	1.53	1.53	100%
8.	Bio-Toilets Public convenience (25 Nos)	0.9971	0.9971	1.00	100%
9.	Additional Buses for lease	0.84	0.84	0.84	100%
10.	Smart Ambulance	0.6	0.6	0.6	100%
11	Wi-Fi hotspot zones - City Wi-Fi Hotspot - Reception area, Wi-Fi Router, Civil works	4.53	4.53	2.15	100%

Source: Management figures

Appendix-3.2.1
Statement showing details of the sample selection
(Reference: Paragraph 3.2.3)

Sl. No.	Name of the:				No. of registered farmers as of March 2021
	District	Sub-District	Block	Village	
1.	Dimapur	Aquqhnaqua	Aghunaqa	Ghoshito	162
2.				P.Vihoto	83
3.				Izhevi	58
4.		Kuhoboto	Kuhoboto	Showuba (Old)	285
5.				Vihokhu	177
6.				Nihokhu	Toshiho
7.	Kohima	Botsa	Botsa	Gareiphema	313
8.				Tuophema	188
9.				Seiyhama	76
10.		Sechu-Zubza	Sechu Zubza	Sechu (Zubza)	335
11.				Jotsoma	292
12.				Menguzouma	89
13.	Mokokchung	Mangkolemba	Mangkolemba	Mangkolemba Hq	882
14.				Longnak	82
15.				Alongkima	Waromong
16.		Tuli	Tuli	Mulongyimsen B	301
17.				Mulongyimsen	266
18.				Kangtsung Yimsen	68
19.	Mon	Mon Sadar	Mon	Leangha	917
20.				Wangla	378
21.				Tekuk (UR)	42
22.		Longshen	Phomching	Tang	973
23.				Shianghamokok	98
24.				Phomching	Longzang
Total					6,680

Source: PM-KISAN portal and sampling records

Appendix-3.2.2

Number of registered farmers missing in the village eligible beneficiary list, farmers records without land holdings and Father's/ Husband's name information in the sampled villages of four test-checked districts

(Reference: Paragraph 3.2.7.1)

Sl. No.	Name of the:		No. of registered farmers as per PM-KISAN Portal (March 2021)			As per eligible beneficiary list and records submitted by DAOs/ SDAOs		
	District	Village	Uploaded by DoA	Self-registration accepted	Total registered farmers	No. of registered farmers without land holding information	No. of registered farmers without Father's/ Husband's name	No. of registered farmers found missing in village council eligible beneficiary list
1	Dimapur	Ghoshito	162	0	162	0	7	0
2		P.Vihoto	83	0	83	0	1	0
3		Izhevi	58	0	58	0	0	0
4		Showuba (Old)	285	0	285	212	2	0
5		Vihokhu	177	0	177	108	5	0
6		Toshiho	48	0	48	0	2	0
7	Kohima	Sechu (Zubza)	335	0	335	162	29	0
8		Jotsoma	292	0	292	178	2	0
9		Menguzouma	89	0	89	22	30	0
10		Tuophema	188	0	188	188	54	0
11		Gareiphema	313	0	313	80	10	8
12		Seiyhama	76	0	76	76	11	11
13	Mokokchung	Mangkolemba Hq	879	3	882	428	451	422
14		Waromong	191	0	191	74	61	61
15		Longnak	82	0	82	31	68	31
16		Mulongyimsen B	301	0	301	119	124	119
17		Mulongyimsen	266	0	266	127	127	127
18		Kangtsung Yimsen	68	0	68	6	7	6
19	Mon	Leangha	658	259	917	191	191	180
20		Wangla	312	66	378	94	94	85
21		Tekuk (UR)	2	40	42	3	3	2
22		Tang	836	137	973	150	150	137
23		Longzang	281	95	376	32	32	28
24		Shianghamokok	63	35	98	11	11	3
Total			6,045	635	6,680	2,292^	1,472^	1,220

Source: PM-KISAN portal and records submitted by DAOs & SDAOs of test checked districts

[^] Figures inclusive of number of registered farmers found missing in village council eligible beneficiary list

Appendix-3.2.3

District-wise ineligible beneficiaries detected by the implementing Department as of September 2021

(Reference: Paragraph 3.2.7.5 (i))

(Amount in ₹)

Sl. No.	District Name	No. of ineligible beneficiaries detected	Total payments credited to ineligible beneficiaries'			No. of ineligible beneficiaries still remained active as per Scheme portal	Total payments
			No. of farmers received minimum one instalment	No. of installments received	Total payments		
1.	Dimapur	327	321	1411	28,22,000	0	0
2.	Kiphire	112	103	484	9,68,000	0	0
3.	Kohima	4	4	24	48,000	0	0
4.	Longleng	7	6	20	40,000	0	0
5.	Mokokchung	20	20	122	2,44,000	0	0
6.	Mon	2	2	12	24,000	0	0
7.	Peren	22	21	132	2,64,000	0	0
8.	Phek	33	33	224	4,48,000	0	0
9.	Tuensang	189	186	820	16,40,000	0	0
10.	Wokha	389	389	2220	44,40,000	176	25,16,000
11.	Zunheboto	96	95	535	10,70,000	0	0
Total		1,201	1,180	6,004	1,20,08,000	176	25,16,000

Source: Reports submitted by DAOs/SDAOs and MIS reports.

Appendix-3.2.4
District-wise income tax payee farmers as of September 2021
(Reference: Paragraph 3.2.7.5 (ii))

(Amount in ₹)

Sl. No.	Name of district	Total no. of income tax payee farmers	No. of income tax payee farmers received minimum one instalment	No. of installments received by income tax payee farmers	Total fund received by income tax payee farmers
1.	Dimapur	4	4	20	40,000
2.	Kohima	1	1	4	8,000
3.	Longleng	24	24	79	1,58,000
4.	Mokokchung	3	3	10	20,000
5.	Mon	8	8	24	48,000
6.	Phek	1	0	0	0
7.	Tuensang	3	3	7	14,000
8.	Wokha	8	8	40	80,000
9.	Zunheboto	4	4	16	32,000
Total		56	55	200	4,00,000

Source: PM-KISAN portal and Departmental records.

Appendix-3.2.5
Serving and retired officers and employees of State Government registered under PM-KISAN Scheme

(Reference: Paragraph 3.2.7.5 (iii))

(Amount in ₹)

Sl. No.	Name of the District	Number of Government employee registered			Amount paid to the Government employee registered		
		Working	Retired	Total	Working	Retired	Total
1	2	3	4	5= (3+4)	6	7	8= (6+7)
1	Dimapur	41	3	44	6,30,000	46,000	6,76,000
2	Kiphire	18	1	19	2,80,000	4,000	2,84,000
3	Kohima	10	2	12	1,68,000	22,000	1,90,000
4	Longleng	112	15	127	15,08,000	1,96,000	17,04,000
5	Mokokchung	93	18	111	14,06,000	2,84,000	16,90,000
6	Mon	150	13	163	19,40,000	1,56,000	20,96,000
7	Peren	16	4	20	2,36,000	64,000	3,00,000
8	Phek	25	6	31	3,76,000	78,000	4,54,000
9	Tuensang	50	5	55	6,62,000	78,000	7,40,000
10	Wokha	69	13	82	10,02,000	1,84,000	11,86,000
11	Zunheboto	78	2	80	11,10,000	32,000	11,42,000
Total		662	82	744	93,18,000	11,44,000	1,04,62,000

Source: PM-KISAN database and PIMS data.

Appendix-3.2.6
Ineligible beneficiaries noticed out of the sampled beneficiaries
(Reference: Paragraph 3.2.7.5 (v))

Sl. No.	District Name	Village Name	Registered ID	Beneficiary Name	Aadhaar No.	No. of installment paid upto September 2021	Active/ Inactive	Aadhaar Verification status	Remarks
1.	Kohima	Jotsoma	NL237063413	RHIZIELHOUNO SANO	XXXXXXXXX3110	8	Active	Verified	Received Monthly Salary (July 2019 Salary ₹21,358/-)
2.	Mon	Leangha	NL270854540	C CHINGYAM KONYAK	XXXXXXXXX2475	6	Active	Verified	Received Monthly Salary (September 2020 Salary ₹30,552/-)
3.	Mon	Leangha	NL226379278	MAHLONG KONYAK	XXXXXXXXX2146	8	Active	Verified	Received Monthly Salary (December 2019 Salary ₹17,252/-)
4.	Mon	Tang	NL286024186	MONGLIH S KONYAK	XXXXXXXXX8372	4	Active	Verified	Received Monthly Salary (August 2020 Salary ₹34,197/-)
5.	Mon	Tang	NL255059042	W CHINGMEI WANGSA KONYAK	XXXXXXXXX8880	7	Active	Verified	Received Monthly Salary (January 2021 Salary ₹18,000/-)
6.	Mokokchung	Mangkolemba Hq	NL254196349	LONGRITEKA	XXXXXXXXX8204	7	Active	Verified	Received Monthly Salary (February 2019 Salary ₹42,254/-)
7.	Mokokchung	Mulongyimsen B	NL232428119	PURTOSHI	XXXXXXXXX5144	8	Active	Verified	Pensioner (June 2019 pension ₹18,516/-)
8.	Mokokchung	Kangtsung Yimsen	NL163266888	SUSULEPZUK	XXXXXXXXX4992	9	Active	Verified	Pensioner (February 2019 pension ₹14,933/-)
Total						57	--	--	--

Source: PM-KISAN portal and Beneficiary records

Appendix-3.2.7

Details of 26 beneficiaries out of the sampled beneficiaries certified by the Village Councils as untraceable or did not own any cultivable land in the villages

(Reference: Paragraph 3.2.7.5 (v))

Sl. No.	District Name	Village Name	Mode of registration	Registered ID	Beneficiary Name	Aadhaar No.	No. of installment paid upto September 2021	Active/ Inactive
1.	Mokokchung	Mangkolemba Hq	Department	NL255528292	AOWATILA	XXXXXXXXX6992	7	Active
2.	Mokokchung	Mangkolemba Hq	Department	NL251132714	AOYANGERLA	XXXXXXXXX0452	7	Active
3.	Mokokchung	Mangkolemba Hq	Department	NL254199666	LIMATOSHI AO	XXXXXXXXX3327	7	Active
4.	Mokokchung	Mangkolemba Hq	Department	NL254200862	MOALIBA	XXXXXXXXX0320	7	Active
5.	Mokokchung	Mangkolemba Hq	Department	NL255536030	NAROLEMLA	XXXXXXXXX4817	7	Active
6.	Mokokchung	Mangkolemba Hq	Department	NL251167561	RONGSENLEMLA	XXXXXXXXX0912	7	Active
7.	Mokokchung	Mangkolemba Hq	Department	NL257171441	SENTIMEREN	XXXXXXXXX0315	6	Active
8.	Mokokchung	Longnak	Department	NL251393837	A T NUNGSANG	XXXXXXXXX1014	7	Active
9.	Mokokchung	Longnak	Department	NL251131711	BENDANGSANGLA	XXXXXXXXX9723	7	Active
10.	Mokokchung	Longnak	Department	NL251392636	IMTINUNGLA	XXXXXXXXX7072	7	Active
11.	Mokokchung	Longnak	Department	NL248842728	KILANGTEMJEN	XXXXXXXXX7943	8	Active
12.	Mokokchung	Longnak	Department	NL251392271	LANULEMLA	XXXXXXXXX2232	7	Active
13.	Mokokchung	Longnak	Department	NL255733527	SASHIRENLA	XXXXXXXXX9555	7	Active
14.	Mokokchung	Longnak	Department	NL251482909	TEKAYABA	XXXXXXXXX2386	7	Active
15.	Mokokchung	Longnak	Department	NL251395012	WATINARO	XXXXXXXXX7454	7	Active
16.	Mon	Wangla	Department	NL261291786	MANJAT KONYAK	XXXXXXXXX9086	7	Active
17.	Mon	Wangla	Department	NL261290306	MATSHANG KONYAK	XXXXXXXXX5695	7	Active
18.	Mon	Wangla	Department	NL261291494	NGUNJOI KONYAK	XXXXXXXXX5249	0	Active
19.	Mon	Wangla	Department	NL261291464	S WENKHANG KONYAK	XXXXXXXXX9176	7	Active
20.	Mon	Tekuk (UR)	CSC	NL270854833	LILY E KONYAK	XXXXXXXXX3845	6	Active
21.	Mon	Tekuk (UR)	Department	NL261289534	PHONGTOK	XXXXXXXXX0179	7	Active
22.	Mokokchung	Mulongyimsen B	Department	NL256940473	IMNASANGLA YADEN	XXXXXXXXX1536	7	Active
23.	Mokokchung	Mulongyimsen B	Department	NL260384328	SUPONGNUKLA	XXXXXXXXX3540	7	Active
24.	Mokokchung	Mulongyimsen	Department	NL214212426	PURNUNGSANG TZUDIR	XXXXXXXXX0234	8	Active
25.	Mokokchung	Mulongyimsen	Department	NL214186431	TEMJENJUNGLA	XXXXXXXXX0631	8	Active
26.	Mokokchung	Kangtsung Yimsen	Department	NL254200691	SUNGJEMTOSHI PONGENER	XXXXXXXXX5091	7	Active
Total							176	

Source: Replies furnished by the Village Councils

Appendix-3.2.8

Statement showing district-wise number of Aadhaar disabled or never enabled for DBT

(Reference: Paragraph 3.2.8.2)

Sl. No.	Name of District	UID is disabled for DBT		UID never enabled for DBT		Total rejected
		Rejection code	Number of beneficiaries	Rejection code	Number of beneficiaries	
1.	Dimapur	CBE0060	6	CBE0061	97	103
2.	Kiphire	CBE0060	1	CBE0061	39	40
3.	Kohima	CBE0060	5	CBE0061	40	45
4.	Longleng	CBE0060	1	CBE0061	29	30
5.	Mokokchung	CBE0060	17	CBE0061	102	119
6.	Mon	CBE0060	8	CBE0061	31	39
7.	Peren	CBE0060	3	CBE0061	37	40
8.	Phek	CBE0060	13	CBE0061	71	84
9.	Tuensang	CBE0060	9	CBE0061	155	164
10.	Wokha	CBE0060	0	CBE0061	1	1
11.	Zunheboto	CBE0060	7	CBE0061	80	87
Total			70	--	682	752

Source: PFMS Report from PM-KISAN portal

Appendix-3.2.9

Statement showing district-wise extent of coverage on five per cent physical verification of beneficiaries

(Reference: Paragraph 3.2.9.4)

Sl. No.	District	No. of farmers registered	Five per cent of:		Percentage verified
			farmers registered	physically verified	
1.	Dimapur	16,348	817	847	5.18
2.	Kohima	9,569	478	746	7.80
3.	Mokokchung	15,908	795	1,797	11.30
4.	Mon	44,464	2,223	1,159	2.61
5.	Kiphire	12,176	609	580	4.76
6.	Longleng	22,019	1,101	1,076	4.89
7.	Tuensang	28,269	1,413	1,367	4.84
8.	Zunheboto	18,645	932	861	4.62
9.	Peren	11,152	558	586	5.25
10.	Phek	15,384	769	899	5.84
11.	Wokha	19,617	981	652	3.32
Total		2,13,551	10,678	10,570	4.95

Source: PM-KISAN portal and Department records

Appendix-3.2.10
Multiple beneficiaries having the same IFSC and Bank Account Number
(Reference: Paragraph 3.2.9.5 (i))

Sl. No.	District Name	Village Name	Beneficiary ID	Registration Date	Beneficiary Name	Bank Account No.	IFSC	Aadhaar status	Active/ Inactive	No. of installment paid 09/2021
1.	Kiphire	Natsu	NL224435404	01/07/2019	A.SHUHTO	XXXXXXXXX0960	UTIB0SNSCB1	Not verified	Active	0
2.	Kiphire	Natsu	NL224408391	29/06/2019	TILIMLA	XXXXXXXXX0960	UTIB0SNSCB1	Not verified	Active	2
3.	Peren	Jalukie (Old)	NL224435443	01/07/2019	PEIDING	XXXXXXXXX0275	UTIB0SNSCB1	Verified	Active	8
4.	Peren	Jalukie 'S' (J. Sangtam)	NL168838886	08/03/2019	KIECHANGBUILE	XXXXXXXXX0275	UTIB0SNSCB1	Verified	Active	9
5.	Peren	Samziuram	NL158607582	03/03/2019	SAMZAI	XXXXXXXXX0848	SBIN0006482	Verified	Active	6
6.	Peren	Samziuram	NL158578809	03/03/2019	MANAIBO	XXXXXXXXX0848	SBIN0006482	Verified	Active	7
7.	Peren	Samziuram	NL211494092	08/03/2019	WIDABO CHAWANG	XXXXXXXXX2320	SBIN0006482	Verified	Active	9
8.	Peren	Samziuram	NL224436933	01/07/2019	WIBAMLUNGLIU	XXXXXXXXX2320	SBIN0006482	Verified	Active	8
9.	Peren	Tepun	NL158427454	03/03/2019	ACHUN	XXXXXXXXX1100	SBIN0015430	Verified	Active	2
10.	Peren	Tepun	NL158426337	03/03/2019	ADUANG	XXXXXXXXX1100	SBIN0015430	Verified	Active	6
11.	Tuensang	Lirise	NL273825471	22/04/2020	CHOPISE T SANGTAM	XXXXXXXXX5123	SBIN0001328	Verified	Active	4
12.	Tuensang	Chimonger	NL235382623	14/07/2019	ATHRILA SANGTAM	XXXXXXXXX5123	SBIN0001328	Verified	Active	6
13.	Tuensang	Lirise	NL259166296	24/10/2019	C TAMPI SANGTAM	XXXXXXXXX3591	SBIN0001328	Verified	Active	5
14.	Tuensang	Lirise	NL257884363	05/10/2019	REJULA Y SANGTAM	XXXXXXXXX3591	SBIN0001328	Verified	Active	7
15.	Tuensang	Angangba	NL237062762	15/07/2019	LIPOKLA	XXXXXXXXX4588	SBIN0003598	Verified	Inactive	4
16.	Tuensang	Angangba	NL257987949	08/10/2019	CHOTSALICHU	XXXXXXXXX4588	SBIN0003598	Verified	Active	4
17.	Wokha	Sungro Station	NL158596504	04/03/2019	SULANTHUNG MOZHUI	XXXXXXXXX9167	UTIB0SNSCB1	Verified	Active	0
18.	Wokha	Soshan	NL158571511	04/03/2019	Y.SULANTHUNG ODYUO	XXXXXXXXX9167	UTIB0SNSCB1	Verified	Active	7
19.	Wokha	Bhandari Hq	NL271769964	13/03/2020	ANYIMRO TSOPOE	XXXXXXXXX7795	SBIN0003613	Verified	Active	0
20.	Wokha	Baghty Hq	NL211498230	08/03/2019	PHYOCHOBENI KIKON	XXXXXXXXX7795	SBIN0003613	Verified	Active	4
21.	Wokha	Yikhum	NL214536369	06/05/2019	YIHANO	XXXXXXXXX4905	SBIN0003613	Verified	Active	5
22.	Wokha	Yikhum	NL163421303	07/03/2019	YIHANO	XXXXXXXXX4905	SBIN0003613	Verified	Active	7
23.	Wokha	MUNGYA	NL224434769	01/07/2019	CHONCHIBEMO EZUNG	XXXXXXXXX6772	SBIN0003613	Not verified	Active	0
24.	Wokha	Mungya	NL222639109	20/06/2019	ZAKHA EZUNG	XXXXXXXXX6772	SBIN0003613	Verified	Active	7
25.	Wokha	Baghty Hq	NL163242829	06/03/2019	KHOJOBENI YANTHAN	XXXXXXXXX1975	SBIN0008068	Verified	Active	6
26.	Wokha	Baghty Hq	NL163241747	06/03/2019	ELHIO YANTHAN	XXXXXXXXX1975	SBIN0008068	Verified	Active	5
27.	Zunheboto	Chisholumi	NL241069391	16/07/2019	VIHEYI	XXXXXXXXX6435	SBIN0000214	Verified	Active	5
28.	Zunheboto	Chisholumi	NL241066660	16/07/2019	AVILI	XXXXXXXXX6435	SBIN0000214	Verified	Active	6

Source: PM-KISAN database

Appendix-3.2.11
District-wise Grievances redressal status as of September 2021
(Reference: Paragraph 3.2.9.6)

Sl. No.	District Name	Grievance received	Grievance resolved	Grievance pending
1.	Dimapur	37	15	22
2.	Kiphire	37	0	37
3.	Kohima	10	0	10
4.	Longleng	26	0	26
5.	Mokokchung	19	0	19
6.	Mon	308	0	308
7.	Peren	15	8	7
8.	Phek	18	0	18
9.	Tuensang	236	4	232
10.	Wokha	49	0	49
11.	Zunheboto	39	0	39
Total		794	27	767

Source: Grievance Monitoring Report PM KISAN portal

Appendix-3.2.12
District-wise extent of coverage of the Scheme as of March 2021
(Reference: Paragraph 3.2.9.9)

Sl. No.	District Name	Potential Beneficiaries as per Agri. Census 2015-16	Actual registrations as of March 2021	Variation	Extent of coverage (in per cent)
		A	B	C = A-B	D= B*100/A
1.	Longleng	9,259	22,019	-12,760	238
2.	Mon	28,806	44,464	-15,658	154
3.	Wokha	15,388	19,617	-4,229	127
4.	Zunheboto	16,432	18,645	-2,213	113
5.	Kiphire	10,888	12,176	-1,288	112
6.	Tuensang	24,363	28,269	-3,906	116
7.	Peren	10,385	11,152	-767	107
8.	Mokokchung	18,311	15,908	2,403	87
9.	Dimapur	19,899	16,348	3,551	82
10.	Phek	20,332	15,384	4,948	76
11.	Kohima	21,811	9,569	12,242	44
Total		1,95,874	2,13,551	-17,677	109

Source: Nagaland Agriculture Census of 2015-16 and PM-KISAN scheme portal

Appendix-3.3.1
Statement showing status of four selected projects as of March 2021
(Reference: Paragraph 3.3.1)

(₹ in crore)

Sl. No.	Name of the Project	Date of approval	Approved Cost	Work order amount	Original Stipulated date of completion	Funds released by MDoNER to State Government	Fund released by State Finance Department to implementing departments			Total expenditure As on 31 March 2021	Status	Delay in completion as on 31 March 2022 (in months)
							Central	State	Total			
NLCPR												
Power Department												
1.	Construction of 220 K/V D/C Transmission Line from Dimapur to Zhadima	17.11.2017	108.16	108.15	30.11.2020	97.24	97.24	11.12	108.36	44.70	Ongoing	16
Public Works Department (Roads & Bridges)												
2.	Upgradation of road from Alongchen to Mangkolemba via Impur, Mopungchuket, Mongchen (ODR to MDR).19km Phase.II	25.05.2017	22.33	22.33	02.08.2019	8.04	8.04	2.23	10.27	10.27	Ongoing	31
Public Health Engineering Department												
3.	Providing water supply to Samziuram Village, Peren	21.11.2017	18.93	18.93	30.11.2019	6.82	6.82	1.89	8.71	6.62	Ongoing	28
NESIDS												
Public Works Department (Roads & Bridges)												
4.	Construction and widening of road from NH.29 to Sovima village gate.Sovima cricket ground up to Thahekhu village.	19.08.2019	21.96	21.91	11.01.2021	8.76	8.76	-	8.76	8.23	Completed on 26/06/2021	4

Audit Report for the year ended 31 March 2022

Sl. No.	Name of the Project	Date of approval	Approved Cost	Work order amount	Original Stipulated date of completion	Funds released by MDoNER to State Government	Fund released by State Finance Department to implementing departments			Total expenditure As on 31 March 2021	Status	Delay in completion as on 31 March 2022 (in months)
							Central	State	Total			
5.	Development of tourist related infrastructure (road with Heliport) at ToupHEMA tourist village	07.10.2019	17.13	17.08	30.11.2020	6.83	6.83	-	6.83	6.79	Completed on 12/08/2021	8
Total										76.61	--	--

Source: Compiled from information furnished by the implementing departments. (Figures inclusive of departmental charges and work charges deducted at source by Finance Department, GoN)

Appendix-3.3.2
Statement showing submission of incorrect UCs
(Reference: Paragraph 3.3.2.2 (iv))

Name of Project	Receipt of funds by State Government from MDoNER		Release of funds by State Government to the implementing department		Details of UC submitted to MDoNER		Audit Comments Actual date of expenditure (As per cash book/Vrs.)
	Sanction Order No. & date	Amount (₹ in lakh)	Sanction date	Amount (₹ in lakh)	Period for which UC submitted	Amount of UC (₹ in lakh)	
“Construction of 220 Kv F/C Transmission line from Dimapur to Zhadima” under NLCPR.	NLCPR-18015(11)/1/2017-O/O DIR2(NLCPR) dated 17/11/2017	10.00	12/01/2018	10.00	2018-19	10.00	The token amount ₹0.10 crore was not received by the DoPN. But UC submitted. Actual expenditure incurred as per payment vouchers during 2018-19 was only ₹31.43 crore. Therefore, an amount of ₹7.50 crore was over stated.
	NLCPR-18015(11)/1/2017-O/O DIR2(NLCPR) dated 12/07/2018	3,883.45	28/09/2018	3,883.45		3,883.45	
Sub-total		3,893.45	--	3,893.45	--	3,893.45	
“Providing water supply to Samziuram Village Peren” under NLCPR	No. NLCPR-18019(11)/1/2017-O/o DIR2(NLCPR) dated 26/06/2019	671.54	08/10/2019	671.54	Up to 31.12.2019	671.54	Expenditure of ₹0.90 crore only was incurred against ₹6.71 crore UC as on 31/12/2019. Therefore, ₹5.81 crore was overstated.
Sub-total		671.54	--	671.54	--	671.54	
Overstated amount (₹ in crore)							13.31

Source: Departmental records

Appendix-3.3.3

Statement showing status of completed and delay in completion of projects under NLCPR & NESIDS as of March 2022

(Reference: Paragraphs 3.3.2.3 (i) & 3.3.3)

Sl. No.	Project Name	Sanction Date	Original Stipulated completion date	Revised completion date	No. of revised days	Actual completion date	Delays from revised as on 31 March 2022 (in days)
NLCPR							
1.	Construction of New High Court Complex at Kohima Phase-I (Construction of residence for Hon'ble Chief Justice of High Court and Construction of residences for justices of High Court (six blocks)	19/12/2017	-	-	-	-	-
2.	Development of Ziekezou Sports Complex, Kohima	21/11/2017	30/11/2019	30/09/2022	1035	-	-
3.	Providing water supply by gravity to Aboi HQ and Longching EAC HQ in Mon District	04/12/2017	30/12/2019	30/03/2022	821	-	1
4.	Construction of 220 K/V D/C Transmission Line from Dimapur to Zhadima	17/11/2017	30/11/2020	31/03/2022	486	-	0
5.	Providing water supply to Samziuram Village, Peren	21/11/2017	20/11/2019	30/03/2022	861	-	1
6.	Upgradation of road from Alongchen to Mangkolemba via Impur, Mopungchuket, Mongchen (ODR to MDR)-19km Phase-II	25/05/2017	02/08/2019	30/12/2021	881	-	91
NESIDS							
1.	Construction and widening of road from NH-29 to Sovima village gate-Sovima cricket ground up to Thahekhu village.	29/08/2019	11/01/2021	30/05/2021	139	26/06/2021	-
2.	Upgradation of road from Kiphire to Tourist Destination at Zungki river, Kiphire District, nagaland	30/08/2019	03/02/2021	31/12/2021	331		90
3.	Providing connectivity to places of tourist interest in the district HQ of Tuensang district.	30/08/2019	27/02/2021	31/03/2022	397	-	0
4.	Upgradation of road from Naga Lempong to Ahom Cave trekking point, Longleng.	29/08/2019	15/04/2021	31/03/2022	350	-	0
5.	Improvement of road from Wokha Hq to N.Longidang in Nagaland	29/08/2019	11/11/2020	31/12/2021	415	-	90

Sl. No.	Project Name	Sanction Date	Original Stipulated completion date	Revised completion date	No. of revised days	Actual completion date	Delays from revised as on 31 March 2022 (in days)
6.	Development of tourist related infrastructure (road with Heliport) at Touphema tourist village	07/10/2019	30/11/2020	30/09/2021	304	12/08/2021	-
7.	Upgradation of road and bridge from NH-29 at 7th Mile Model Village to Siethekema "C" tourist destination onwards to Governor's Camp from Ch.0.00 to 10.5 kms.	07/10/2019	16/10/2020	31/12/2021	441	-	90
8.	Scheme of providing stable power supply to Mon district.	29/08/2019	30/03/2021	30/11/2021	245	30/11/2021	-
9.	Development of water supply infrastructure at Tuophema tourist village.	03/09/2019	30/03/2020	20/12/2021	630	-	101
10.	Construction of 92 numbers of separate girls toilet in government schools, Nagaland.	29/03/2020	30/12/2020	0	-	30/12/2020	-
11.	Inservice teachers training cum examination centre with residential facilities	31/03/2021	20/09/2023	-	-	-	-
12.	Strengthening health Infrastructure for comprehensive response to possible outbreak of COVID-19 in Nagaland	02/07/2020	30/01/2021	30/03/2022	424	-	1
13.	Strengthening health infrastructure of various health facilities in nagaland	24/03/2021	07/05/2023	-	-	-	-

Source: Departmental records

Appendix-3.3.4
Statement showing unexecuted/ short executed items of work
(Reference: Paragraphs 3.3.2.6 & 3.3.3.4 (a) & (b))

(₹ in lakh)

Name of the Project	Division	items of the work	Estimated Cost	Unit	As per MB/Voucher			As per Physical verification			Excess payment
					Qty	Rate	Amount	Qty	Rate	Amount	
NLCPR											
Unexecuted											
Providing water supply to Samziuram Village, Peren District, Nagaland	Peren (PHED)	Construction of Service road	1.11	m	10.17	10914.00	1.11	0.00	0.00	0.00	1.11
		Construction of Service road	14.76	m	135	10933.78	14.76	0.00	0.00	0.00	14.76
		Retaining wall 2mtrs height	4.39	m	50	8780.00	4.39	0.00	0.00	0.00	4.39
		Construction of 117000 litres Over head GPS Tank at Samziuram Village	28.84	nos	104	0.00	28.84	0.00	0.00	0.00	28.84
Total			49.10	--	--	--	49.10	--	--	--	49.10
NESIDS											
Short execution											
Development of tourist related infrastructure (road with Heliport) at Toupheema tourist village	Construction Division (R&B) Chiephobozo	Unlined surface drain	11.11	m	7.56	146.00	11.11	6.86	146	10.02	1.09
		Construction of Earthen Shoulders	20.25	m3	2534.40	799	20.25	2270	799	18.13	2.12
		Metal Beam Crash Barrier	80.34		1300	6180	80.34	1160	6180	71.69	8.65
Total			111.70	--	--	--	111.70	--	--	--	11.86
Construction and Widening of road from NH-29 Sovima Village Gate-Sovima Cricket Ground up to Thahekhu Village	Dimapur (R&B)	Unlined surface drain	12.16	ha	16888	72	12.16	8000	72	5.76	6.40
		Construction of Earthen shoulders	117.52	cum	14838	362	117.52	10909	792	86.40	31.12
		Steel Crash Barrier	93.19	m	1624	5737	93.19	1468	5737	84.22	8.97
		Protection wall (Toe wall) 1.5 m	68.61	m	480	14293.28	68.61	250	14293.28	35.73	32.88
		200 metre of road	32.15	km	0.20	160.75	32.15	0.00	160.75	0.00	32.15
Total			533.18	--	--	--	533.18	--	--	--	111.52

Source: Departmental records

Appendix-3.4.1

Statement showing year-wise Superior Kerosene Oil (SKO) lifted by the Food & Civil Supplies Department, Government of Nagaland (through the authorised SKO agencies) from the IOCL during 2019-21 for distribution under the Public Distribution System, Nagaland
(Reference: Paragraph 3.4)

Sl. No.	Name of SKO authorised Agencies	District	Division	Quantity of SKO lifted from IOCL (in KL)	
				2019-20	2020-21
1.	AAA	Dimapur	AOD	270	432
2.	RBCA			378	513
3.	PCTC		MD	864	216
4.	NSC		AOD	1,134	459
5.	D. Angami, Medziphema			891	933
6.	B. Zeliang	Peren		324	243
7.	RBCE	Kohima	MD	315	324
8.	K. Agency			432	414
9.	Lim Agency	Wokha	AOD	324	1,026
10.	Yanthan Agency, Wokha		MD	324	252
11.	Philip Imti (P.I) Agency, Mokokchung	Mokokchung	AOD	207	216
12.	RBCA Mokokchung			414	333
13.	Meren Agency, Changtongya	Mokokchung and Longleng	MD	702	1,242
14.	Kiphire Oil Agency	Kiphire	AOD	324	225
15.	RBCA	Tuensang		360	324
16.	NAFC Agency	Mon		486	279
17.	RBCA	Zunheboto		531	441
18.	ZTPA, Phek	Phek		324	252
19.	KTA, Pfutsero		MD	324	315
Total				8,928	8,439

Source: IOCL, Tinsukia Divisional Office, Assam

Appendix-3.4.2

Statement showing District-wise SKO allocated by the State Government, actual quantity received and distributed/ utilised under PDS for the year 2019-20 and 2020-21

(Reference: Paragraph 3.4)

(Figures in KL)

Sl. No.	Name of Dealer	District	April 2019 to June 2019			July 2019 to September 2019			October 2019 to December 2019			January 2020 to March 2020			Total (2019-2020)		
			A	R	UCs	A	R	UCs	A	R	UCs	A	R	UCs	A	R	UCs
1.	AAA	Dimapur	54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
2.	RBCA		54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
3.	PCTC		81	81	81	81	81	81	81	81	81	54	54	54	297	297	297
4.	NSC		135	135	135	189	189	189	135	135	135	108	108	108	567	567	567
5.	D. Angami, Medziphema		54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
6.	B. Zeliang	Peren	81	81	81	81	81	81	81	81	81	81	81	81	324	324	324
7.	RBCE	Kohima	81	66.048	66.048	81	66.048	66.048	81	66.048	66.048	81	66.048	66.048	324	264.192	264.192
8.	K. Agency		108	107.28	107.28	108	107.28	107.28	108	107.28	107.28	108	107.28	107.28	432	429.12	429.12
9.	Lim Agency	Wokha	54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
10.	Yanthan Agency, Wokha		81	81	81	81	81	81	81	81	81	81	81	81	324	324	324
11.	P.I Agency, Mokokchung	Mokokchung	54	54	170.994	54	54	179.49	54	54	177.578	54	54	183.204	216	216	711.266
12.	RBCA Mokokchung		108	108		108	108		108	108		108	108		432	432	
13.	Meren Agency, Changtongya		27	27		27	27		27	27		27	27		108	108	
		Longleng	54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
14.	Kiphire Oil Agency	Kiphire	81	27	27	81	27	27	81	27	27	81	27	27	324	108	108
15.	RBCA	Tuensang	135	99	96.485	162	63	65.301	135	81	90.209	108	108	108	540	351	359.995
16.	NAFC Agency	Mon	162	135	131.467	189	117	114.795	162	126	131.898	162	108	107.83	675	486	485.99
17.	RBCA	Zunheboto	135	135	135	135	135	135	135	135	135	135	135	135	540	540	540
18.	ZTPA, Phek	Phek	81	81	81	81	81	81	81	81	81	81	81	81	324	324	324
19.	KTA, Pfutsero		81	81	81	81	81	81	81	81	81	81	81	81	324	324	324
Total			1,701	1,568.328	1,544.274	1,809	1,568.328	1,558.914	1,701	1,541.328	1,545.013	1,620	1,496.328	1,490.362	6,831	6,174.312	6,138.563

Source: Departmental records (A=Allocation, R=Received, UCs=Utilisation Certificates)

(Figures in KL)

Sl. No.	Name of Dealer	District	April 2020 to June 2020			July 2020 to September 2020			October 2020 to December 2020			January 2021 to March 2021			Total (2020-2021)		
			A	R	UCs	A	R	UCs	A	R	UCs	A	R	UCs	A	R	UCs
1.	AAA	Dimapur	54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
2.	RBCA		54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
3.	PCTC		54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
4.	NSC		135	135	135	108	135	135	108	135	135	108	135	135	459	540	540
5.	D. Angami, Medziphema		27	27	27	27	27	27	27	27	27	27	27	27	108	108	108
6.	B. Zeliang	Peren	81	81	81	54	54	54	54	54	54	54	54	54	243	243	243
7.	RBCE	Kohima	81	55.04	55.04	81	49.496	49.496	81	49.495	49.495	81	49.522	49.522	324	203.553	203.553
8.	K. Agency		81	89.396	89.396	81	80.455	80.455	81	53.638	53.638	81	80.456	80.456	324	303.945	303.945
9.	Lim Agency	Wokha	54	54	54	54	54	54	54	54	54	54	54	54	216	216	216
10.	Yanthan Agency, Wokha		81	81	81	54	54	54	54	54	54	54	54	54	243	243	243
11.	P.I Agency, Mokokchung	Mokokchung	54	54	167.602	54	54	178.016	54	54	166.681	54	54	162.316	216	216	674.615
12.	RBCA Mokokchung		81	81		81	81		81	81							
13.	Meren Agency, Changtongya		27	27		27	27		27	27							
		Longleng	54	54	54	54	54	54	54	54	54	54	54	54	216	216	216.000
14.	Kiphire Oil Agency	Kiphire	63	45	45	54	18	18	54	18	18	54	18	18	225	99	99.000
15.	RBCA	Tuensang	126	63	50	108	72	76	108	90	90	108	108	106.7	450	333	322.700
16.	NAFC Agency	Mon	90	54	54.06	81	63	59.78	81	81	83.063	81	81	81.507	333	279	278.410
17.	RBCA	Zunheboto	117	108	108	108	108	108	108	108	108	108	108	108	441	432	432.000
18.	ZTPA, Phek	Phek	81	81	81	54	54	54	54	54	54	54	54	54	243	243	243.000
19.	KTA, Pfutsero		81	81	81	81	81	81	81	81	81	81	81	81	324	324	324.000
Total			1,476	1,332.436	1,325.098	1,323	1,227.951	1,244.747	1,323	1,237.133	1,243.877	1,323	1,281.978	1,281.501	5,445	5,079.498	5,095.223

Source: Departmental records (A=Allocation, R=Received, UCs=Utilisation Certificates)

Appendix-3.5.1

Details of supply orders, suppliers' bills and amount paid to the suppliers under "Promotion of Farm Machinery and Equipment in North Eastern States" SMAM 2018-19

(Reference: Paragraph 3.5)

(Amount in ₹)

Sl. No.	Details of Supply orders						Details of Bills submitted by the suppliers								Amount paid to supplier (Payment date)
	Name of supplier	Date of supply order	Particulars	Qty.	Rate/ No. (inclusive of GST & transportation charge)	Gross Amount	Bill/ Invoice date	Qty.	HSN code	Rate	Amount	CGST	SGST	Gross Amount	
1.	M/s T.V & Co., Kohima (GSTIN: 13AFSPV2897K1ZH)	28/11/18	Power Tiller (VST Shakti 130 DI)	300	2,18,000	65400000	Nil	300	8432	194642.86	58392858	3503571.48	3503571.48	65400000.96	65400000 (18/04/19)
		28/11/18	Tractor (VST Shakti 5025R Branson 47 HP with Rotovator and Trailer)	49	1000000	49000000	Nil	49	8701	892900	43752100	2625126	2625126	49002352	49000000 (27/02/2019 25/03/19)
		28/11/18	Falcon Premium Garden Tools (15 pcs: set)	400	20000	8000000	Nil	400	8201	20000	8000000	0	0	8000000	8000000 (27/02/19)
2.	Eastern Agro Marketing Agencies Guwahati Assam (GSTIN: 18ABYPJ1609B1ZO)	28/11/18	Power Tiller (Greaves 12 HP)	50	218000	10900000	05/01/19	50	8403	194642.86	9732143	583928.58	583928.58	10900000.16	10900000 (13/03/19)
3.	H.T Enterprises, Dimapur (GSTIN: 13AIYPT7481Q1ZW)	28/11/18	Brush cutter (STIHL 2 HP)	1692	50000	84600000	11/12/18	1692	8467	42372.881	71694915	6452542.35	6452542.35	84600000	84600000 (15/03/19 10/05/19)
Total						217900000					191572016	13165168.41	13165168.41	217902353.12	217900000

Source: Departmental records

Appendix-3.5.2

**Statement showing details of Brush Cutters imported by the supplier M/s H. T. Enterprises, Dimapur (M/s Hyusinlo Thong) under
“Promotion of Farm Machinery and Equipment in North Eastern States” SMAM 2018-19
(Reference: Paragraph 3.5)**

(Amount in ₹)

Sl. No.	EWB No.	From GSTIN & Name	To GSTIN & Name	From Place & Pin	To Place & Pin	EWB No. & Dt.	Doc No. & Dt.	Assess Val.	Tax Val.	HSN Code	HSN Desc.	Latest Vehicle No.
1.	821036225384	18BHUPS0713E1Z5/ Trihasti Trade Co.	13AIYPT7481Q1ZW/ M/S.Hyusinlo Thong	Ganeshguri/ 781006	Golaghat Road/ 797112	821036225384- 29/01/2019	2737 - 28/01/2019	31,72,879.84	5,71,118.37	8467	Brush cutter	AS02BC1688
2.	851034994203	18BHUPS0713E1Z5/ Trihasti Trade Co.	13AIYPT7481Q1ZW/ M/S.Hyusinlo Thong	Ganeshguri/ 781006	Golaghat Road/ 797112	851034994203- 18/01/2019	2610 - 18/01/2019	21,96,609.12	3,95,389.64	8467	Brush cutter	NL01K9156
3.	821035002506	18BHUPS0713E1Z5/ Trihasti Trade Co.	13AIYPT7481Q1ZW/ M/S.Hyusinlo Thong	Ganeshguri/ 781006	Golaghat Road/ 797112	821035002506- 18/01/2019	2611 - 18/01/2019	21,96,609.12	3,95,389.64	8467	Brush cutter	AS01KC1788
4.	861038636151	18BHUPS0713E1Z5/ Trihasti Trade Co.	13AIYPT7481Q1ZW/ M/S.Hyusinlo Thong	Ganeshguri/ 781006	Golaghat Road/ 797112	861038636151- 13/02/2019	2912 - 12/02/2019	31,11,862.92	5,60,135.33	8467	Brush cutter	AS01R6771
Total								1,06,77,961.00	19,22,032.98	--	--	--

Source: Commissioner of Goods and Services Tax, Dimapur, Nagaland

Appendix-4.2.1

Statement showing the details of total project cost, financial progress *vis-à-vis* physical progress under Special Assistance as of May 2022

(Reference: Paragraph 4.2.4)

Sl. No.	Name of the Department	Cost of the project	Expenditure	Financial Progress	Physical Progress
		(₹ in lakh)		(in per cent)	
1.	Police (10 th , 11 th , 12 th , 13 th & 14 th IR Bn)	39,246.00	34,768.00	100	45
2.	AH&VS	3,670.21	542.26	51	99
3.	Fisheries & Aquatic Resources	180.00	162.00	90	90
4.	PWD (R&B)	270.00	210.52	78	89
5.	PWD (Housing)	44,164.83	51.51	15	66
Total		87,531.04	35,734.29	--	--

Source: Departmental records

Appendix-4.2.2 (A)
Statement showing bills drawn against fake invoices by PWD (R&B), South Division, Kohima
(Reference: Paragraph 4.2.4.7)

(Amount in ₹)

Vr. No.	Date	Amount	Purchased from	Nature of cash memo	Cash Memo dated	Item name	Rate	Qty.	Unit	Trips	Total qty.	Loading and unloading	Amount for material	Amount of loading unloading	Total
34	29-04-2022	500000	K.P. Stone Service	No GST number	29-03-2022	Boulder	17	400	Cft	8	3200	8200	54,400	65,600	1,20,000
			K.P. Stone Service	No GST number	29-03-2022	Sized stones	22	500	Cft	8	4000	8200	88,000	65,600	1,53,600
			K.P. Stone Service	No GST number	29-03-2022	Stone dust	32	400	Cft	5	2000	8200	64,000	41,000	1,05,000
			K.P. Stone Service	No GST number	29-03-2022	Cement	630	100	Packets	1	100	3000	63,000	3,000	66,000
35	29-04-2022	500000	K.P. Stone Service	No GST number	04-04-2022	Boulder	17	400	Cft	10	4000	8200	68,000	82,000	1,50,000
			K.P. Stone Service	No GST number	04-04-2022	Sized stones	22	500	Cft	7	3500	8200	77,000	57,400	1,34,400
			K.P. Stone Service	No GST number	04-04-2022	Stone dust	32	400	Cft	5	2000	8200	64,000	41,000	1,05,000
			K.P. Stone Service	No GST number	04-04-2022	Cement	530	73	Nos	1	73	3510	38,690	3,510	42,200
36	29-04-2022	500000	K.P. Stone Service	No GST number	04-04-2022	Boulder	17	400	Cft	9	3600	8200	61,200	73,800	1,35,000
			K.P. Stone Service	No GST number	04-04-2022	Sized stones	22	500	Cft	7	3500	8200	77,000	57,400	1,34,400
			K.P. Stone Service	No GST number	09-04-2022	Stone dust	32	400	Cft	8	3200	8200	1,02,400	65,600	1,68,000
37	29-04-2022	500000	K.P. Stone Service	No GST number	11-04-2022	Boulder	17	400	Cft	10	4000	8200	68,000	82,000	1,50,000
			K.P. Stone Service	No GST number	11-04-2022	Sized stones	22	500	Cft	7	3500	8200	77,000	57,400	1,34,400
			K.P. Stone Service	No GST number	11-04-2022	Stone dust	32	400	Cft	6	2400	8200	76,800	49,200	1,26,000
			K.P. Stone Service	No GST number	11-04-2022	Cement	100	530	bags	1	530	3200	53,000	3,200	56,200
39	29-04-2022	1589540	K.P. Stone Service	No GST number	15-04-2022	Boulder	17	400	Cft	16	6400	8200	1,08,800	1,31,200	2,40,000
			Urban Home Solution	Fake GST number	15-04-2022	Iron rods	68,000	2.015	Tons	2	4.03	20000	2,74,040	40,000	3,14,040
			K.P. Stone Service	No GST number	18-04-2022	Sized stones	22	500	Cft	13	6500	8200	1,43,000	1,06,600	2,49,600
			Solo's sand	No GST number	18-04-2022	Stone dust	32	400	Cft	10	4000	8200	1,28,000	82,000	2,10,000
			Solo's sand	No GST number	18-04-2022	Cement	530	100	bags	1	100	3800	53,000	3,800	56,800
			K.P. Stone Service	No GST number	18-04-2022	Sand	48	450	Cft	10	4500	8200	2,16,000	82,000	2,98,000
40	29-04-2022	2290600	Solo's sand	No GST number	08-04-2021	hume pipe	19,000	3	Nos	3	9	28000	1,71,000	84,000	2,55,000
			K.P. Stone Service	No GST number	08-04-2021	Boulder	17	400	Cft	22	8800	8750	1,49,600	1,92,500	3,42,100
			K.P. Stone Service	No GST number	08-04-2021	Sized stones	22	500	Cft	16	6400	8750	1,40,800	1,40,000	2,80,800
			K.P. Stone Service	No GST number	08-04-2021	Stone dust	32	400	Cft	15	6000	8750	1,92,000	1,31,250	3,23,250
			Solo's sand	No GST number	22-05-2022	Cement	550	110.5	bags	2	221	3500	1,21,550	7,000	1,28,550
			Solo's sand	No GST number	22-05-2022	Sand	48	450	Cft	16	7200	18000	3,45,600	2,88,000	6,33,600
41	29-04-2022	821110	Urban Home Solution	Fake GST number	23-04-2022	Steel HYSD bar	68,000	3.12	Tons	1	3.12	20000	2,12,160	20,000	2,32,160
			Urban Home Solution	Fake GST number	23-04-2022	Cement	530	80	bags	1	80	3450	42,400	3,450	45,850
			K.P. Stone Service	No GST number	23-04-2022	Boulder	17	400	Cft	5	2000	8200	34,000	41,000	75,000
			K.P. Stone Service	No GST number	23-04-2022	Sized stones	22	500	Cft	5	2500	8200	55,000	41,000	96,000
			K.P. Stone Service	No GST number	23-04-2022	Stone dust	32	400	Cft	4	1600	8200	51,200	32,800	84,000
			Solo's sand	No GST number	14-04-2022	Sand	48	450	Cft	3	1350	15000	64,800	45,000	1,09,800
26	13-05-2022	1153320	K.P. Stone Service	No GST number	28-04-2022	Boulder	17	400	Cft	7	2800	8800	47,600	61,600	1,09,200
			K.P. Stone Service	No GST number	28-04-2022	Sized stones	22	700	Cft	16	11200	8800	2,46,400	1,40,800	3,87,200
			K.P. Stone Service	No GST number	28-04-2022	Stone dust	32	400	Cft	10	4000	8800	1,28,000	88,000	2,16,000
			K.P. Stone Service	No GST number	28-04-2022	Cement	520	126	bags	1	126	5500	65,520	5,500	71,020

Audit Report for the year ended 31 March 2022

Vr. No.	Date	Amount	Purchased from	Nature of cash memo	Cash Memo dated	Item name	Rate	Qty.	Unit	Trips	Total qty.	Loading and unloading	Amount for material	Amount of loading unloading	Total
			K.P. Stone Service	No GST number	28-04-2022	Sand	48	400	Cft	3	1200	5500	57,600	16,500	74,100
			K.P. Stone Service	No GST number	28-04-2022	Chips	62	400	Cft	5	2000	5500	1,24,000	27,500	1,51,500
138	31-03-2022	500000	Quality Stone crushing	No GST number	03-03-2022	Cement	580	120	Cft	1	120	8400	69,600	8,400	78,000
			Quality Stone crushing	No GST number	03-03-2022	Stone dust	52.5	400	Cft	4	1600	--	84,000	--	84,000
			Quality Stone crushing	No GST number	03-03-2022	Boulder	37.5	400	Cft	4	1600	--	60,000	--	60,000
			Quality Stone crushing	No GST number	03-03-2022	Sized stones	24.0	500	Cft	8	4000	--	96,000	--	96,000
139	31-03-2022	500000	Quality Stone crushing	No GST number	17-03-2022	Cement	580	120	Cft	1	120	8400	69,600	8,400	78,000
			Quality Stone crushing	No GST number	17-03-2022	Stone dust	52.5	400	Cft	4	1600	--	84,000	--	84,000
			Quality Stone crushing	No GST number	17-03-2022	Boulder	37.5	400	Cft	4	1600	--	60,000	--	60,000
			Quality Stone crushing	No GST number	17-03-2022	Sized stones	24	500	Cft	8	4000	--	96,000	--	96,000
52	21-12-2021	482400	Senotsu stones	No GST number	Nov-21	Boulder	30	400	Cft	15	6000	6000	1,80,000	90,000	2,70,000
53	21-12-2021	482400	Senotsu stones	No GST number	Nov-21	Boulder	30	400	Cft	15	6000	6000	1,80,000	90,000	2,70,000
54	21-12-2021	482400	Senotsu stones	No GST number	Nov-21	Boulder	30	400	Cft	15	6000	6000	1,80,000	90,000	2,70,000
51	21-12-2021	482400	Senotsu stones	No GST number	Nov-21	Boulder	30	400	Cft	15	6000	6000	1,80,000	90,000	2,70,000
50	21-12-2021	482400	Senotsu stones	No GST number	Nov-21	Boulder	30	400	Cft	15	6000	6000	1,80,000	90,000	2,70,000
	Total												57,23,760	30,26,010	87,49,770

Source: Compiled from records of the Department

Appendix-4.2.2 (B)

Statement showing bills drawn against Duplicate invoices by PWD (R&B), South Division, Kohima

(Reference: Paragraph 4.2.4.7)

(Amount in ₹)

Vr. No.	Dated	Total value of work	Cess	FR	Paid amount	Bill or HR	Excavator charge	Bulldozer charges	JCB charge	Tipper charge (transportation)	Road Roller cost	Rock Bolder	Bolder breaking	Total duplicate bill	Remarks
39	21-12-2021	4,28,550	4,286		4,24,264	HR	2,75,000	--	91,800	31,750	--	--	--		
40	21-12-2021	4,28,550	4,286		4,24,264	HR	2,75,000	--	91,800	31,750	--	--	--	3,98,550	Duplicate of vr No.39
41	21-12-2021	4,96,800	4,968		4,91,832	HR	4,05,000	--	91,800	--	--	--	--	4,96,800	Duplicate of vr No.39
42	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	--	
43	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	4,28,200	Duplicate of vr No.42
44	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	4,28,200	Duplicate of vr No.42
45	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	4,28,200	Duplicate of vr No.42
46	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	4,28,200	Duplicate of vr No.42
47	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	4,28,200	Duplicate of vr No.42
48	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	4,28,200	Duplicate of vr No.42
49	21-12-2021	4,58,200	4,582		4,53,618	HR	2,20,000	72,000	61,200	75,000	--	--	--	4,28,200	Duplicate of vr No.42
50	21-12-2021	4,82,400	4,824	4,000	4,73,576	HR	--	--	61,200	12,700	13,000	2,70,000	91,500	--	
51	21-12-2021	4,82,400	4,824	4,000	4,73,576	HR	--	--	61,200	12,700	13,000	2,70,000	91,500	4,48,400	Duplicate of Vr. No.50
52	21-12-2021	4,82,400	4,824	4,000	4,73,576	HR	--	--	61,200	12,700	13,000	2,70,000	91,500	4,48,400	Duplicate of Vr. No.50
53	21-12-2021	4,82,400	4,824	4,000	4,73,576	HR	--	--	61,200	12,700	13,000	2,70,000	91,500	4,48,400	Duplicate of Vr. No.50
Total bills drawn		69,49,100	69,492	16,000	68,63,608	0	27,15,000	5,76,000	10,09,800	7,14,300	52,000	10,80,000	3,66,000	52,37,950	

Source: Compiled from records of the Department

Appendix-4.3.1

Statement showing Department-wise list of double/ excess/ fraudulent draws

(Reference: Paragraph 4.3)

(Amount in ₹)

Sl. No.	Department	No. of DDOs	Amount of objection	Amount recovered
1.	Agriculture	1	45,41,804	0
2.	Art & Culture	1	1,96,020	0
3.	Employment, Skill Development & Entrepreneurship	1	1,93,824	70,000
4.	Health & Family Welfare	2	11,88,475	3,68,072
5.	Home Department (Police)	1	1,32,710	0
6.	Industries and Commerce	1	10,12,315	0
7.	Jails	1	13,00,182	0
8.	Public Health Engineering	1	36,07,512	0
9.	PWD (Mechanical)	1	16,36,415	15,86,415
10.	School Education	4	60,28,880	0
11.	Social Welfare	1	86,046	0
12.	Treasuries and Accounts	2	6,22,974	1,98,235
13.	Veterinary & Animal Husbandry	1	20,09,631	20,09,631
Total		18	2,25,56,788	4,232,353

Source: Departmental records

Appendix-4.3.2
Statement showing excess drawal by inflating the net total of pay bills
(Reference: Paragraph 4.3)

(Amount in ₹)

Sl. No.	Department	DDO	Admissible Amount	Amount Drawn	Excess Amount Drawn	Recovered Amount (with month & year of recovery)	Outstanding Amount	Remarks
1.	Health and Family Welfare	Chief Medical Officer, Dimapur	10,48,253	12,16,325	1,68,072	1,68,072 (February 2022)	0	The Chief Medical Officer, Dimapur inflated the net total of pay and allowances of 22 NVBDCP Grade-III employees for the month of January 2019 vide bill no. 606 dated 27/02/2019 which resulted in excess drawal of ₹1.68 lakh.
2.	PWD Mechanical	Mechanical Engineer, PWD Mechanical, Tuensang	26,12,511	34,12,511	8,00,000	7,50,000 (January 2020 and October 2021)	50,000	The Mechanical Engineer, PWD Mechanical, Tuensang fictitiously drew ₹8,00,000 by inflating the net total of the pay and allowances for the month of July to September 2017 vide bill no. 22 dated 7/8/2017 (TV. No. 14 of Nil), 21 dated 7/8/2017 (TV No. 15 of Nil), 26 dated 31/8/2017 (TV No. 5 of Nil), 38 dated 28/9/2017 (TV No. 13 of Nil).
Total			36,60,764	46,28,836	9,68,072	9,18,072	50,000	--

Appendix-4.3.3
Statement showing double drawal of pay & allowances including arrears
(Reference: Paragraph 4.3)

(Amount in ₹)

Sl. No.	Department	DDO	Double Amount Drawn	Recovered Amount (with Month and Year of recovery)	Outstanding Amount	Remarks
1.	Home	Commandant, 4 th NAP Battalion, Thizama	87,880	0	87,880	The Commandant, 4 th NAP Battalion, Thizama fictitiously drew ₹87,880 vide bill no. 41 dated 28/06/2018 and 52 dated 27/07/2018 as pay and allowance in respect of a retired havildar.
2.			44,830	0	44,830	The Commandant, 4 th NAP Battalion, Thizama fictitiously drew ₹44,830 twice in respect of pay and allowances of two constables vide bill no. 45 dated 28/06/2018 serial no. 67, 68, 69 and 70 of the pay bill.
3.	School Education	Directorate of School Education, Nagaland	2,49,750	0	2,49,750	The Director, School Education, Nagaland fictitiously drew ₹2,49,750 vide bill no. 601 dated 4/9/2017 (TV No. 174 of 8/9/2017) in respect of five staffs and bill no. 602 dated 4/9/2017 (TV No. 175 of 8/9/2017) in respect of seven staffs although the officials had already drawn their pay as per entitlement.
4.	Treasuries and Accounts	Sr. Treasury Officer, Peren	4,24,739	0	4,24,739	The Sr. Treasury Officer, Peren fictitiously drew ₹4,34,739 vide bill no. 113 dated 14/12/2017, 107 dated 23/3/2018 and 108 dated 23/3/2018 although the amount had already been drawn vide bill no. 91 dated 29/1/2018 (TV No. 6 of Nil), 92 dated 29/1/2018 (TV No. 5 of Nil), and 94 dated 29/1/2018 (TV No. 3 of Nil),
Total			8,07,199	0	8,07,199	

Appendix-4.3.4
Statement showing Fraudulent inadmissible drawal of pay & allowances including arrears
(Reference: Paragraph 4.3)

(Amount in ₹)

Sl. No.	Department	DDO	Amount Drawn fraudulently	Recovered Amount (with Month and Year of recovery)	Outstanding Amount	Remarks
1.	Agriculture	District Agriculture Officer, Mon	22,37,204	0	22,37,204	The District Agriculture Officer, Mon fictitiously drew ₹22,37,204 as DA and HRA Arrears vide Bill no. 66 to 70 dated 30/08/2017 (TV No. 20 to 24 of 5/9/2017), 90 to 94 dated 31/10/2017 (TV No.19 to 22 of 6/11/2017), 144 to 148 dated 26/3/2018 (TV No. 33 to 37 of 28/3/2018) and 153 dated 38/3/2018 (TV No. 54 of 31/3/2018). It was noticed that the bills were drawn without any sanction order from the competent authority and non drawal certificates to justify the drawals was not available. Moreover, the actual Basic Pay of the officials were manipulated i.e., it differs from the regular pay bills and name of eight officials were not found in the regular pay bills.
2.	Employment, Skill Development & Entrepreneurship	District Employment Officer, Zunheboto	1,93,824	70,000 (December 2020 to July 2021, October 2021 and January to May 2022)	1,23,824	The District Employment Officer, Zunheboto fictitiously drew ₹1,93,824 as HRA Arrear vide bill no. 71 dated Nil (TV No. 16 of 18/3/2017) and 73 dated Nil (TV No. 18 of 18/3/2017) although the employees were drawing their pay & Allowances as per their entitlement every month.
3.	Health and Family Welfare	Medical Superintendent, District Hospital, Zunheboto	5,38,443	2,00,000 (November 2022)	3,38,443	Fraudulent drawal of MACP arrears of ₹5,38,443 in respect of three employees for the period from May 2012 to September 2015 on the basis of fictitious due & drawn statement vide Bill No. 228, 229 and 230 dated Nil (TV No. 111 dated 31/03/2018, 112 dated 31/03/2018 and 113 dated 31/03/2018). However, the employees were drawing the entitlement through the following regular monthly bills: Bill No. 214, 205, 206 dated 31/03/2018.
4.			4,81,960	0	4,81,960	Fraudulent drawal of Less Pay arrears of ₹4,81,960 in respect of nine employees for the period from July 2010 to April 2018 on the basis of fictitious due & drawn statement vide Bill No. 49, 52, 53, 54, 55, 56, 57, 58 and 59 dated 5/11/2018.
5.	Industries and Commerce	Functional Manager, District	3,33,972	0	3,33,972	The Functional Manager, District Industries Sub Center, Phek fictitiously drew ₹333972 as less drawn arrears for the period from 1/1/2018 to 30/5/2018

Sl. No.	Department	DDO	Amount Drawn fraudulently	Recovered Amount (with Month and Year of recovery)	Outstanding Amount	Remarks
		Industries Sub Center, Phek				in respect of 16 staffs vide bill no. 42 dated Nil (TV No. 4 of 3//2018), 44 dated Nil (TV No. 6 of 3/8/2018), 45 dated Nil (TV No. 7 of 3/8/2018), 46 dated Nil (TV No. 8 of 3/8/2018), and 43 dated Nil (TV No. 5 of 3/8/2018). However, the officials were drawing the monthly pay and allowances in the revised ROP 2017 regularly.
6.			6,78,343	0	6,78,343	The Functional Manager, District Industries Sub Center, Phek fictitiously drew ₹6,78,343 as pay and allowance arrears for the period from 1/1/2018 to 31/8/2018 in respect of 16 staffs vide bill no. 66 dated Nil (TV No. 13 of 4/10/2018), 65 dated Nil (TV No. 14 of 4/10/2018), 64 dated Nil (TV No. 15 of 4/10/2018), 80 dated Nil (TV No. 1 of 1/11/2018), 81 dated Nil (TV No. 2 of 1/11/2018), 82 dated Nil (TV No. 3 of 1/11/2018), 83 dated Nil (TV No. 4 of 1/11/2018), 84 dated Nil (TV No. 5 of 1/11/2018). However, the officials were drawing the monthly pay and allowances in the revised ROP 2017 regularly.
7.	Jails	Superintendent, District Jail, Peren	13,00,182	0	13,00,182	The Superintendent of District Jails, Peren fraudulently drew ₹13,00,182 in respect of 26 employees vide bill no. 53, 61, 75, 68, 69 dated nil (TV No. 4 dated 7/9/2018, 16 dated 5/10/2018, 2 dated 12/11/2018, 13 dated 12/11/2018 and 7 dated 12/11/2018)
8.	Public Health Engineering	Executive Engineer PHED, Wokha Division	15,50,103	0	15,50,103	The Executive Engineer PHED Wokha Division fictitiously drew ₹15,50,103 as pay and allowances in respect of 25 officials during the month of February 2019 vide. Bill no. 99 dated 1/2/2019 (TV No. 7 of 5/2/2019), 100 dated 1/2/2019 (TV No. 8 of 5/2/2019), 101 dated 1/2/2019 (TV No. 9 of 5/2/2019), and 13 officials during the month of March 2019 vide. Bill No. 14 dated 27/3/2019 (TV No. 11 of 28/3/2019), 15 dated 27/3/2019 (TV No. 12 of 28/3/2019), 16 dated 27/3/2019 (TV No. 13 of 28/3/2019) against non-existing staffs.
9.			20,57,409	0	20,57,409	The Executive Engineer PHED Wokha Division fictitiously drew ₹20,57,409 as pay and allowances in respect of 12 officials during the month of October 2018 vide. Bill no. 71 dated 20/11/2018 (TV No. 6 of 19/11/2018) and 36 officials during the month of November 2018 vide. Bill No. 84 dated 20/12/2018 (TV No. 12 of 20/12/2018), Bill No. 83 dated 20/12/2018 (TV No. 11 of 20/12/2018), Bill No. 85 dated 20/12/2018 (TV No. 13 of 20/12/2018) against non-existing staffs.

Sl. No.	Department	DDO	Amount Drawn fraudulently	Recovered Amount (with Month and Year of recovery)	Outstanding Amount	Remarks
10.	PWD Mechanical	Mechanical Engineer, PWD Mechanical, Tuensang	8,36,415	8,36,415 (February 2022)	0	The Mechanical Engineer, PWD Mechanical Division, Tuensang drew ₹8,36,415 as pay and allowance of 22 non-existent employees vide bill no. 87 dated 7/3/2019.
11.	School Education	Directorate of School Education, Nagaland	2,54,190	0	2,54,190	The Director, School Education, Nagaland fictitiously drew ₹2,54,190 as DA Arrear for the period from 1/7/2018 to 31/9/2018 in respect of six employees under the establishment of DEO Phek vide bill no. 1513 dated 6/12/2018 (TV No. 161 of 11/12/2018). However, the employees were drawing the entitlement through the following regular monthly bills: April 2018 (TV No. 75 of 28/8/2018), May 2018 (TV No. 76 of 24/8/2018).
12.			51,525	0	51,525	The Director, School Education, Nagaland drew ₹51,525 as increment arrear in respect of four employees under the establishment of GHSS Tsemnyu for the period from 1/12/2017 to 31/8/2018 vide Bill No. 1644 dated 13/12/2018 (TV No. 506 of Nil). However, the employees were drawing pay as per IPS prepared on the basis of pre- increment basic pay and the increased basic pay were not taken into account in the IPS for fixation of pay (ROP 2017).
13			76,800	0	76,800	The Director, School Education, Nagaland drew an excess amount of ₹76,800 as MACP Arrear in respect of one employee under the establishment of DEO Kiphire for the period from 1/1/2014 to 30/6/2014 vide Bill No. 1521 dated 7/12/2018 (TV No. 250 of 14/12/2018) due to wrong computation during the period from 1/1/2014 to 30/6/2014.
14		District Education Officer, Dimapur	4,30,188	0	4,30,188	The District Education Officer, Dimapur fictitiously drew ₹4,30,188 vide bill No. 266 dated 22/10/2018 (TV No. 88 of Nil) as the officials for which the DA Arrears was drawn were fixed pay employees.
15		Sub divisional Education Officer, Aghunato	11,28,600	0	11,28,600	Sub divisional Education Officer, Aghunato fictitiously drew ₹11,28,600 as ROP arrear vide bill no.52 dated 17/12/2018 (TV No. 87 of 18/12/2018) and 51 dated 17/12/2018 (TV No. 88 of 18/12/2018) as 20 SSA Primary teachers (15+5) were fixed pay teachers.
16		District Education Officer, Peren	20,64,480	0	20,64,480	The Asst. District Education Officer, Peren fictitiously drew ₹20,64,480 vide bill no. 212 dated 14/8/2018, 245 dated 26/9/2018 and 278 dated 20/10/2018 in respect of 16 staffs by manipulating their Grade pays.
17			5,42,901	0	5,42,901	The District Education Officer, Peren fictitiously drew ₹5,42,901 vide bill No. 212 dated 17/3/2017 (TV No. 83 of 23/3/2017) in respect of non existent teachers.

Audit Report for the year ended 31 March 2022

Sl. No.	Department	DDO	Amount Drawn fraudulently	Recovered Amount (with Month and Year of recovery)	Outstanding Amount	Remarks
18	Social Welfare	Child Development Project Officer, Bhandari, Wokha	86,046	0	86,046	Fraudulent drawal of pay arrear in respect of one employee for the period from September 2016 to May 2018 on the basis of fictitious due and drawn statement vide bill no. 14 dated Nil (TV No. 5 of 18/06/2018) whereas the employee was drawing the entitlement through regular monthly bills: Bill No. 11 dated Nil and TV No. 2 of 11/06/2018.
19	Treasuries & Accounts	Sub-Treasury Officer, Aghunato	1,98,235	1,98,235 (March 2022 and August 2022)	0	The Sub-Treasury Officer, Aghunato fraudulently drew ₹1,98,235 in respect of four employees vide bill no. 64 and 65 dated Nil (TV No. 1 and 2 dated 5/3/2019) as less drawn DA Arrears and ROP arrears.
20	Veterinary and Animal Husbandry	Dy. Chief Veterinary & Animal Husbandry Officer, Pughoboto	20,09,631	20,09,631 (March 2019 and December 2019)	0	The Dy. Chief Veterinary & Animal Husbandry Officer, Pughoboto fictitiously drew ₹20,09,631 as GRA and pay arrears vide bill nos. 77 dated Nil (TV No. 26 of 22/12/2017), 78 dated Nil (TV No. 27 of 22/12/2017), 79 dated Nil (TV No. 28 of 22/12/2017), 80 dated Nil (TV No. 29 of 22/12/2017), 81 dated Nil (TV No. 30 of 22/12/2017), 82 dated Nil (TV No. 31 of 22/12/2017), 94 dated Nil (TV No. 8 of 9/1/2018), 95 dated Nil (TV No. 9 of 9/1/2018), 96 dated Nil (TV No. 10 of 9/1/2018), 97 dated Nil (TV No. 11 of 9/1/2018), 98 dated Nil (TV No. 12 of 9/1/2018), 107 dated Nil (TV No. 9 of 22/2/2018), 116 dated Nil (TV No. 27 of 1/3/2018), 117 dated Nil (TV No. 34 of 31/3/2018), 118 dated Nil (TV No. 35 of 31/3/2018), 119 dated Nil (TV No. 37 of 31/3/2018), 120 dated Nil (TV No. 38 of 31/3/2018), 121 dated Nil (TV No. 39 of 31/3/2018), 122 dated Nil (TV No. 40 of 31/3/2018), 123 dated Nil (TV No. 41 of 31/3/2018), 124 dated Nil (TV No. 42 of 31/3/2018), 125 dated Nil (TV No. 43 of 31/3/2018), 126 dated Nil (TV No. 36 of 31/3/2018).
Total			1,70,50,451	33,14,281	1,37,36,170	

Source: Departmental records

Appendix-4.3.5
Statement showing fictitious drawal by manipulating the bills
(Reference: Paragraph 4.3)

Sl. No.	Department	DDO	Admissible Amount	Amount Drawn	Excess Amount Drawn	Recovered Amount (with month & year of recovery)	Outstanding Amount	Remarks
1.	School Education	Directorate of School Education	5,55,739	17,86,185	7,99,446 + 4,31,000	0	12,30,446	The Director, School Education, Nagaland drew ₹17,86,185 vide bill No. 226 dated 15/12/2017 for conducting Science Seminar and Science exhibition during the year 2017-18. It was observed that ₹7,99,446 was drawn in excess without any supporting document. The figures were also manipulated in the payment records resulting in excess expenditure of ₹4,31,000.
Total			5,55,739	17,86,185	12,30,446	0	12,30,446	--

Appendix-4.3.6
Statement showing fictitious drawal of TA bills
(Reference: Paragraph 4.3)

Sl. No.	Department	DDO	Amount Drawn fraudulently	Recovered Amount (with Month and Year of recovery)	Outstanding Amount	Remarks
1.	Agriculture	District Agriculture Officer, Mon	23,04,600	0	23,04,600	The District Agriculture Officer, Mon fictitiously drew ₹23,04,600 vide Bill No. 139 to 143 dated 26/3/2018 (TV No. 28 to 32 of 28/3/2018), 149 to 150 dated 26/3/2018 (TV No. 38 and 39 of 28/3/2018) and 151 to 152 dated 28/3/2018 (TV No. 52 to 53 of 31/3/2018) as Travelling Allowances in excess of the budget allotment. Moreover, the drawals were not accompanied by copy of tour diary, office order from competent authority to perform the journey.
2.	Art and Culture	Registering Officer, Art and Culture, Dimapur	1,96,020	0	1,96,020	The Registering Officer, Art and Culture, Dimapur fictitiously drew ₹1,96,020 vide Bill Nos. 7 to 10 dated 26/3/2018 and 12 dated 26/3/2018 as Travelling Allowance. The office order furnished by the department was for verification of Rural Libraries under Dimapur district during 2017-18. Cross examination with the TA Bills however, revealed that the twelve officials were paid TA for travelling from their station in Dimapur to Kohima and back to their station. Moreover, the bills were also not signed by any of the concerned officials.
Total			25,00,620	0	25,00,620	--

Source: Departmental records

Appendix-4.3.7
Statement showing details of similar cases highlighted in the last five years Audit Reports
(Reference: Paragraph 4.3)

Sl. No.	Year of Audit Report	Paragraph Reference	Particulars	Money Value (₹ in crore)
1.	Audit Report for the Year ended 31 March 2020	4.2	Fraudulent/ excess drawal of money	2.78
2.	Audit Report for the Year ended 31 March 2019	2.4	Fraudulent/ excess drawal of money	5.16
		2.5	Fraudulent/ excess drawal of money and submission of fake challans by DDOs	0.45
3.	Audit Report for the Year ended 31 March 2018	5.4	Fraudulent/double/excess drawal by 28 DDOs	7.36
4.	Audit Report for the Year ended 31 March 2017	5.4	Fraudulent/excess drawal by 12 DDOs	1.72
5.	Audit Report for the Year ended 31 March 2016	5.3	Fraudulent payment of pension from Treasuries at Zunheboto and Dimapur by duplicating the pension payment authorisation letters and admitting multiple claims in respect of the same pension payment orders and same person for the same period	5.58
		5.4	Fraudulent drawal of pay and allowances by 12 different DDOs	1.99

Source: C&AG Audit Reports of respective years

Appendix-4.3.8

Statement showing details of department-wise cases of irregularities highlighted in the last five years Audit Reports

(Reference: Paragraph 4.3)

Sl. No.	Department	AR for year ended 31 March 2020		AR for year ended 31 March 2019		AR for year ended 31 March 2018		AR for year ended 31 March 2017		AR for year ended 31 March 2016		Total Amount (₹ in lakh)
		No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	
1.	Agriculture	1	2.51	2	3.24	5	18.22					23.97
2.	Art and Culture			1	7.32	1	1.22					8.54
3.	Cooperation	2	6.04	1	15.73	1	6.29					28.06
4.	Department of Information and Public Relations			2	9.81							9.81
5.	District Administration							1	1.89	2	41.72	43.61
6.	Economics & Statistics	1	2.83									2.83
7.	Employment, Skill Development & Entrepreneurship	1	4.18	3	31.15	3	6.58					41.91
8.	Evaluation	1	22.46									22.46
9.	Excise and Prohibition	4	23.61	3	19.67							43.28
10.	Finance Department (Taxation)	1	1.52	1	3.43							4.95
11.	Finance Department (Treasuries & Accounts)			2	21.84	2	6.75					28.59
12.	Fisheries and Aquatic Resources	1	1.68			1	5.56					7.24
13.	Health & Family Welfare					4	344					344
14.	Home (Police)	1	3.19	3	155.93	2	125.37	1	39.28			323.77
15.	Home (Prisons)			1	9.79			1	6.53			16.32
16.	Horticulture			1	1.62							1.62
17.	Industries and Commerce	1	6.67	6	28.69							35.36
18.	Labour & Employment	1	7.31									7.31
19.	Land Records & Survey	1	2.5									2.5
20.	Law & Justice	1	13.87									13.87
21.	Motor Vehicles			1	2.27							2.27
22.	Nagaland State Transport							1	0.58	1	1.24	1.82
23.	Power			1	1.91							1.91
24.	Public Health Engineering (PHED)			1	11.99							11.99

Sl. No.	Department	AR for year ended 31 March 2020		AR for year ended 31 March 2019		AR for year ended 31 March 2018		AR for year ended 31 March 2017		AR for year ended 31 March 2016		Total Amount (₹ in lakh)
		No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	No. of DDOs	Amount (₹ in lakh)	
25.	Public Works Department (Mechanical)	1	17.15	1	8							25.15
26.	Public Works Department (Road & Bridges)			1	15.42					2	9.12	24.54
27.	Rural Development	1	2.83			2	4.53	1	2.58			9.94
28.	School Education	6	134.95	7	96.03	17	206.37	5	106.45	4	96.74	640.54
29.	Sericulture									1	0.99	0.99
30.	Soil & Water Conservation			1	12.59	1	8.66					21.25
31.	Water Resources			1	23.81							23.81
32.	Youth Resources and Sports			1	15.69							15.69
33.	Veterinary and Animal Husbandry	1	24.78	1	20.1	1	2.96	2	14.19	2	49.56	111.59
Total		26	278.08	42	516.03	40	736.51	12	171.5	12	199.37	1901.49

Source: C&AG Audit Reports of respective years

Appendix-4.4.1

Details of Travelling Allowance paid to Work-Charged employees by diverting funds from salary bills during 2018-20

(Reference: Paragraph 4.4)

Cheque No.	Vr. No.	Date	Particular of the bill	To whom paid	Designation	Amount (in ₹)
(A) Year: 2018-19						
(i) Month: March to May 2018						
026362/000264	1	18-06-2018	Hand Receipt TA bill Assistant Mechanical Engineer (AME) Store, Kohima	Kevizie Angami	Operator	72,810
				Toshilemba	Operator	78,660
				Lima Ao	Handyman	48,070
				Nepra Neinu	Handyman	38,170
				John Semp	Operator	62,460
				Kazumo Sopfunuo	Operator	54,360
				Lipoktemsuo	Handyman	33,220
				Kevisielie Kets	Handyman	47,410
				Leulung Zeliang	Operator	77,580
				Ram Bahadur	Handyman	11,833
				2	Hand Receipt TA bill AME, Kohima	Burtoba
	Vilzo Tsukru		Operator			45,925
	Pfeliezhru Angami		Operator			75,150
	Logveseng Semp		Handyman			34,870
	Sutsungsangba		Operator			57,060
	Semsadangba		Operator			45,810
	Kelhousilie Chadi		Handyman			27,995
	Alemsoba		Operator			77,580
	Kenilo Nsu		Handyman			46,860
	Besu Lorhu		Operator			76,680
	Dhan Bahadur		Operator			83,430
	Shwensinlo Kent		Handyman			50,985
	Arilemba		Operator			78,030
	Mesalhou		Handyman			47,685
	Methasu		Handyman	24,530		
	3		Hand receipt TA bill (AME Dimapur)	Bucktie Ram	Operator	33,565
				Santiyanger	Handyman	13,200
				Bendangwangshi	Operator	21,600
				SB Gurung	Handyman	16,555
				Imtimongba	Operator	27,090

Cheque No.	Vr. No.	Date	Particular of the bill	To whom paid	Designation	Amount (in ₹)
				Chubasanen	Handyman	23,870
				Imlimongba	Operator	39,060
				Merangnochet	Handyman	30,910
				Toshimanen	Operator	50,580
				Pongei Phom	Handyman	31,240
				Nokzenketba	Operator	51,120
				Moameren	Handyman	39,710
				Imolembe	Operator	64,980
				Talemeri	Operator	88,830
				Toshi Ao	Handyman	54,285
				Kisha Mohan Baidya	Handyman	39,435
				Tilemayang	Operator	64,530
				Montu Sinha	Operator	40,535
026362/000264	3	18-06-2018	Hand receipt TA bill (AME Dimapur)	Imtitoshi	Operator	66,330
				Josangmak	Handyman	55,000
				Nungshirenla	Operator	90,000
				Jongpangtsung	Operator	53,075
				Talimeren	Operator	86,850
				Talichuba	Handyman	49,945
				Nungshikokba	Operator	80,910
				Bangjung Amer	Operator	78,660
				Imlimeren	Handyman	48,070
Sub-Total (i)						26,84,508
(ii) Month: June to July 2018						
026364/000264	1	10-09-2018	Hand Receipt TA bill AME Store, Kohima	Kevisielie Kets	Handyman	29,810
				Leulung Zeliang	Operator	48,780
				Toshilemba	Operator	21,410
	2		Hand Receipt TA bill AME Kohima	Kenilo	Handyman	26,565
				John Semp	Operator	43,380
				Vilzo Tsukru	Operator	37,087
				Lorhu Mao	Operator	43,470
	3		Hand receipt TA bill AME Dimapur	Imtimongba	Operator	58,860
				Bendangwangshi	Operator	59,220
				SB Gurung	Handyman	36,190
				Talimeren	Operator	9,760
				Santiyanger	Handyman	35,970
Sub-Total (ii)						4,50,502

Audit Report for the year ended 31 March 2022

Cheque No.	Vr. No.	Date	Particular of the bill	To whom paid	Designation	Amount (in ₹)
(iii) Month: August to September 2018						
026366/000264	16	22-10-2018	Hand Receipt TA bill AME Store, Kohima	Lipoktemsusu	Handyman	32,340
				Putusashi	Operator	8,500
				Lima Ao	Handyman	22,440
				John Semp	Operator	36,720
	17		Hand Receipt TA bill AME Kohima	Zevoho Rhakho	Handyman	16,878
				Pfeliezhru Angami	Operator	52,920
				Methasu	Handyman	32,340
				Vilzo Tsukru	Operator	56,790
	18		Hand receipt TA bill AME Dimapur	Temsukaba	Operator	76,770
				Merangnochet	Handyman	35,860
				Titenmayang	Operator	58,680
				Kishor Mohan	Operator	28,690
Sub-Total (iii)						4,58,928
(iv) Month: October to November 2018						
026368/000264	28	12-12-2018	Hand Receipt TA bill AME Store, Kohima	Toshilemba	Operator	40,260
				Lipoktemsusu	Handyman	22,660
				John Semp	Operator	37,080
	29		Hand Receipt TA bill AME Kohima	Alemsoba	Operator	59,490
				Temsukaba	Handyman	36,355
				Dhan Bahadur Dorjee	Operator	54,810
				Mesalhou	Handyman	10,751
	30		Hand receipt TA bill AME Dimapur	Bendangwangshi	Operator	58,680
				Montu Sinha	Operator	36,575
				Marzulu	Handyman	33,715
				Santiyanger	Handyman	35,860
				SB Gurung	Operator	55,170
Sub-Total (iv)						4,81,406
(v) Month: December 2018 to February 2019						
026370/000264	1	17-03-2019	Hand Receipt TA bill AME Store, Kohima	Kazumo Sopfunuo	Operator	40,410
				Kevizie Angami	Operator	40,773
				Nepra Neinu	Handyman	24,695
				Leulung Zeliang	Operator	51,840
				Lipoktemsusu	Handyman	31,680
	2		Hand Receipt TA bill AME Kohima	Vilzo Tsukru	Operator	54,530
				Mesalhou	Handyman	28,985

Cheque No.	Vr. No.	Date	Particular of the bill	To whom paid	Designation	Amount (in ₹)				
				Kenilo Nsu	Handyman	21,395				
				Lorhu Mao	Operator	35,010				
				Shwensinlo Kent	Handyman	25,960				
				Dhan Bahadur Dorjee	Operator	42,480				
				Alemsoba	Operator	56,880				
				Burtoba	Handyman	34,760				
	3		Hand receipt TA bill AME Dimapur	Talimeren	Operator	40,500				
				Imtemoyang	Operator	43,200				
				Imdenba	Operator	47,880				
				Chubasanen	Handyman	29,260				
				Pongei Phom	Handyman	26,400				
				Toshimanen	Operator	55,620				
				Kishoe Mohan	Handyman	33,990				
				Santiyanger	Handyman	31,000				
				Bendangwangshi	Operator	58,050				
				SB Gurung	Handyman	31,900				
				Imtimongba	Operator	52,200				
				Sub-Total (v)						9,39,398
				Total A (i to v)						50,14,742
(B) Year: 2019-20										
(vi) Month: March to May 2019										
026372/000264	1	18-07-2019	Hand Receipt TA bill AME Store, Kohima	Lipoktemsusu	Handyman	26,070				
				Putusashi	Operator	42,660				
				Leulung Zeliang	Operator	27,360				
				Kevisechu Kets	Handyman	16,885				
				Toshilemba	Operator	40,003				
	2		Hand Receipt TA bill AME Kohima	Burtoba	Operator	14,540				
				Mesalhou	Handyman	22,880				
				Shwensinlo Kent	Handyman	26,510				
				Raju Darjee	Operator	43,380				
				Vilzo Tsukru	Operator	40,500				
				Mesalhou	Handyman	24,750				
				Pfeliezhu Angami	Operator	37,440				
	3		Hand receipt TA bill AME Dimapur	Imtimongba	Operator	24,660				
				SB Gurung	Handyman	15,070				
				Toshimanen	Operator	40,230				

Audit Report for the year ended 31 March 2022

Cheque No.	Vr. No.	Date	Particular of the bill	To whom paid	Designation	Amount (in ₹)
				Imti Chuba	Handyman	24,585
				Watitemba	Operator	40,320
				Pongei Phom	Handyman	24,640
				Bucktie Ram	Operator	41,220
				Talichuba	Handyman	25,190
				Imnakaba	Operator	14,085
Sub-Total (vi)						6,12,978
(vii) Month: June to August 2019						
026374/000264	3	15-10-2019	Hand Receipt TA bill AME Store, Kohima	Keviselie Kets	Handyman	24,860
				Kazumo Sopfunuo	Operator	29,610
				Lipoktemsusu	Handyman	18,095
				Leulung Zeliang	Operator	40,680
				John Semp	Operator	8,796
	4		Hand Receipt TA bill AME Kohima	Pralie Angami	Operator	32,400
				Kelhousilie Chadi	Handyman	19,800
				Mesalhou	Handyman	26,455
				Alemsoba	Operator	43,290
				Burtoba	Operator	26,455
				Vilzo Tsukru	Operator	31,500
				Semsadangba	Operator	20,100
	5		Hand receipt TA bill AME Dimapur	Imti Chuba	Handyman	19,965
				Bendangwangshi	Operator	32,670
				Talemeri	Operator	42,670
				Chubaonen	Handyman	22,265
				Nokzenketba	Operator	36,270
				Imolemba	Operator	43,650
				Pongei Phom	Handyman	26,675
				Merangnuchet	Handyman	28,765
	Mapuchuba		Operator	47,070		
Sub-Total (vii)						6,22,041
(viii) Month: September to November 2019						
026376/000264	1	10-12-2019	Hand Receipt TA bill AME Store, Kohima	Zenoho Khakho	Operator	9,600
				Shwensinlo Kent	Handyman	21,010
				Kenilo Nsu	Operator	34,380
				Temsukaba	Operator	37,800
				Bahadur Darjee	Operator	52,650

Cheque No.	Vr. No.	Date	Particular of the bill	To whom paid	Designation	Amount (in ₹)		
				Alemsoba	Operator	24,480		
				Vilzo Tsukru	Operator	46,980		
				Toshilemba	Operator	41,220		
	2		Hand Receipt TA bill AME Kohima	Ram Bahadur Thapa	Operator	53,730		
				Leulung Zeliang	Operator	47,160		
				Toshi Ao	Handyman	29,865		
				Putusashi	Operator	48,870		
				Houkhrielie	Handyman	28,820		
				Kevisechu Kets	Handyman	31,845		
				John Semp	Operator	52,110		
				Numal Bahadur	Handyman	36,630		
				Toshilemba	Operator	59,940		
				Nepra Neinu	Operator	32,150		
				Kevizie Angami	Operator	48,960		
				Lipoktemsusu	Handyman	29,920		
				3	Hand receipt TA bill AME Dimapur	T Ao	Operator	59,130
						Koraba	Handyman	36,135
						Merangnuchet	Handyman	32,670
	Talemeri		Operator			53,460		
	Imolemba		Operator			29,340		
	Sentiyanger		Handyman			17,930		
	Montu Sinha		Operator			45,450		
	Chubaonen		Handyman			27,775		
	Peter Chakesang		Operator			56,520		
	Kisha Mohan Baidya		Handyman			34,540		
	Wati Jamir		Operator			50,490		
	Nammun Zeliang		Handyman			30,855		
	Talichuba		Operator			42,840		
	Pongei Phom		Handyman			26,180		
	Bucktie Ram		Operator	48,510				
	Moameren Ao		Handyman	29,645				
	Meyawati		Operator	41,233				
Sub-Total (viii)						14,30,823		
(ix) Month: December 2019 to February 2020								
026378/000264	1	09-03-2020	Hand Receipt TA bill AME Store, Kohima	Lipoktemsusu	Handyman	19,085		
				John Semp	Operator	31,230		

Audit Report for the year ended 31 March 2022

Cheque No.	Vr. No.	Date	Particular of the bill	To whom paid	Designation	Amount (in ₹)
		09-03-2020		Toshilemba	Operator	26,910
				Houkhrielie	Handyman	16,445
				Kevize Angami	Operator	27,319
				Putusashi	Operator	28,530
	2		Hand Receipt TA bill AME Kohima	Rukhiezolie Kiewhuo	Handyman	44,370
				Moameren	Handyman	27,115
				Alemsoba	Operator	54,180
				Chubaonen	Handyman	33,110
				Mesalhou	Operator	23,525
				Vilzo Tsukru	Operator	23,400
				Hitolo Tep	Handyman	14,300
				3	Hand receipt TA bill AME Dimapur	Sentiyanger
	Imti Chuba		Operator			44,370
	Imlimongba		Operator			43,110
	Merangnuchet		Operator			32,340
	Tilemayang		Operator			32,400
	Imtimongba		Operator			52,920
	Temsukaba		Operator			48,715
	Talimeren		Handyman	19,800		
Sub-Total (ix)						6,69,519
Total B (vi to ix)						33,35,361
Grand Total (A + B)						83,50,103

Source: Records furnished by Mechanical Division No. 1, Kohima and Kohima North Treasury

Appendix-4.5.1

Statement showing details of regular and additional monthly Ration Allowance bills drawn by three DDOs

(Reference: Paragraph 4.5)

(Amount in ₹)

Sl. No	Details of regular monthly RA bills drawn					Details of additional RA bills drawn				
	Bill No. & Date	No. of VGs	Period of RA drawn	No. of days	Amount	Bill No. & Date	No. of VGs	Period of RA drawn	No. of days	Amount
Name of DDO: Deputy Commandant, VG Kiphire										
1	132 of February 2015	2052	01-02-2015 to 12-02-2015	12	615600	136 of 02/2015	--	13-02-2015 to 28-02-2015, 13-02-2015 to 01-03-2015, 13-02-2015 to 02-03-2015	51	7,22,850
						137 of 02/2015	_	13-02-2015 to 28-02-2015	16	1,09,700
2	131 of January 2016	2052	01-01-2016 to 12-01-2016	12	615600	142 of 02/2016	2,052	14-01-2016 to 25-01-2016	12	6,15,600
3	143 of February 2016	2052	01-02-2016 to 12-02-2016	12	615600	141 of 02/2016	--	15-02-2016 to 16-02-2016	2	96,750
4	58 of August 2017	2052	01-08-2017 to 12-08-2017	12	615600	141 of 02/2018	--	17-08-2017 to 30-08-2017	14	7,18,200
5	76 of October 2017	2052	01-10-2017 to 12-10-2017	12	615600	142 of 02/2018	--	15-10-2017 to 26-10-2017	12	4,44,900
6	97 of November 2018	2052	01-11-2018 to 12-11-2018	12	615600	140 of 16-03-2019	2,052	13-11-2018 to 24-11-2018, 13-12-2018 to 24-12-2018, 13-01-2019 to 24-01-2019	36	18,46,800
	114 of 15-01-2019	2052	01-12-2018 to 12-12-2018	12	615600					
	125 of 14-02-2019	2052	01-01-2019 to 12-01-2019	12	615600					
7	83 of October 2018	2052	01-10-2018 to 12-10-2018	12	615600	141 of 15-03-2019	50	13-10-2018 to 31-10-2018; 13-02-2019 to 28-02-2019	35	43,750
	135 of February 2019	2052	01-02-2019 to 12-02-2019	12	615600					
8	142 of 16-03-2019	2052	01-03-2019 to 12-03-2019	12	615600	09 of 03-04-2019	2,052	13-03-2019 to 24-03-2019	12	6,15,600
9	41 of June 2019	2052	01-06-2019 to 12-06-2019	12	615600	139 of 12-03-2020	2,052	13-06-2019 to 19-07-2019; 14-08-2019 to 28-08-2019	52	26,67,600
	51 of 02-08-2019	2052	01-07-2019 to 12-07-2019	12	615600					
	62 of August 2019	2052	01-08-2019 to 12-08-2019	12	615600					
10	72 of 14-10-2019	2052	01-09-2019 to 12-09-2019	12	615600	141 of 12-03-2020	226	01-09-2019 to 09-09-2019	9	50,850
11	23 of 01-05-2020	2052	April 2020	12	615600	82 of 29-09-2020	2,052	01-04-2020 to 18-04-2020; 13-05-2020 to 31-05-2020; 17-06-2020 to 18-06-2020	39	20,00,700
	36 of 02-06-2020	2052	01-05-2020 to 12-05-2020	12	615600					
	48 of 02-07-2020	2052	19-06-2020 to 30-06-2020	12	615600					
12	59 of 03-08-2020	2052	01-07-2020 to 12-07-2020	12	615600	144 of 18-02-2021	2,050	13-07-2020 to 19-08-2020; 13-09-2020 to 02-10-2020	58	29,72,500
	70 of 28-08-2020	2052	20-08-2020 to 31-08-2020	12	615600					
	80 of 02-09-2020	2052	01-09-2020 to 12-09-2020	12	615600					
	93 of 05-11-2020	2052	20-10-2020 to 31-10-2020	12	615600					
Sub-Total (A)										1,29,05,800

Audit Report for the year ended 31 March 2022

Sl. No	Details of regular monthly RA bills drawn					Details of additional RA bills drawn				
	Bill No. & Date	No. of VGs	Period of RA drawn	No. of days	Amount	Bill No. & Date	No. of VGs	Period of RA drawn	No. of days	Amount
Name of DDO: Deputy Commandant, VG Mon										
1	56 of 02-09-2019	2912	01-08-2019 to 12-08-2019	12	873600	72 of 04-10-2019	1,650	18-08-2019 to 27-08-2019	10	4,12,500
2	28 of 30-05-2019	2912	01-05-2019 to 12-05-2019	12	873600	127 of 03-03-2020	2,912	18-05-2019 to 29-05-2019	12	8,73,600
3	70 of 04-10-2019	2912	01-09-2019 to 12-09-2019	12	873600	128 of 03-03-2020	2,912	16-09-2019 to 27-09-2019	12	8,73,600
4	90 of 30-11-2019	2912	01-11-2019 to 12-11-2019	12	873600	129 of 03-03-2020	2,912	19-11-2019 to 30-11-2019	12	8,73,600
5	99 of 20-12-2019	2912	01-12-2019 to 12-12-2019	12	873600	130 of 03-03-2020	2,912	20-12-2019 to 31-12-2019	12	8,73,600
6	115 of 27-01-2020	2912	01-01-2020 to 12-01-2020	12	873600	131 of 03-03-2020	2,912	17-01-2020 to 28-01-2020	12	8,73,600
7	125 of 03-03-2020	2912	01-02-2020 to 12-02-2020	12	873600	132 of 03-03-2020	800	17-02-2020 to 28-02-2020	12	2,40,000
Sub-Total (B)										50,20,500
Name of DDO: Assistant Commandant, VG Meluri, Phek										
1	52 of 22-12-2017	780	December 2017	12	234000	69 of 12-03-2018	562	11-12-2017 to 10-03-2018	15 to 50	6,50,000
	60 of 29-01-2018	780	06-01-2018 to 29-01-2018	12	234000					
	66 of 12-03-2018	780	06-02-2018 to 28-02-2018	12	234000	70 of 12-03-2018	218	11-12-2017 to 10-03-2018	20 to 60	3,00,000
	6 of 26-03-2018	780	March 2018	12	234000					
2	70 of 19-01-2021	780	02-12-2020 to 13-12-2020	12	234000	71 of 19-01-2021	15	02-12-2020 to 13-12-2020	12	44,000
						73 of 19-01-2021	780	02-12-2020 to 13-12-2020	12	6,10,000
Sub-Total (C)										16,04,000
Grand Total (A+B+C)										1,95,30,300

Source: Departmental records

Appendix-5.2.1

Details of inter-State purchase and stock transfer in C form and F form for the year (tax period) 2015-16

(Reference: Paragraph 5.2)

(Amount in ₹)

Sl. No.	Name of dealer	Nos of C form	C Form Purchase	No. of F form	F form purchase	Purchase as per returns			Sales as per returns			Tax payable			Total tax payable
						4.75%	UC @ 4.75%	13.25%	4.75%	UC @ 4.75%	13.25%	4.75%	UC @ 4.75%	13.25%	
1.	M/s Subh Laxmi Dealer Private Limited, Naginimora, Mon	36	51,60,98,997	6	9,05,77,108	15,19,86,507	55,91,809	3,03,59,764	47,08,27,918	1,39,82,088	2,21,71,280	2,23,64,326	6,64,149	29,37,695	2,59,66,170
2.	M/s Madan Mohan Suppliers Private Limited, Naginimora, Mon	45	1,31,32,36,565	-	-	39,46,73,960	86,87,90,487	9,06,70,809	39,43,48,622	87,11,78,559	9,11,51,247	1,87,31,560	4,13,80,982	1,20,77,540	7,21,90,081
3.	M/s Creative Sale India, Naginimora, Mon	-	-	22	11,19,71,857	4,64,66,674	6,43,74,105	-	4,64,66,674	6,46,75,620	-	22,07,167	30,72,092	-	52,79,259
4.	M/s Jupex India, Naginimora, Mon	5	1,38,74,092	-	-	6,95,833	88,89,498	-	6,95,833	88,89,498	-	33,052	4,22,251	-	4,55,303
5.	M/s Opel Trade Corporation, Naginimora, Mon	5	2,50,88,509	-	-	6,47,528	2,27,92,137	-	6,47,528	2,28,06,250	-	30,758	10,83,297	-	11,14,054
6.	M/s Vaishnavi Udyog, Naginimora, Mon	3	1,65,58,796	-	-	-	68,28,414	-	-	68,50,000	-	-	3,25,375	-	3,25,375
7.	M/S Anuj Enterprises, Naginimora, Mon	18	26,58,98,855	2	46,72,620	-	-	-	-	-	-	-	-	-	-
8.	M/s Konyak Enterprises,	11	4,53,29,837	-	-	-	-	-	-	-	-	-	-	-	-

Audit Report for the year ended 31 March 2022

Sl. No.	Name of dealer	Nos of C form	C Form Purchase	No. of F form	F form purchase	Purchase as per returns			Sales as per returns			Tax payable			Total tax payable
						4.75%	UC @ 4.75%	13.25%	4.75%	UC @ 4.75%	13.25%	4.75%	UC @ 4.75%	13.25%	
	Ward No. 2, Mon														
9.	M/s Mamto Trading Co., Naginimora, Mon	14	19,12,86,595	14	3,31,08,564	-	-	-	-	-	-	-	-	-	-
10.	M/s New Mon Store, Tizit, Mon	4	1,94,76,631	-	-	-	-	-	-	-	-	-	-	-	-
11.	M/s Shohid Enterprises, Mon Town	31	11,23,17,342	-	-	-	-	-	-	-	-	-	-	-	-
Total		172	2,51,91,66,219	44	24,03,30,149	59,44,70,502	97,72,66,450	12,10,30,573	91,29,86,575	98,83,82,015	11,33,22,527	4,33,66,862	4,69,48,146	1,50,15,235	10,53,30,243

Source: Departmental records

Sl. No.	Particulars	Amount (₹)
A	Total purchases by 11 dealers (C & F form)	2,75,94,96,368
B	Purchase disclosed by 6 dealers (as per returns)	1,69,27,67,525
C=A-B	Purchase undisclosed by 5 dealers	1,06,67,28,843
D	Tax payable calculated @4.75 % on undisclosed purchase	5,06,69,620
E	Tax due on sale disclosed by 6 dealers	10,53,30,243
D+E	Total tax due	15,59,99,863

Appendix-6.1.1

Statement showing Investments by the State Government in State Public Sectors Undertakings whose accounts are in arrears

(Reference: Paragraph 6.1.6)

(₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year upto which finalised	Paid-up share capital	Period of Account pending finalisation	Investment made by the State Government	
					Equity	Loans
1	2	3	4	5	6	7
A	Working Government Companies					
1.	Nagaland Industrial Development Corporation Ltd, Dimapur	2020-21	23.20	2021-22	0	4.28
2.	Nagaland State Mineral Development Corporation Ltd., Kohima	2018-19	1.60	2019-20 to 2021-22	0	0
3.	Nagaland Hotels Ltd, Dimapur	2017-18	0.82	2018-19 to 2020-21	0	0
4.	Nagaland Handloom & Handicrafts Development Corporation., Ltd	2019-20	0.83	2020-21 to 2021-22	0	0
5.	Kohima Smart City Mission	Accounts not submitted since inception				
Total A (Working Government Companies)			26.45	-	-	4.28
B	Non-working Government Companies					
6.	Nagaland Industrial Raw Materials Supply Corporation Ltd., Dimapur	2018-19	1.23	2019-20 to 2021-22	0	0
7.	Nagaland Sugar Mill Company Limited	2001-02	5.89	2002-03 to 2021-22	0	0
Total B (Non-working Government Companies)			7.12		1.27	4.28
Grand Total (A+B)			33.57		1.27	4.28

Source: Departmental records

Appendix-6.1.2

Statement showing summarised financial results of Government Companies for the latest year for which accounts are finalised as on
30 September 2022

(Reference: Paragraphs 6.1.2, 6.1.8 and 6.1.8.2)

(₹ in crore)

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalised	Earnings before interest and taxes (EBIT)	Net Profit/ Loss	Turn over	Impact of accounts comments	Paid up Capital	Accumulated Profit (+) / Loss(-)	Free Reserves & Surplus	Long Term Loans outstanding	Capital Employed @	Return on Capital Employed#	Percentage of return on Capital Employed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A. Working Government Companies														
FINANCE														
1.	Nagaland Industrial Development Corporation Ltd, Dimapur	2020-21	2021-22	-4.05	-4.8	1.37	-	23.2	-54.49	0	54.59	23.3	-4.05	
Sector-wise total				-4.05	-4.8	1.37	-	23.2	-54.49	0	54.59	23.3	-4.05	
MANUFACTURING														
2.	Nagaland State Mineral Development Corporation Ltd., Kohima	2018-19	2021-22	2.51	2.50	0.51	-	1.60	9.56	0	0	11.16	2.51	22.49
Sector-wise total				2.51	2.50	0.51	-	1.60	9.56	0	0	11.16	2.51	22.49
SERVICES														
3.	Nagaland Hotels Ltd, Dimapur	2017-18	2020-21	-2.84	-2.84	3.95	-	0.82	-22.09	0	8.45	11.39	-2.84	
Sector-wise total				-2.84	-2.84	3.95	-	0.82	-22.09	0	8.45	11.39	-2.84	
MISCELLANEOUS														
4.	Nagaland Handloom & Handicrafts Development Corporation., Ltd	2019-20	2022-23	-0.36	-0.70	0.22	-	0.83	-6.31	0	8.81	10.49	-0.70	
5.	Kohima Smart City Development Ltd., Kohima	Accounts not submitted since inception												
Sector-wise total				-0.36	-0.70	0.22	-	0.83	-6.31	0	8.81	10.49	-0.70	
Total A (All sector wise working Government Companies)				-4.71	-5.84	6.05	-	26.45	-73.33	0	71.85	56.34	-5.08	22.49
B. Non-working Companies														

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalised	Earnings before interest and taxes (EBIT)	Net Profit/ Loss	Turn over	Impact of accounts comments	Paid up Capital	Accumulated Profit (+) / Loss(-)	Free Reserves & Surplus	Long Term Loans outstanding	Capital Employed @	Return on Capital Employed#	Percentage of return on Capital Employed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
MANUFACTURING														
6.	Nagaland Industrial Raw Materials Supply Corporation Ltd., Dimapur	2018-19	2021-22	-0.29	-0.29	0	-	1.23 ¹⁸⁷	-0.93	0	0.05	0.35	-0.29	-
7.	Nagaland Sugar Mills Company Ltd., Dimapur	2001-02	2017-18	-0.08	-0.08	0	-	5.89	-15.10	0	6.08	-2.76	-0.08	-
Sector-wise total				-0.37	-0.37	0	0	7.12	-16.03	0	6.13	-2.41	-0.37	-
Total B (All sector wise non-working Government Companies)				-0.37	-0.37	0	0	7.12	-16.03	0	6.13	-2.41	-0.37	-
Grand Total (A+B)				-5.08	-6.21	6.05	0	33.57	-89.36	0	77.98	53.93	5.45	

Return on Capital Employed has been worked out by adding back the interest charged to Profit and Loss account to net profit/loss figure.

@ Capital employed represents shareholders' fund plus long term borrowing.

¹⁸⁷ includes share application money ₹1.13 crore

Appendix-6.1.3
Statement showing Rate of Real Return on Government Investment
(Reference: Paragraph 6.1.9)

(₹ in crore)

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State government during the year	Net interest free loan given by the State Government during the year	Interest free loan converted into equity during the year	Grants/ subsidies given by the State government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/profit after tax (PAT) for the year*
A	B	C	D	E	F	G	H	I	J	K $K=I \times (1+J)$	L $L=I \times J/100$	M
Upto 2012-13		29.67		0.73	100.05		130.45	130.45	10.38	246.90	13.54	
2013-14	246.90	4.25	0.00	0.00	16.00	0.00	20.25	267.15	6.25	283.85	16.70	0.50
2014-15	283.85	0.00	0.00	0.00	10.66	0.00	10.66	294.51	6.81	314.57	20.06	-3.35
2015-16	314.57	0.00	0.00	0.08	16.25	0.00	16.33	330.90	6.95	353.89	23.00	-4.50
2016-17	353.89	0.00	0.00	0.00	18.90	0.00	18.90	372.79	6.87	398.41	25.61	-8.05
2017-18	398.41	0.42	0.00	0.00	24.04	0.00	24.46	422.87	6.79	451.58	28.71	-4.50
2018-19	451.58	0.00	0.00	0.00	25.04	0.00	25.04	476.62	7.14	510.65	34.03	-2.62
2019-20	510.65	0.00	0.00	0.00	24.49	0.00	24.29	535.14	7.80	576.88	41.74	-6.03
2020-21	576.88	0.00	0.00	0.00	24.51	0.00	24.51	601.39	6.90	642.89	41.50	-6.30
2021-22	642.89	0.00	0.00	0.00	28.30	0.00	28.30	677.19	6.81	723.31	46.12	-5.84
Total							323.19	-	-	-	-	-

* worked out in respect of 5 PSUs where State Government made direct investment on the basis of profit/loss as per their latest finalised accounts.

**these are cumulative figures upto 2012-13 for Columns C, D, E, F, G and H.

Year	Total earnings/ loss in 2018-19	Investment by the State Government as per total of the column H above	Return on State Government investment on the basis of historical value	Present value of State Government investment at the end of 2018-19	Real return on State Government investment considering the present value of investments
	A	B	C	D	E
	Value of column M of above table	Total of the column H of above table	A*100/B	Value of column K of above table	A*100/D
2021-22	-5.84	323.19	-0.91	723.31	-0.81

Appendix-6.2.1
Sampling Methodology adopted for test check
(Reference: Paragraph 6.2.4.3)

The project sample was taken by dividing the population into two strata – “High risk” and “Others”. The High-Risk stratum was limited to five *per cent* of all the projects in the state and was formed by selecting projects with high project costs. These were audited 100 *per cent*. The remaining projects was put into the “Others” stratum and balance sample of 20 *per cent* was drawn using Simple Random Sampling without Replacement (SRSWOR) method using IDEA Software. Three blocks were chosen for audit in each selected project where number of blocks exceeded nine and two blocks was selected for audit where the number of blocks was less than nine.

In each selected block, village-wise average household consumption data for 2019-20 obtained from the Department of Power was arranged in the ascending order and top 20 *per cent* villages with nil or low average household power consumption was to be treated as high risk and selected for audit and 10 *per cent* of the remaining low risk villages was selected using simple random sampling.

Sl. No.	District	Block Name	Village Name
1.	Wokha	Wozhuro Ralan	Sankiton
2.	Wokha	Wozhuro Ralan	Totsu
3.	Wokha	Wozhuro Ralan	Shaki
4.	Wokha	Wozhuro Ralan	Pongitong
5.	Wokha	Wozhuro Ralan	Chandalashung (Old)
6.	Wokha	Wokha	Ralan (Old)
7.	Wokha	Wokha	Ralan (New)
8.	Wokha	Wokha	Vankhosung
9.	Wokha	Wokha	Niroyo
10.	Wokha	Wokha	Okheyen
11.	Dimapur	Medziphema	Diphupar ‘B’
12.	Dimapur	Medziphema	Puranabazar ‘A’ (CT)
13.	Dimapur	Medziphema	Pherima
14.	Dimapur	Medziphema	Signal Angami
15.	Dimapur	Medziphema	Senjum
16.	Dimapur	Medziphema	Khuokhidolong
17.	Dimapur	Medziphema	Thahekhu
18.	Dimapur	Medziphema	Tsiepama
19.	Dimapur	Medziphema	Piphema (New)
20.	Dimapur	Medziphema	5 th Mile Model
21.	Dimapur	Dhansiripar	Doyapur
22.	Dimapur	Dhansiripar	Ganesnagar
23.	Dimapur	Dhansiripar	Hazadisa
24.	Dimapur	Dhansiripar	Disagaphu
25.	Dimapur	Dhansiripar	Shikato (UR)
26.	Dimapur	Dhansiripar	Kiyeto
27.	Peren	Jalukie	Sailhem
28.	Peren	Jalukie	Lower Sinjol

Sl. No.	District	Block Name	Village Name
29.	Peren	Jalukie	Newchamcha (UR)
30.	Peren	Jalukie	Kejanglwa
31.	Peren	Jalukie	Jalukie 'B'
32.	Peren	Jalukie	Lilen 'B' (UR)
33.	Peren	Jalukie	Ngwalwa Hq.
34.	Peren	Jalukie	Dunki
35.	Peren	Jalukie	Mhainamtsi
36.	Peren	Jalukie	Jalukie (old)
37.	Peren	Peren	Poilwa Namci
38.	Peren	Peren	Heunanbe (UR)
39.	Peren	Peren	Peren (New)
40.	Peren	Peren	Peren (Old)
41.	Mon	Wakching	Mahung (UR)
42.	Mon	Wakching	Wanching
43.	Mon	Wakching	W/ Chingla
44.	Mon	Wakching	Chingphoi
45.	Mon	Wakching	Wakching Hq
46.	Mon	Tobu	Thanyak (U/R)
47.	Mon	Tobu	Meinchangle
48.	Mon	Tobu	Shinnyu
49.	Mon	Tobu	Tamkong
50.	Mon	Tobu	Yei
51.	Mon	Tobu	Angchen (U/R)
52.	Mon	Tobu	Changlangshu
53.	Mon	Tobu	Changlu
54.	Phek	Sekruzu	Thevopisu
55.	Phek	Sekruzu	Therhutsesemi
56.	Phek	Sekruzu	Runguzumi Nasa
57.	Phek	Sekruzu	Runguzumi Nawe
58.	Phek	Sekruzu	Ruzhazho
59.	Phek	Meluri	Sutsu
60.	Phek	Meluri	New Thewati
61.	Phek	Meluri	Phor
62.	Phek	Meluri	Akhegwo
63.	Phek	Meluri	Meluri Vill.
64.	Phek	Meluri	Kanjang
65.	Tuensang	Longkhim	Chimonger
66.	Tuensang	Longkhim	Phirahir
67.	Tuensang	Longkhim	Angangba
68.	Tuensang	Longkhim	Old Mangakhi
69.	Tuensang	Longkhim	Longkhim Hq
70.	Tuensang	Thonoknyu	Kingphu (UR)

Sl. No.	District	Block Name	Village Name
71.	Tuensang	Thonoknyu	Peshu
72.	Tuensang	Thonoknyu	New Sanglao
73.	Tuensang	Thonoknyu	Thonoknyu Hq
74.	Peren	Peren	Mpai
75.	Peren	Peren	Ndunglwa
76.	Peren	Peren	Kelagim (UR)
77.	Peren	Peren	Benreu
78.	Peren	Peren	Peren Namdi (UR)
79.	Peren	Tening	Upper Sinjol
80.	Peren	Tening	Nkio 'B'
81.	Peren	Tening	Ntu
82.	Peren	Tening	Nzauna
83.	Peren	Tening	Nkio (Old)
84.	Peren	Tening	Mbaulwa
85.	Peren	Tening	Bamsiakelu
86.	Dimapur	Medziphema	Samaguri

Source: Departmental records

Appendix-6.2.2
Statement showing interest remittance by DoPN
(Reference: Paragraph 6.2.7.3)

(Amount in ₹)

Scheme component	Period	Interest earned on capital subsidy	Interest remitted to MoP		Interest not remitted as on 31 March 2021
			Date	Amount	
DDUGJY (RGGVY) XII Plan	2015-18	1,44,07,440	05.10.2018	1,44,07,440	47,08,212
	2018-19	17,71,527	05.06.2020	17,71,527	
	2019-20	31,38,223	-	0	
	2020-21	15,69,989	-	0	
DDUGJY New (Phase I & II)	2016-18	17,34,288	05.10.2018	17,34,288	21,84,819
	2018-19	13,47,327	05.06.2020	13,47,327	
	2019-20	5,55,098	-	0	
	2020-21	16,29,721	-	0	
Saubhagya	2018-19	22,73,089	05.06.2020	22,73,089	0
Saubhagya Infra	2018-19	13,21,258	05.06.2020	13,21,258	7,29,170
	2019-20	5,83,785	-	0	
	2020-21	1,45,385	-	0	
DDUGJY Addl.	2020-21	1,50,494		0	1,50,494
Total		3,06,27,624		2,28,54,929	77,72,695

Source: Bank statements and Departmental records

Appendix-6.2.3

Statement showing details of payment made to PMA by DoPN (as of September 2021)

(Reference: Paragraph 6.2.7.4)

(Amount in ₹)

Name of the Scheme	Sanction (in crore)	PMA fixed at 0.75 per cent (in crore)	Amount paid to PMA	Date of Payment	Paid in excess of agreed fees (in crore)
	1	2	3	4	5 = (2-3)
RGGVY XII Plan	92.35	0.69	39,77,700	-	0.36
			45,74,354	16.07.2018	
			19,22,555	01.09.2020	
			1,04,74,609		
Saubhagya	86.45	0.65	20,36,700	25.02.2019	
			20,36,700	14.08.2020	
			16,97,250	14.08.2020	
			57,70,650		
DDUGJY Ph-I	42.38	0.32	20,65,372	20.09.2017	0.09
			20,83,490	20.09.2017	
			41,48,862		
DDUGJY Ph-II	42.17	0.32	9,44,325	25.02.2019	
			9,44,325	14.08.2020	
			7,86,938	14.08.2020	
			26,75,588		
DDUGJY Addl.	51.99	0.39	-	-	
Total	315.35	2.37	--	--	0.45

Source: Sanction orders and Departmental records

Appendix-6.2.4
Statement showing details of delay in award of contracts
(Reference: Paragraph 6.2.8.1)

(₹ in crore)

Name of the Scheme	Date of Approval/ Sanction by REC	Name of works	Name of L1	Amount	Date of opening of bid	LOA date	Delays in No. of days
DDUGJY (RGVVY-XII)	01.03.2014	Package for Rural Electrification works of eleven districts under RGGVY	Diamond Power Infrastructure Ltd.	91.52	28.11.2014	29.11.2014	93
DDUGJY (RGVVY-XII) balance work	Turnkey termination 13.06.2018	Supply of Poles	Spectrum Infra Ventures Pvt. Ltd.	16.91	20.02.2019	08.03.2019	88
		Supply of Distribution Transformers and Conductors	Spectrum Infra Ventures Pvt. Ltd.	4.99	20.02.2019	08.03.2019	88
		Supply, Erection, Installation and Commissioning of New Sub Station and Augmentation of Sub Station	Spectrum Infra Ventures Pvt. Ltd.	5.50	20.02.2019	08.03.2019	88
DDUGJY New	18.08.2015	Supply of DT GOAB Switch LA DO fuse Polymeric Pin and Disc Insulators	Mecavo Power Works	5.99	07.04.2016	19.04.2016	65
		Supply of GI Poles	Oasis Transmission Pvt. Ltd.	10.73	07.04.2016	19.04.2016	65
		Supply of ACSR WEASEL and AAC ANT Conductor	National Power Systems	5.31	07.04.2016	19.04.2016	65
DDUGJY-Add. (In Principle sanction on 13 Oct 2018 by REC)	(13.10.2018) 31.03.2020	Supply of ST Poles	DK Enterprises	11.95	04.03.2019	06.03.2019	-
		Supply of Distribution Transformers, Conductors, Insulators, GO Air Breaker	DK Enterprises	10.90	04.03.2019	06.03.2019	-
		Construction of New 2.5MVA Sub Station	Caravan Power and Constructions (I) PVT.LTD	11.30	04.03.2019	06.03.2019	-

Source: Departmental records

Appendix-6.2.5
Statement showing comparative cost of energy meters
(Reference: Paragraph 6.2.8.11)

A. Cost of energy meters where work orders cited only technical specification

(Amount in ₹)

Sl. No.	Supply Order	Contractor	No. of meter	Cost per Meter	Total
1.	No. CEL/SAUBHAGYA/SUPPLY/1490 dt. 24.08.2018	Mecavo Power Works	10,000	1,250	1,25,00,000
2.	No. CEL/SAUBHAGYA/SUPPLY/1491 dt. 24.08.2018	Oasis Transmission (P) Ltd.	10,000	1,250	1,25,00,000
3.	No. CEL/SAUBHAGYA/SUPPLY/1665 dt.10.10.2018	Vikash Electrical Stores	10,000	1,250	1,25,00,000
4.	No. CEL/SAUBHAGYA/SUPPLY/1672 dt.25.10.2018	Vikash Electrical Stores	10,000	1,250	1,25,00,000
Total			40,000	--	5,00,00,000

Source: Departmental records

B. Cost of energy meters where work orders cited brand name alongwith technical specification

(Amount in ₹)

Sl. No.	Supply Order	Contractor	No. of meter	Cost per Meter	Total
1.	No. CEL/RGGVY-XII/BPL/1566/67 dt. 22.07.2016	Dimapur Supply Company	2,000	1,505	30,10,000
2.	No. CEL/RGGVY-XII/BPL/1781 dt. 22.05.2017	Dimapur Supply Company	2,000	1,650	33,00,000
3.	No. CEL/RGGVY-XII/BPL/1788 dt. 31.05.2017	Dimapur Supply Company	2,000	1,650	33,00,000
4.	No. CEL/RGGVY-XII/BPL/1789 dt. 31.05.2017	Electrical Enterprise	3,014	1,650	49,73,100
5.	No. CEL/RGGVY-XII/BPL/1682 dt. 03.11.2018	Vikash Electrical Stores	14,000	1,450	2,03,00,000
6.	No. CEL/RGGVY-XII/BPL/1695 dt. 12.11.2018	Vikash Electrical Stores	10,000	1,450	1,45,00,000
7.	No. CEL/DDUGJY-New/BPL/1693 dt.12.11.2018	Oasis Transmission (P) Ltd.	5,000	1,450	72,50,000
8.	No. CEL/DDUGJY-UEV/BPL/1564-65 22.07.2016	Mecavo Power Works	2,000	1,505	30,10,000
9.	No. CEL/DDUGJY-UEV/BPL/1792(A) 07.06.2018	Dimapur Supply Company	2,000	1,650	33,00,000
10.	No. CEL/SAUBHAGYA/SUPPLY/1355 dt.10.05.2018	Oasis Transmission (P) Ltd	10,000	1,650	1,65,00,000
11.	No. CEL/SAUBHAGYA/SUPPLY/1357 dt.10.05.2018	Vikash Electrical Stores	7,000	1,650	1,15,50,000

Audit Report for the year ended 31 March 2022

Sl. No.	Supply Order	Contractor	No. of meter	Cost per Meter	Total
12.	No. CEL/SAUBHAGYA/SUPPLY/1359 dt.10.05.2018	Mecavo Power Works	3,000	1,650	49,50,000
13.	No. CEL/SAUBHAGYA/SUPPLY/1492 dt.24.08.2018	Vikash Electrical Stores	10,000	1,450	1,45,00,000
14.	No. CEL/SAUBHAGYA/SUPPLY/1536 dt.24.09.2018	Vikash Electrical Stores	10,000	1,450	1,45,00,000
15.	No. CEL/SAUBHAGYA/SUPPLY/1677 dt.02.11.2018	Vikash Electrical Stores	6,000	1,450	87,00,000
16.	No. CEL/SAUBHAGYA/SUPPLY/1694 dt.12.11.2018	Oasis Transmission (P) ltd.	5,000	1,450	72,50,000
Total			93,014	-	14,08,93,100

Source: Departmental records

Appendix-6.2.6
Statement showing amount sanctioned for awareness programme
(Reference: Paragraph 6.2.9.1)

(₹ in lakh)

Sl. No.	District	Saubhagya Rural	Saubhagya Urban	Total
1.	Dimapur	11.43	0.55	11.98
2.	Kiphire	8.78	0.49	9.27
3.	Kohima	5.14	0.40	5.54
4.	Longleng	1.32	0	1.32
5.	Mokokchung	3.52	0	3.52
6.	Mon	5.46	0.22	5.68
7.	Peren	3.89	0.28	4.17
8.	Phek	5.66	0.08	5.74
9.	Tuensang	3.30	0.08	3.38
10.	Wokha	3.00	0.08	3.08
11.	Zunheboto	4.15	0.15	4.30
Total		55.65	2.33	57.98

Source: Departmental records

Appendix-6.2.7

Statement showing status of Quality Monitoring Inspections

(Reference: Paragraph 6.2.9.2)

i) TPIA/ PMA inspections as on 31 March 2021

Details showing TPIA/ PMA inspection

Project	Village inspection			Sub-Station inspection		Feeder inspection		No. of defects reported by TPIA/ PMA	No. of defects rectified by PIA (DoPN)
	No. of villages sanctioned	No. of villages to be inspected	No. of villages actually inspected	No. of SSs sanctioned (New & Augmentation)	No. of SSs actually inspected	No. of Feeders sanctioned	No. of Feeders actually inspected		
DDUGJY (RGGVY XII)	308	154 (50 per cent)	118	5	0	0	0	1036	736
DDUGJY New	115	115	85	3	1	191	144	257	0
Saubhagya	376	376	217	0	0	0	0	*	-

*Inspection reports yet to be issued.

ii) RQM inspections as on 31 March 2021

Detail showing RQM inspections

Project	Village inspection			Sub-station inspection		Feeder inspection		No. of defects reported by RQM	No. of defects rectified by PIA (DoPN)
	No. of villages sanctioned	No. of villages to be inspected	No. of villages actually inspected	No. of SSs sanctioned (New & Augmentation)	No. of SSs actually inspected	No. of Feeders to be inspected	No. of Feeders actually inspected		
DDUGJY (RGGVY XII)	308	62 (20 per cent)	20	5	0	0	0	311	311
DDUGJY New	115	88	26	3	0	19	0	518	250
Saubhagya	376	62	20	0	0	0	0	413	0

Source: Department's reply and records

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
<https://cag.gov.in>**

<https://cag.gov.in/ag/nagaland>