

**Report of the
Comptroller and Auditor General of India
on
General, Economic and Revenue Sectors
for the year ended 31 March 2019**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF NAGALAND
Report No. 2 of 2020

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Comptroller and Auditor General of India
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General, Economic and Revenue Sectors**

For the year ended 31 March 2019

GOVERNMENT OF NAGALAND

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PREFACE

1. This Report for the year ended 31 March 2019 has been prepared for submission to the Governor of Nagaland under Article 151(2) of the Constitution of India.
2. The Report contains significant results of the performance audit and compliance audit of the Departments of the Government of Nagaland under the General, Economic and Revenue Sectors *viz.*, Public Works (Housing), Justice and Law, Home (Nagaland State Disaster Management Authority), Nagaland Industrial Development Corporation Limited, Nagaland State Mineral Development Corporation Limited, Finance (Taxation) and Finance (Treasuries and Accounts) Departments.
3. The cases mentioned in this Report are those which came to notice in the course of test audit during the year 2018-19 as well as those which came to notice in earlier years but could not be reported in the previous Reports.
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 General, Economic 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 2018-19, the Accountant General (Audit), Nagaland, planned for audit of 402 units out of total 1228 units, after carrying out risk assessment and keeping in view the available manpower, of which all 402 units were audited. This Report *inter alia* contains two Performance Audits titled “**Development of Infrastructure Facilities for the Judiciary and e Courts Project**”, “**Construction and Maintenance of Government buildings by PWD (Housing)**,” and seven compliance audit paragraphs which include compliance audit of “**Disaster Management in the State**”.

Chapter-II General Sector

Performance Audit

Development of Infrastructure Facilities for the Judiciary and e Courts Project

DEPARTMENT OF JUSTICE AND LAW

Primary responsibility for infrastructure development for subordinate judiciary rests with the State Government. The Central Government augments the resources of the State Governments by releasing financial assistance under the Centrally Sponsored Scheme (CSS) for Development of Infrastructure Facilities for Judiciary covering the districts and subordinate Courts with a view to facilitate better justice delivery. The e Courts Project was conceptualised on the basis of the National Policy and Action Plan for Implementation of Information and Communications Technology (ICT) in the Indian Judiciary- 2005 submitted by the e Committee, Supreme Court of India with a vision to transform the Indian Judiciary by ICT enablement of Courts. It was implemented as a mission mode project in 2007 for District Courts across the country, with Phase I concluding in March 2015 and Phase II was sanctioned by GoI in August 2015 which envisages additional hardware for Courts.

(Paragraph 2.2)

Performance Audit on Development of Infrastructure Facilities for the Judiciary and e Courts Project for the period from 2014 to 2019 revealed the following:

Annual Action Plans for development of infrastructures submitted by the State’s Department of Justice and Law to the GoI were not based on actual requirements and

included 24 inadmissible projects according to the Scheme guidelines. Further, 28 works were included in the AAPs without technical estimates.

(Paragraph 2.2.8.1.1)

The Fund Management for the CSS revealed that against a proposal of funds ₹ 173.02 crores for 59 projects in the AAPs, the State received total funds of ₹ 70.05 crores (including state share) out of which ₹ 61.40 crore were spent on programme implementation whereby 13 projects (4 courts and 9 housing units) were completed during the period 2014-19.

(Paragraphs 2.2.9 and 2.2.10.3.1)

The Finance Department irregularly deducted VAT from CSS grants, instead of deducting them from the Contractors bills. The total deduction from GoI grants was of ₹ 7.48 crore inclusive of departmental charges. Irregular deduction of VAT of ₹ 45 lakh was also made from funds available under NLCPR for construction of housing units for judicial Officers.

(Paragraphs 2.2.9.1 and 2.2.10.5.1)

Government of Nagaland delayed release of State share of ₹ 6.68 crore in the years 2014-15, 2016-17 and 2017-18 by 10 to 14 months. The State share of ₹ 36 lakh was not released during 2018-19.

(Paragraph 2.2.9.2)

The Department released ₹ 61.40 crore during 2014-15 and 2018-19 to two implementing agencies, however, examination of receipt and payment accounts revealed that they had received only ₹ 38.70 crore. Funds of ₹ 16.79 crore were utilised on procurement of land and buildings at Kiphire and Kohima and payments to contractors, whereas funds of ₹ 9.75 crore remained unspent in bank account.

(Paragraph 2.2.9.3)

The Court Complex at Mon on which ₹ 1 crore was shown to have been spent including ₹ 50 lakh on land purchase, remained incomplete and the site was handed over to the district administration for the functioning of Customary Court.

(Paragraph 2.2.9.3)

The Department submitted incorrect utilisation Certificates for ₹ 5.91 crore without actually using the CSS funds for judicial infrastructure development in the State.

(Paragraph 2.2.9.4)

Deficiencies were noticed in construction of Court building at Zunheboto whereby only 60 *per cent* of work was completed since its commencement in 2012 incurring expenditure of ₹ 3.12 crore. In Court Complex Tuensang, court rooms constructed were below specifications defeating the objective of space and utility.

(Paragraphs 2.2.10.3.1 (i) & (ii))

In improving Housing for Judicial officers, it was seen that houses constructed were not occupied (Zunheboto and Dimapur) and repair and renovation works were not found executed on physical verification (Dimapur) leading to unfruitful/ irregular expenditure of ₹ 2.42 crore.

(Paragraph 2.2.10.4)

Department carried out five non-permissible works valued ₹ 2.06 crore towards maintenance of departmental guest house, construction of protection wall and boundary wall to Judicial Officer's quarters in contravention to scheme guidelines.

(Paragraph 2.2.10.3.1(v))

The Department also received funds of ₹ 8.09 crore from DoNER, GoI under NLCPR and ₹ 90 lakh as State share, for 13 housing units for Judicial Officers during the period 2014-17. The Divisions were given only ₹ 4.70 crore and balance funds of ₹ 3.84 crore were lying in bank accounts, against which the Department issued incorrect utilisation certificates to GoI.

(Paragraph 2.2.10.5.1)

Out of the ten housing units test checked by audit four in Kohima were completed, two housing units in Zunheboto were found abandoned for no valid reason after incurring expenditure of ₹ 59 lakh and housing units in Tuensang remained incomplete since 2015.

(Paragraphs 2.2.10.3.1(vi) & 2.2.10.5.2)

Under e Courts project, the State received ₹ 5.63 crore of which ₹ 5.47 crore were utilised during the period 2015-16 to 2018-19. The audit revealed several cases of short receipt and underutilisation of equipment and hardware, non-commencement of digitalisation of case files in the State, shortage of technical manpower, non-installation of Video Conferencing equipment by the four district Courts thereby resulting in non-achievement of the intended objectives of the scheme.

(Paragraphs 2.2.13, 2.2.13.1, 2.2.13.3, 2.2.13.4 & 2.2.13.7)

In the absence of internet connectivity, centralised filing system could not be made operational in Nagaland thereby reports such as cause list, pending and disposal status are generated offline. Case Information Software (CIS) was not upgraded and further affected with shortage of technical manpower. Despite an expenditure of ₹ 39.32 lakh on Video Conferencing equipment, the utilisation was 'Nil' for want of internet facilities in Jails.

(Paragraphs 2.2.13.10, 2.2.13.4 & 2.2.13.7)

Solar panels works ₹ 9.38 Lakh procured in advance for Court Complex Zunheboto remained unutilised due to incomplete civil works.

(Paragraph 2.2.13.11)

Compliance Audits

Compliance Audit on Disaster Management in the State

HOME DEPARTMENT

The Disaster Management (DM) Act, 2005, lays down the institutional framework for disaster management including disaster risk reduction at various levels, for drawing up the State and District plans for disaster management, integrating measures for disaster prevention and mitigation and makes necessary funding arrangements to be put in place by State Governments.

The DM Act, 2005 mandates the National Disaster Management Authority (NDMA) to lay down policies and guidelines for the statutory authorities to draw their plans. The NDMA formulated guidelines on various types of disasters and related issues.

(Paragraph 2.3)

The Compliance Audit on Disaster Management in the State, implemented by the Nagaland State Disaster Management Authority (NSDMA), covering the period 2014-19, revealed the following:

There was no planning activity for disaster management in the State. State Disaster Management Plan and the District Disaster Management Plans (2012-13) had not been approved by the State Authority. None of the State Departments had prepared and submitted their Disaster Management Plans for approval to the Nagaland State Disaster Management Authority.

(Paragraphs 2.3.9.1 and 2.3.9.2)

Structural designs of buildings in the State for protection against natural disasters of earthquake and others were not enforced as the State Government did not implement the Nagaland Building Bye Laws (NBBL) 2012.

(Paragraph 2.3.9.4)

The NSDMA has spent ₹ 327.57 crore against available funds of ₹ 351.05 crore during the period 2014-19. The un-spent funds at the end of each year had not been invested as per stipulated guidelines.

(Paragraph 2.3.10.1)

The State Executive Committee (SEC) budget allocation for various activities as notified in July 2017 was not as per the NDRF guidelines of the GoI. They had further diverted funds of ₹ 6.46 crore out of the SDRF during 2014-19 on salaries and travel expenses, which were not permissible and violation of the guidelines.

(Paragraph 2.3.10.3)

The State Government had not constituted District Disaster Response Fund and Disaster Mitigation Fund for both District and State as per Disaster Management Act, 2005, thereby impacting disaster response and mitigation activities at district level.

(Paragraph 2.3.10.5)

There were irregularities in 85 civil works executed by the NSDMA, noticed during joint physical verification by the audit, on account of doubtful works/unexecuted works and land development of private individuals in which cost involved was ₹ 60 crore.

(Paragraph 2.3.11.1)

The NSDMA and DDMA could conduct only one mock drill each in 2014-15 and 2018-19, 12 locations specific programmes and 36 training programmes, in order to create awareness for disaster preparedness in the State, indicating the need to step up awareness on disaster management amongst the citizens and government agencies. The NSDMA was yet to set up a proper communication augmentation plan with police/paramilitary authorities besides a dedicated alert or warning system for deployment during major disasters.

(Paragraph 2.3.12.1)

The State Emergency Operation Centre continue to operate from a rented building in Kohima since February 2017, without any video conferencing facilities. A State contingency plan and details of NGOs/responders to be contacted in event of disaster striking were not in place. At district level too, absence of facilities were noticed, reflecting ill preparedness of the NSDMA in event of disasters. The NSDMA had not updated the India Disaster Resource Network (IDRN), a nationwide platform for management of equipment/resources with the facilities available in the State.

(Paragraphs 2.3.12.2 & 2.3.12.3)

Thus the Nagaland State Disaster Management Authority was not adequately geared up to handle disasters in the State for want of plans and a robust organisation capable and fully equipped with manpower and equipment to deal with disasters.

Compliance Audit Paragraphs

FINANCE DEPARTMENT

Failure of the Drawing and Disbursing Officers and Treasury Officers to exercise prescribed checks resulted in fraudulent/double/excess drawal of ₹ 5.16 crore out of which ₹ 4.94 crore was yet to be recouped/ recovered.

Despite these instances being pointed out in previous C&AG Reports, the Finance Department have failed to take corrective action to strengthen the internal controls and checks to prevent such fraudulent withdrawal of funds from Treasuries. A series of recommendations have been made in the Report to plug these irregularities.

(Paragraph 2.4)

There were fraudulent drawals of ₹ 45 lakh by seven DDOs on account of inadmissible bills of Pay & Allowances of existing and ghost employees. Fake Treasury Challans were submitted to mislead audit.

(Paragraph 2.5)

Chapter-III Economic Sector

Performance Audit

Construction and Maintenance of Government buildings by PWD (Housing)

PUBLIC WORKS DEPARTMENT (HOUSING)

The Nagaland Public Works Department (Housing) is entrusted with the responsibility of creating residential and non-residential infrastructure in the State.

During the period 2014-2019, the State Government sanctioned 254 new projects of residential and non-residential buildings at a cost of ₹ 671.95 crore. Out of the 71 projects taken up by seven housing divisions, 26 were completed while 45 were on going as on March 2019. Similarly, out of 256 projects undertaken by 17 Engineering Divisions attached with other Departments during the period, 132 projects were completed while 124 were ongoing. The total expenditure incurred during the period was of ₹ 683.72 crore on 327 projects.

(Paragraphs 3.2.1 & 3.2.9)

The Performance Audit was conducted during June to September 2019 for the period 2014-19 on a sample check of the executing divisions. The significant findings of audit are highlighted below:

The Department did not ensure availability of land free from all encumbrances in four projects and delayed handing over of land, ranging from seven months to 37 months in two projects resulting in time and cost overrun of projects.

(Paragraph 3.2.8.1)

Failure of the Department to identify project sites led to delays in commencement/ completion of the works resulting in cost escalation of ₹ 141 crore in 14 projects.

(Paragraph 3.2.8.2)

Under various Central Schemes, the Departments received GoI funds of ₹ 212.92 crore but the State did not release its share of funds to the tune of ₹ 27.02 crore. There were delays ranging from three months to 51 months in release of the funds by the Finance Department to the implementing Departments.

(Paragraph 3.2.9.1)

Four Executive Engineers prepared four Detail Project Reports (DPR) without obtaining mandatory recommendation of High-Level Technical Committee (HLTC) and approval of the State Level Programme Implementing Committee (SLPIC), thereby violating existing systems and procedures in place.

(Paragraph 3.2.10)

Undue financial benefit of ₹ 17.15 crore as advance payment was extended to three contractors by two Executive Engineers though there was no enabling payment clause in the contract deed agreement and also without citing any reason for such payment.

(Paragraph 3.2.11.1)

In 55 projects, Engineering divisions made payment of ₹ 15.74 crore for works not executed or short executed.

(Paragraph 3.2.11.2)

There were delays in completion of 90 projects out of total 119 projects executed by Public Works and Engineering Divisions. The delays which ranged upto 165 months from the date of issue of the work order were mainly on account of land disputes, delays in handing over of site and delays in release of funds to implementing agencies.

(Paragraph 3.2.12)

The State Quality Control Board did not exercise quality control checks or inspections in the execution of the projects during 2014-19. Laboratory for quality test of materials used in projects was also not established in the State.

(Paragraph 3.2.13.2)

Firefighting works were provided only in one DPR out of 69 major projects like offices, schools, hospitals, market complex multi-parking, emporiums etc. thereby endangering the lives of its occupants and the users.

(Paragraph 3.2.13.3)

The State needs to improve upon the implementation of Accessible India Campaign to create a barrier free environment in all the buildings as out of 69 major projects, provision of lift was provided only in 10 projects and provision of ramp was made in DPRs of only eight projects.

(Paragraph 3.2.13.4)

Chapter-IV

Economic Sector (Public Sector Undertakings)

As on 31 March 2019, the State of Nagaland had six PSUs (five working companies and one non-working company, wherein the investment of the State Government (capital and long-term loans) in six PSUs was ₹ 35.15 crore consisting of ₹ 34.34 crore (97.70 per cent) towards capital and ₹ 0.81 crore (2.30 per cent) towards long-term loans. The combined investment of State and Other Stakeholders as on 31 March 2019

in PSUs under various important sectors stood at ₹ 115.50 crore. The combined investment was highest in the Finance Sector PSUs (₹ 74.62 crore) followed by Miscellaneous Sector PSUs (₹ 19.23 crore).

(Paragraphs 4.1.1, 4.1.2 & 4.1.2.1)

As per the information available as on 30 September 2019, five working PSUs had arrears of total 18 accounts ranging from one to nine years. During 2018-19, four working PSUs finalised total eight accounts, while remaining one PSU (Nagaland Handloom & Handicrafts Development Corporation Limited) had not finalised any accounts after 2013-14.

(Paragraph 4.1.5)

As per the information furnished by the PSUs, during 2018-19 the State Government has provided budgetary support of ₹ 28.89 crore in the form of long-term loans (₹ 3.85 crore) and grants/subsidy (₹ 25.04 crore).

(Paragraph 4.1.7)

As per the latest finalised accounts of PSUs as on 30 September 2019, the turnover of five working PSUs stood at ₹ 6.70 crore. The accumulated losses (₹ 65.19 crore) of four out of five working PSUs had completely eroded their paid-up capital (₹ 26.03 crore) as per their latest finalised accounts. During 2018-19, five working PSUs incurred overall losses of ₹ 2.62 crore as per their latest finalised accounts.

(Paragraphs 4.1.8.1 & 4.1.8.2)

Compliance Audit Paragraphs

Nagaland Industrial Development Corporation Limited paid an advance of ₹ 50 lakh to the Chairman of the Company by diverting Government Grants without approval of the competent authority and had not recovered the same.

(Paragraph 4.2)

Nagaland State Mineral Development Corporation Limited paid an additional cost of ₹ 20.72 crore as cost escalation on a bridge work contrary to the contract terms after settlement of contractor's dues and closure of work.

(Paragraph 4.3)

Chapter-V Revenue Sector

Compliance Audit Paragraphs

FINANCE (Taxation) Department

Two dealers concealed sales turnover and evaded VAT of ₹ 5.24 crore. Sixteen dealers concealed applicable taxable rate of interstate purchases and evaded VAT of ₹ 14.40 crore.

(Paragraph 5.2.1)

The Assessing Authority did not scrutinise the utilisation of statutory forms for import of goods into the State and also did not invoke the relevant provisions of Nagaland Entry Tax Act 2013 resulting in short payment of entry tax of ₹ 1.37 crore.

(Paragraph 5.2.2)

Chapter-VI

Follow up of Audit observations

As of December 2019, out of 1423 recommendations of the Public Accounts Committee, made during the period from 1990-91 to 2018-19, 973 ATNs on the recommendations had been submitted to the Public Accounts Committee and discussed.

(Paragraph 6.1)

As of December 2019, 1649 Inspection Reports (IRs) issued from 1997-98 onwards were pending for settlement. The large pendency of IRs indicates absence of adequate action to rectify the defects, omissions and irregularities by the Heads of Offices and Heads of the Departments as pointed out by audit through IRs.

(Paragraph 6.3)

During 2018-19, no audit committee meeting was convened to clear the outstanding audit observations. Government needs to ensure that such meetings are held at regular intervals to take necessary action on the audit observations.

(Paragraph 6.4)

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 audit and test audit of transactions of various departments of the Government of Nagaland pertaining to General, Economic 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

This office 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 Entitlement functions were entrusted to the 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, Revenue and General 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 Article 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 Government of Nagaland. This office conducts audit of revenue receipts of Government of Nagaland under Section 16 of the C & AG's (DPC) Act. This office 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 (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 Audit of World Bank assisted projects, Asian Development Bank assisted projects etc.

1.3 Planning and conduct of Audit

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.

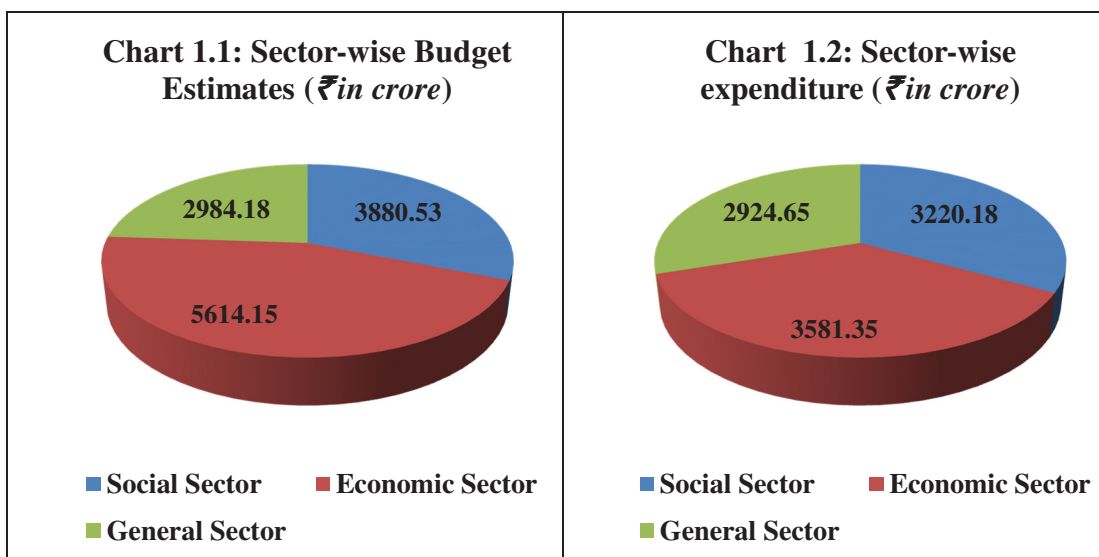
After completion of each audit, Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the IR. Wherever replies are received, audit findings are either settled or further action for compliance is advised. Significant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

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 Indian Audit & Accounts Department. 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 Computerization (VLC), financial size of the units, data from various e-governance initiatives taken by Government, flagship programme undertaken by auditees, press criticism/ electronic media coverage, expected audit impact and continuous improvement based on past experience, etc. were taken into account to the extent possible while framing out the plan. A sector wise analysis of Government spending, investment policy of the Government in infrastructure development, industrialization 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 in areas of high financial risk than to thinly spreading out the resources throughout the Government activities. This would have better socio-economic impact and add value to governance. Out of 1228 units, 402 units were planned for audit during 2018-19 after carrying out risk assessment and keeping in view the available manpower, of which all 402 units were audited during 2018-19.

1.4 Significant Audit Observations

During the year 2018-19, the State Government had incurred an expenditure of ₹ 9726.18 crore against the budget provision of ₹ 12478.86 crore under Social, Economic and General Sectors. Sector wise expenditure is depicted in the **Chart Nos. 1.1 and 1.2.**



(Source: Appropriation Accounts 2018-19)

This Report *inter alia* contains two performance audits titled “**Development of Infrastructure Facilities for the Judiciary and e Courts Project**” and “**Construction and Maintenance of Government buildings by PWD (Housing)**” and one compliance audit of “**Disaster Management in the State**” and major findings of audit from test check of the transactions of 372 units² involving an expenditure of ₹ 17489.15 crore³ under Social, Economic and General sectors. Significant audit findings are discussed in the respective succeeding chapters.

² Social: 123 units; Economic: 199 units; General: 50 units

³ Social: ₹ 2307.84 crore; Economic: ₹ 8516.26 crore; General: ₹ 6665.05 crore

CHAPTER-II
GENERAL SECTOR

CHAPTER - II

GENERAL SECTOR

2.1 Introduction

This chapter of the Report for the year ended 31 March 2019 deals with the audit observations relating to the State Government Departments/Authorities/Units under General Sector.

The Departments and the total budget allocation *vis-a-vis* expenditure of the State is given below:

Table 2.1 showing Departments, Budget provision and Expenditure
(₹ in crore)

Sl. No.	Name of the Departments/ Authorities/ Units	Total Budget Provision	Expenditure
1	State Legislature	39.54	39.54
2	Head of State	9.27	9.06
3	Council of Ministers	12.88	12.60
4	Law & Justice	57.20	45.16
5	Election	96.29	96.15
6	Public Service Commission	6.90	6.29
7	District Administration	161.23	151.51
8	Treasuries and Accounts	45.65	45.36
9	Village Guards	34.96	34.44
10	Jails	54.84	52.94
11	Vigilance Commission	9.72	9.02
12	State Guest Houses	21.07	19.90
13	Rajya Sainik Board	3.73	3.17
14	Relief & Rehabilitation	1.21	1.21
15	Civil Secretariat	205.91	197.18
16	Police	1476.89	1466.93
17	Stationery & Printing	28.92	28.29
18	Administrative Training Institute	8.02	6.95
19	Statistics	39.08	36.65
20	Legal Metrology and Consumer Protection	14.75	11.49
21	Civil Administrative Works Department (CAWD)	24.46	23.38
22	Public Works (Housing)	183.63	182.58
23	Home Guards	39.45	38.34
24	Police Engineering Project	316.02	315.89
25	Fire and Emergency Services	39.01	37.94
26	Parliamentary Affairs	2.04	2.04
27	Mechanical Engineering	49.26	48.64
28	State Information Commission	2.25	2.00
Total		2984.18	2924.65

(Source: Appropriation Accounts)

During the year, expenditure involving ₹ 6665.05 crore (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 Performance Audit on Development of Infrastructure Facilities for Judiciary and e-Courts Project and Compliance Audit on Disaster Management in the State and two compliance audit paragraphs.

Performance Audit

DEPARTMENT OF JUSTICE AND LAW

2.2 Performance Audit on Development of Infrastructure Facilities for the Judiciary and e Courts Project

Primary responsibility for infrastructure development for subordinate judiciary rests with the State Government. The Central Government augments the resources of the State Governments by releasing financial assistance under the Centrally Sponsored Scheme (CSS) for Development of Infrastructure Facilities for Judiciary covering the districts and subordinate Courts with a view to facilitate better justice delivery. The e-Courts Project was conceptualised on the basis of the National Policy and Action Plan for Implementation of Information and Communications Technology (ICT) in the Indian Judiciary-2005 submitted by the e Committee, Supreme Court of India with a vision to transform the Indian Judiciary by ICT enablement of Courts. It was implemented as a mission mode project in 2007 for District Courts across the country, with Phase I concluding in March 2015 and Phase II was sanctioned by GoI in August 2015 which envisages additional hardware for Courts.

We conducted a Performance Audit on Development of Infrastructure Facilities for the Judiciary and e Courts Project for the period from 2014 to 2019.

2.2.1 Introduction

The Department of Justice (DoJ), Government of India (GoI) has been implementing the Centrally Sponsored Scheme (CSS) for ‘Development of Infrastructure Facilities for the Judiciary’ since 1993-94 to augment the resources of the State Government for construction of Court buildings and residential accommodation for Judicial Officers/Judges of District and subordinate Courts with a view to facilitate better justice delivery. The scheme does not cover construction of High Court Buildings. The scheme allows construction of new buildings and up-gradation or renovation of the existing buildings but does not allow routine maintenance or upkeep. The funding pattern of the scheme for the North Eastern States, including Nagaland is 90:10 between the Centre and the State.

2.2.2 Organisational set up

At the State level, Department of Justice and Law is the Nodal Agency for implementation of the scheme in Nagaland. The construction of judicial infrastructure is being executed in coordination with the Executive Engineer (EE), Civil Administrative Works Department (CAWD) and EE, Public Works Department

(Housing), Central Division in the State. The organizational structure for implementation of the scheme is shown below:

Chart-2.2.1



2.2.3 Audit Scope and Methodology

Audit examined records of the Department of Justice and Law for the period covering 2014-15 to 2018-19 in respect of “**Development of Infrastructural Facilities for Judiciary**” and records of the Registrar, Gauhati High Court Kohima Bench (GHCKB) for the period covering from 2015-16 to 2018-19 in respect of “**e-Court Mission Mode Project**”. The Department had also received some funds from the Ministry of Development of North Eastern Region (DoNER), GoI under Non-Lapsable Central Pool of Resources (NLCPR), for providing housing units for judicial officers. Records relating to these funds were also reviewed during this PA.

The audit was conducted from July 2019 to October 2019. The records of the EE, CAWD, entrusted to execute the infrastructure development projects, were also examined.

2.2.4 Audit objectives

The objectives of the Performance audit were to ascertain whether:

- The development of infrastructure facilities for the Judiciary and e-Courts Mission Mode Project were as per Scheme guidelines, plans and specifications;
- The execution of project works was economical, efficient and timely;
- There was an improvement in the physical infrastructure of the Subordinate courts and housing needs for Judicial officers of District and Subordinate Courts in the State and that created assets were utilised;

- Improved Amenities as per e Court Scheme objectives were made available to the judicial staff, litigants and lawyer community; and
- Monitoring of the schemes was effective.

2.2.5 Audit Criteria

The Audit findings have been bench marked against the following criteria:

- The guidelines for Centrally Sponsored Scheme for Development of Infrastructure Facilities for the Judiciary.
- Policy and Action Plan Document Phase II of the e-Courts Project.
- General Financial Rules 2005 and 2017.
- Central Treasury Rules/ State Financial Rules.
- CPWD Works Manual.
- Standard Schedule of Rates (SOR) of the States.
- Orders and instructions of the Central and the State Governments.

2.2.6 Audit Methodology

The Performance Audit commenced with entry meeting (9 July 2019) wherein audit objectives and criteria of audit was discussed. This was followed by issue of requisition for records, issue of questionnaires, examination of records and verification of projects on infrastructure and e-Court. Six district courts (Kohima, Dimapur, Mon, Longleng, Tuensang and Zunheboto) out of 11 districts in the State were selected for detailed examination through Probability Proportionate to Size without Replacement (PPSWOR) method. Audit also conducted joint verification of 35 (63 *per cent*) out of 56 projects in six sampled districts.

An exit meeting was held on 18 August 2020 to discuss the audit observations and the recommendations. The written replies received from the Department and views expressed by the Department/Government have been incorporated in the report, as appropriate.

2.2.7 Acknowledgement

The Office of the Principal Accountant General (Audit), Nagaland acknowledges the assistance and cooperation extended by the officers of the Department of Justice and Law, Registrar, GHCKB and EE, CAWD during the course of this audit.

2.2.8 Audit findings on Development of Infrastructure Facilities for the Judiciary

2.2.8.1 Planning for the Scheme

2.2.8.1.1 Quality of Annual Action Plans

The guidelines for CSS (May 1999, revised in April 2017) envisaged new construction and upgradation or renovation of existing Court buildings and residential

accommodation for Judges/Judicial Officers (JOs) of District and Subordinate Courts. However, routine maintenance or upkeep of the Court buildings and residential Housing Units were not permitted. The guidelines strictly banned construction of residential housing units for Court staff.

As per paragraph 7 of the revised guidelines, the States were required to submit proposals in the prescribed proforma each year to the Ministry of Justice and Law (MoJ) for seeking financial assistance for new and ongoing projects in the form of Annual Action Plan (AAP). AAPs should be framed based on the Technical Estimate of the project, estimated cost, availability of land free from encumbrance *etc.* It was reiterated that the number of Court Rooms and Housing units were to be planned based on the sanctioned strength of JOs in the State and also by analysing the availability of courtrooms and housing units in the State.

Status of Court Rooms and Housing Units available in 11 districts of the State as on March 2014 and 2019 is given below:

Table 2.2 showing status of Court Rooms and Judicial Housing Units

Sl. No.	Name of District	Sanctioned Strength of Judges	No of Court Rooms		No. of Housing units for JOs	
			As on 31/03/2014	As on 31/03/2019	As on 31/03/2014	As on 31/03/2019
1	Kohima	7	4	5	4	6
2	Dimapur	6	11	11	7	7
3	Mokokchung	3	3	3	2	4
4	Wokha	3	2	2	2	2
5	Tuensang	2	2	2	2	2
6.	Mon	3	2	2	2	2
7.	Phek	2	2	4	2	2
8.	Zunheboto	2	2	2	2	5
9.	Longleng	2	2	2	2	4
10.	Peren	1	2	3	2	2
11	Kiphire	2	2	2	2	2
	Total	33	34	38	29	38

(Source: Departmental Records)

It is seen from the above table that against the requirement of 33 court halls and housing units, 38 court halls and housing units were constructed/ongoing. This included projects taken up prior to 2014-15 and completed during the audit period. The availability of court halls and housing units was asymmetrical in the districts. While excess court halls were constructed/ongoing in Dimapur (5), Phek (2) and Peren (2) there were less number of court halls in Kohima (2), Wokha (1) and Mon (1). Similarly, housing units were excess in Dimapur (1), Mokokchung (1), Zunheboto (3), Longleng (2) and Peren (1) while less in Kohima (1), Wokha (1) and Mon (1).

The State Government sent specific proposals for construction and renovation of projects in their AAPs, against which GoI sanctioned lumpsum grants in respective years without specifying the project wise releases included in the AAPs. It was observed during audit that proposals worth ₹ 5.35 crore for construction of

customary/tribal courts in two cases in the State were included in the AAPs, though these Courts are not explicitly covered in the Scheme guidelines. The GoI sanctions also did not expressly mention the approval under the CSS, for construction/upgradation of these customary/tribal courts.

Examination of Annual Action Plans (AAPs) sent to GoI revealed that two inadmissible projects pertaining to construction of Sub Divisional Court complex & Residential quarters for JOs at three places (Noklak, Tuli and Pfutsero), where there were no sanctioned sub-divisional courts at these places were included in the AAPs at an estimated cost of ₹ 9.00 crore (**Appendix 1.1**). Further, 22 projects at an estimated cost of ₹ 64.39 crore (including both court halls and housing units) were included in the AAPs although these infrastructures were already existing (**Appendix 1.1**). Though GoI did not sanction all these projects, they should not have been included in the proposals of the State Government.

Out of 59 Works/Projects included in the AAPs for ₹ 173 crore, 28 works amounting to ₹ 97.61 crore were not supported with Technical Estimates as detailed below:

Table 2.3 showing details of DPRs framed

(₹ in crore)

Year	Number of works proposed in the AAP	Estimated cost against the proposal in the AAP	Number of DPRs technically approved and submitted by CAWD	Cost against the technically approved DPRs	Number of DPRs not technically approved though included in AAPs	Estimated cost without DPR
2014-15	22	68.35	16	53.00	6	15.35
2015-16	23	57.11	12	17.28	11	39.83
2016-17	0	0	0	0	0	0
2017-18	6	16.80	0	0	6	16.80
2018-19	8	30.76	3	5.13	5	25.63
Total	59	173.02	31	75.41	28	97.61

(Source: Departmental Records)

Deficiencies in AAP affected release of central grants, execution of non-permissible works and led to delays in completion of projects, as brought out in succeeding paragraphs.

The Department during the course of audit stated (July 2019) that due to inadequate fund flow, prioritization could not be done. Instead, the works were taken up according to the fund allocations made available to the Department. However, the fact remains that Annual Action Plans for development of infrastructure submitted to the Ministry remained adhoc and projects were neither prioritized nor based on actual requirements.

2.2.9 Funding for development of infrastructure facilities for Judiciary

Funds are released under the Scheme on need based criteria which *inter alia*, includes requirement of fund projected in the Annual Action Plan (AAP) for construction of court buildings and residential accommodation of judicial officers of District and

Subordinate Courts, submission of Utilization Certificate of previous grants released to the State along with State share and overall availability of funds under the Scheme as per budgetary allocation.

During 2014-19, the Department received ₹ 63.37 crore as Central share, against the proposal of ₹ 173.02 crore of the State Government. The State Government also released their matching share of ₹ 6.68 crore, whereas they did not release their share of ₹ 36 lakh for 2018-19 (August 2020). As against total funds available under the CSS of ₹ 70.05 crore, the actual expenditure incurred on programme implementation was ₹ 61.40 crore (88 per cent), while the remaining amount (₹ 8.65 crore) was deducted towards VAT and other departmental charges. The details of funds released by GoI and the State Government and expenditure incurred is given below:

Table 2.4 showing details of grants received under the CSS

(₹ in crore)

Year	Proposal in the AAP	Grants received			Expenditure			
		Central Share	State Share	Total	Departmental charges	VAT	Programme implementation	Total
2014-15	68.35	20.16	2.24	22.40	2.30	0.95	19.15	22.40
2015-16	57.11	0	0	0	0	0	0	0
2016-17	0	20.00	2.22	22.22	2.56	0.98	18.68	22.22
2017-18	16.80	20.00	2.22	22.22	0	1.00	21.22	22.22
2018-19	30.76	3.21	0	3.21	0.62	0.24	2.35	3.21
Total	173.02	63.37	6.68	70.05	5.48	3.17	61.40	70.05

(Source: Departmental Records)

From the above table, it can be seen that grants received were not as per the proposals in the Annual Action Plan. During the year 2015-16, no Central share was received. Department of Justice and Law stated (August 2019) that the Ministry did not release funds against the aforementioned financial year though the AAP against 2015-16 was submitted without any delay and no utilisation certificates were pending. Department was of the view that the regulation of CSS grant is under the jurisdiction of the Ministry and thereby reasons of non-release of grant was not known to the Department.

The reply of the Department is not convincing as the Government of Nagaland delayed release of the State share for the years 2014-15 and 2017-18 by 10 to 14 months and did not release its share for 2018-19, which had a bearing on the quantum of GoI funds received (Paragraph 2.2.9.2).

2.2.9.1 Irregular deduction of VAT and Departmental charges

As per Section 92(3) of Nagaland VAT Act 2005 read with Section 48 of Nagaland VAT Act 2005, any person responsible for paying any sum to any dealer for execution of a Works contract referred to in Section 8 wholly or partly in pursuance of a contract shall, at the time of payment of such sum in cash or by issue of a cheque or draft or any other mode of payment, deduct tax at applicable rate of such sum being paid in respect of such Works contract.

Examination of records revealed that the Finance Department deducted ₹ 3.17 crore as VAT [₹ 2.77 crore (87.38 per cent) was deducted from CSS grants] at the time of drawal of funds, the VAT deduction ranging from 4.24 per cent to 7.5 per cent on the total grants, instead of deducting the same from the contractor's bills. The deduction was irregular and also diluted the quantum of funds available to the State for programme implementation under the Scheme. It was also observed that irregular deduction of VAT of ₹ 45 lakh was made from funds available under NLCPR for construction of housing units for judicial officers.

The Department in reply (June 2020) stated that VAT deductions were made as per the directives of Finance Department at prevailing rates notified by Government and the matter regarding deduction of VAT at source instead of deducting from the contractor's bills will be reviewed with the Finance Department.

Aforementioned issue was reported (October 2020) to Finance Department, GoN to ascertain the deduction of VAT at source. In reply, Finance Department stated (November 2020) that matter will be examined as and when Department of Justice and Law would forward the case for review.

Similarly, it is also observed that irregular deduction of departmental charges amounting to ₹ 5.48 crore was made at source [₹ 4.71 crore (86 per cent) was deducted from the CSS grants].

It would not be out of place to mention here that despite this irregular deduction being pointed out previously by the C&AG, the same irregularity continued. Irregular deduction of ₹ 7.83 crore at source towards departmental charges from the funds allocated out of NEC/NLCPR funded projects had been highlighted in C&AG Audit Report-Government of Nagaland, ending March 2013 vide Paragraph 2.6.10.3.

2.2.9.2 Delay/ non-release of State matching share

The details of release of grants by the Ministry of Law and Justice (GoI) under Centrally Sponsored Scheme during the period 2014-15 to 2018-19 and the release of matching share by the Government of Nagaland is given in table below:

Table 2.5 showing delay in release of State matching share

(₹ in crore)

Year of release	CSS grant released by GoI	Month of release of CSS grant by GoI	Matching share released by GoN	Month of Release of Matching share by GoN	Delay in release of matching share (in months)
2014-15	20.16	February 2015	2.24	February 2016	12
2016-17	20.00	May 2016	2.22	March 2017	10
2017-18	20.00	October 2017	2.22	December 2018	14
2018-19	3.21	October 2018	-	-	-
Total	63.37		6.68		

From above it can be seen that Government of Nagaland delayed release of the State share in the years 2014-15, 2016-17 and 2017-18 by 10 to 14 months. The State share of 2016-17 was released in March 2017. It is also observed that State share was not

released during 2018-19. Delay and non-release of grants affected the timely completion of projects.

2.2.9.3 Short release and diversion of funds by the Department

The Department released ₹ 61.40 crore to two implementing agencies (EE, CAWD and EE, PWD (Housing), Central Division to execute various works during 2014-15 and 2018-19. However, on examination of receipt and payment accounts of EE, CAWD and EE, PWD (Housing), Central Division, it was observed that these two Divisions received ₹ 38.70 crore only [₹ 37.61 crore by EE, CAWD and ₹ 1.09 crore by EE (Housing) Central Division] from the Department of Justice and Law against the total reported release of ₹ 61.40 crore. Two EEs affirmed non-receipt of the balance funds.

The Department in reply (June 2020) stated that an amount of ₹ 9.75 crore¹ was available in the bank account maintained with the State Bank of India, Kohima. The Department further stated that the remaining ₹ 16.79 crore² was incurred for the following purpose:

Table 2.6 showing details of expenditure

Sl. No.	Purpose	Amount (₹ in crore)
1	Procurement of Land and Building at Kiphire	5.40
2	Procurement of Land and Building at Kohima	6.40
3	Construction of retaining wall at Quarter No. 6, 7 and 8 at Kohima	0.22
4	Advance payment to Contractor (Sh. Tzukjem Jamir) for construction of Residential Complex at Purana Bazar, Dimapur	0.57
5	Payment to EE, CAWD	4.20
	Total	16.79

Further, it was observed that an amount of ₹ 1 crore was shown to have been spent on construction of Court Complex at Mon, out of which ₹ 50 lakh was diverted from CSS funds to purchase land from a private individual³ for the purpose contrary to Scheme guidelines. We could not verify the execution of work for the remaining amount of ₹ 50 lakh, reportedly spent on construction of the court building at the site. The site was abandoned and handed over to District Administration for the purpose of Customary Court. The construction of court complex remains incomplete as of October 2020, even after incurring a total expenditure of ₹ 1 crore.

In reply (June 2020), the Department admitted the facts and stated that due to land dispute, site was handed over to district administration for functioning of customary court.

The reply of the Department is not acceptable as the CSS funds failed to serve the intended purpose and ₹ 0.50 crore incurred towards purchase of land violate the scheme guidelines.

¹ ₹ 3.84 crore- NLCPR programme and ₹ 5.91 crore-CSS programme

² ₹ 22.70 crore minus ₹ 5.91 crore

³ Sh. Noke, Ex MLA

2.2.9.4 Furnishing of incorrect Utilisation Certificate

It is a mandatory condition for release of the Grants to States that Utilisation Certificate (UC) of the previous grants released to the State under the Scheme along with State share should be submitted to the Ministry in the prescribed format. Department stated (August 2019) that the Utilisation certificates of the Grants released (₹ 70.05 crore) to the State under the Scheme were submitted to the Ministry.

However, it is evident from the paragraph above that though ₹ 5.91 crore remained as un-utilised in bank account, the Department reported utilisation without actually using the CSS funds for judicial infrastructure development in the State.

2.2.10 Project execution

2.2.10.1 Deficiencies in Detailed Project Reports (DPRs)

The High Court, Gauhati defined (2011) the standard specification for Judicial Court buildings and residential quarters of Judicial Officers under its jurisdiction. The State Level Committee modified (July 2011) the standard specifications by categorizing the District Courts in Nagaland into three Categories according to the pendency of Court Cases. The State Level Committee also decided to exclude seven rooms⁴ and also to curtail the size of rooms from the standard specifications of High Court in view of existing land ownership provisions in Nagaland. The Committee also defined the plinth area⁵ of residential Housing Unit ranging from 1244 sq. ft. to 2108 sq. ft. according to the grade of Judicial Officers. The Committee advised to avoid high rise buildings as Nagaland is classified in Seismic Zone V. The modifications proposed by the Committee was approved (November 2011) by the Gauhati High Court.

Further, as per State Level Programme Implementing Committee (SLPIC) decision taken in its 12th Meeting (16 November 2009), projects costing ₹ 5 crore and above had to obtain prior approval from the SLPIC.

It was seen that an expenditure of ₹ 1.85 crore was reported (August 2012) for construction of Court complex at Tuensang which was washed away due to landslide after completion of 60 *per cent* of the works. The EE, CAWD (March 2017) framed a new DPR for construction of a building of six floors at an estimated cost of ₹ 6.44 crore, without conducting any feasibility survey and soil testing prior to preparation of the DPR which was for a high rise building in a seismic zone. Further, the specifications of Court rooms approved by High Level Committee were also not adhered to.

In reply (June 2020), the Department accepted that the District Court Complex, Youngbhang Sector, Tuensang located at four kilometres away from the District Headquarter had to be abandoned due to natural calamities (land slide) after incurring an expenditure of ₹ 1.85 crore. The Department further stated that the DPR was prepared depending on the availability of land adjacent to the Deputy Commissioner's

⁴ Probation officer's room, *Seristadar's* room, Court manager's room, Protocol Officer's room, Conference room, Conference room and Pantry attached to the room

⁵ Grade I (2108 sq. ft.), Grade II (1716 sq. ft.) and Grade III (1244 sq. ft.)

office. Therefore, due to lack of space, the number of floors was increased to six floors in order to adhere to the approved number of rooms and specifications.

The reply is silent on non-conduct of soil testing and non-adherence to decisions of High Level Committee on high rise buildings.

For construction of Court complex at Zunheboto, the DPR for ₹ 4.13 crore was framed (June 2012) to construct Ground Floor and First Floor, which was further revised in (March 2017) to ₹ 8.16 crore for a building of four floors (G+3). The Department apparently split the proposals (i.e., the earlier DPR of ₹ 4.13 crore for construction of two floors and DPR of March 2017 valued at ₹ 4.03 crore for second and third floor), to avoid taking the project to the SLPIC for approvals. Besides, the DPRs did not take into account the work of ₹ 80 lakh reported to have been executed and measured earlier.

The Department, in reply (June 2020), was silent on the matter regarding expenditure of ₹ 80 lakh incurred on works executed upto August 2012 and on splitting of proposals.

2.2.10.2 DPRs for construction of housing units

The minimum plinth area of the housing unit for each JO in Grade III and Grade I should be 1244 sq. ft. and 2108 sq. ft. respectively as per approved specification. However, DPR of a G+1 building having a plinth area of 560 sq. ft. for construction of housing units was framed to accommodate four JOs at Zunheboto. Similarly, against the approved specification of 1244 sq. ft., two storied building with plinth area of 1644 sq. ft. (822 sq. ft. each) to accommodate two JOs at Mon was framed. Thus, the Department did not adhere to standard specification approved by the Hon'ble High Court, Gauhati in planning the housing complex for Judicial Officers.

The Department in reply (June 2020) stated that the DPR was prepared before the approval of new standard specifications by Gauhati High Court. The reply is not tenable since the Department was very well aware of these specifications which were approved way back in 2011, whereas the DPRs relating to the construction of Housing Units, were prepared for the AAP-2016-17.

2.2.10.3 Development of Court Rooms

2.2.10.3.1 Deficiencies in project execution

Against the funds of ₹ 70.05 crore received by the State during the period, the Department completed 13 projects (4 Courts and 9 Housing Units) during the period 2014-19.

Examination of records and joint physical verification of the sampled projects in six selected districts revealed the following:

(i) Delay in construction of Court building at Zunheboto

The Department released ₹ 3.12 crore against approved cost of ₹ 7.19 crore for construction of new Court building in Zunheboto in three instalments during 2014-19. Joint physical verification (October 2019) of the Court complex revealed that, though

the construction of new Court complex commenced in 2012, only 60 *per cent* of the works had been completed. The slow progress of the building works was attributed to non-payment to the contractor.

The Department in reply (June 2020) accepted the audit findings and assured that the Court building will be completed by December 2020 as per progress in physical infrastructure achieved.

(ii) Non-Adherence to approved specification

During 2014-19, Department released ₹ 59 lakh (9 *per cent*), out of the project cost of ₹ 6.44 crore against ongoing construction of Court Complex at Tuensang. The work commenced in September 2017 after demolishing the old Court complex.

During joint physical verification (October 2019), it was noticed that all the four Court rooms are being constructed with the dimension of 19 x 28 feet as against the approved specification of 42 x 24 feet. This would compromise the specifications defeating the objective of space and utility.



Photograph showing stage of completion of Court complex at Tuensang

The Department in reply (June 2020) accepted the audit findings and stated that the specification from the approved plan was deviated due to space availability. The reply is not tenable, since the project was not executed as per the approved specifications, which should have taken into account the available space.

(iii) Non-execution of works in Court Rooms

Examination of records of Court complex at Kohima followed by joint verification of the site, revealed that works of whitewashing involving ₹ 42 lakh and maintenance works (including repair and renovation of toilets) for ₹ 30 lakh were not found executed. Further, rain water harvesting, water supply and repair of roof topping by cement concrete (₹ 4 lakh) reported to be completed in the Measurement Books (March 2018) had also not been executed. The Department had incurred expenditure of ₹ 1.25 crore for repair and renovation work at Court complex at Kohima during 2014-19.

While accepting the facts, the Department in reply (June 2020) stated that the matter had been taken up with the contractor for corrective measures in respect of maintenance works carried out in Kohima.

(iv) Non-availability of amenities in Court complex

During Joint physical verification (August 2019) of three court complexes (Kohima, Mon, Longleng), audit observed that minimum amenities such as video conferencing room, library, malkhana, record room, ramp facility and water supply were not available in any of the three court complexes, as per the standard specifications approved by the Gauhati Court. Further, in respect of family Court, only room of small

size was available in Kohima while it was not available in other two court complexes. Further, dias and podium and room for stenographer was not available in Mon and Longleng court complex.

In reply (June 2020), the Department stated that the existing District Court building at Kohima was constructed in 2005 before the new specifications were enforced. The additional work to meet the new specification in the old building is not feasible. However, maintenance works were being taken up depending on the availability of fund and immediate requirement. But, the fact remains that even after spending towards repair and renovation of court complexes, minimum basic amenities were not available in the three court complexes.

The Department accepted the audit findings in respect of District Court complex at Longleng and stated that lack of facilities as pointed out in audit will be reviewed. The Department also accepted the audit findings in respect of lack of facilities in District Court Complex Mon and assured that the required facilities will be included while revising the DPR of the newly proposed construction of District Court complex at Mon.

(v) Execution of non-permissible works

Examination of records revealed that the Department carried out five non-permissible works valued ₹ 2.06 crore at Kohima (1, ₹ 0.11 crore), Dimapur (2, ₹ 0.15 crore), Longleng (1, ₹ 0.52 crore) and Zunheboto (1, ₹ 1.28 crore) towards maintenance of departmental guest house, construction of protection wall and boundary wall to Judicial Officer's Quarter, construction of road etc. in contravention to scheme guidelines.

(vi) Non utilised/Abandoned Assets

In Zunheboto, construction of two housing units for JO approved (₹ 1.13 crore) under NLCPR was taken up in 2012. After completion of frame work in beams, columns and roof slab, after incurring expenditure of ₹ 59 lakh against volume of work executed, the contractor abandoned the work since he was not paid.



As funds were not an issue being an approved project, the Department needs to explain why the project was not completed and abandoned midway. As mentioned in Paragraph 2.2.10.4 (i) below, the Department floated another proposal for Housing for JOs in this same district and completed the works in August 2018 from the CSS on 'Development of infrastructure for the Judiciary', but the same has also remained unoccupied.

2.2.10.4 Construction of new housing units

2.2.10.4 (i) Construction of housing units below entitled specifications

Out of the estimated cost of ₹ 4.74 crore⁶ for construction of two housing units at Zunheboto and Mon, the Department allocated ₹ 2.66 crore under CSS funds during 2017-18. The construction of housing unit at Zunheboto, at the cost ₹ 2.03 crore was completed in August 2018. However, construction of housing unit at Mon was under progress (70 per cent) and ₹ 63 lakh was released as of date.



Old Court Rooms at Mon in dilapidated condition

During joint verification (October 2019), it was observed that the housing units to accommodate four JOs at Zunheboto was constructed in a plinth area of 560 sq. ft.

against the prescribed minimum plinth area of 1244 sq. ft. During inspection conducted (November 2018) by the Portfolio Judge, it was recommended to modify the building to add essential features in the newly constructed housing units. However, no action was initiated by the Department and the two JOs posted in the districts are accommodated in private building on rent.

Thus, the judicial quarter constructed at the cost of ₹ 2.03 crore remained un-occupied.

The Department in reply (June 2020) accepted the audit findings and stated that details of required suggestion/modification recommended by the Portfolio Judge to the Department was awaited. The Department further assured that necessary estimates in relation to modification shall be assigned to the Engineering Division.

2.2.10.4 (ii) Irregularities in repairs and renovation of housing

Department allocated and released ₹ 2.88 crore during 2014-19 for repair and renovation of housing units for JOs at Dimapur, Kohima and Mon.

Examination of records and joint physical verification of nine housing units in two districts revealed the following:

In Dimapur, out of ₹ 2.88 crore, the Department released ₹ 2.66 crore for repair and renovation of JOs quarter complex (₹ 1.95 crore) and residential quarter of D&SJ adjacent to DC's bungalow (₹ 71 lakh), Dimapur. It was observed during physical verification that the repair and renovation works valued for ₹ 18 lakh⁷ and ₹ 21 lakh⁸ were not executed at the residential complex of JOs and the quarter complex of D&SJ respectively. It was further observed that against four judges posted in Dimapur, only one JO was availing Government accommodation and three were residing in own

⁶ Housing units at Zunheboto ₹ 2.50 crore and Mon ₹ 2.24 crore

⁷ Construction of waiting shed (₹ 12.64 lakh), construction of RCC slab cover to drainage (₹ 2.53 lakh) and construction garage which was in short in execution (₹ 3 lakh).

⁸ Construction of boundary wall (₹ 12.64 lakh) and construction of drainage (₹ 8.85 lakh)

houses even though seven housing units⁹ were available. Thus, six housing units meant for JOs were occupied by two departmental officers¹⁰, three JOs¹¹ posted outside Dimapur and one unit was vacant.

In Mon, out of ₹ 20 lakh allocated for repair and renovation of old quarters of two JOs, CAWD incurred ₹ 10 lakh for construction of security fencing at the backside of the quarter. However, due to poor workmanship the security fencing collapsed after 14 months from its completion. Thus, the expenditure of ₹ 10 lakh was rendered infructuous.

The Department in reply (June 2020) accepted the audit findings and stated that the matter had been taken up with the contractor for necessary action. Matter relating to vacating quarters occupied by the inadmissible occupants had also been taken up by the Department. For Mon, the Department accepted (June 2020) the audit findings and stated that it is due to unstable soil and estimates for the retaining wall would be processed at the earliest.

2.2.10.5 Funds from DoNER-NLCPR

2.2.10.5.1 Short release of funds to the implementing division

Ministry of Development of North Eastern Region (DoNER) conveyed (March 2014) administrative and financial approval of ₹ 8.87 crore (90 *per cent*) being Central Financial Assistance under Non-Lapsable Central Pool of Resources (NLCPR) for construction of 13 housing units for Judicial Officers in Nagaland at a total cost of ₹ 9.85 crore in five districts as detailed below:

⁹ Six units in the complex of Purana Bazar plus one Type V quarter adjacent to DC bungalow.

¹⁰ Additional Public Prosecutor and Additional Legal remembrance

¹¹ Shri. Kanu, CJM, Kiphire since 2003, CJM, Wokha since January 2017 and Shri. Inalo Zhimomi, D&SJ, Mon since 2015.

Table 2.7: Details of funds received under NLCPR

(₹ in crore)

Sl. No.	Location of proposed Judicial officers' quarters	Number of housing units	Total cost	Funds from NLCPR	10 per cent from GoN
1	Mokokchung	2	1.86	1.68	0.18
2	Kohima	4	3.17	2.86	0.21
3	Tuensang	2	2.12	1.91	0.31
4	Longleng	3	1.57	1.41	0.16
5	Zunheboto	2	1.13	1.01	0.12
Total		13	9.85	8.87	0.98

(Source: Departmental Records)

The Ministry of DoNER released ₹ 8.09 crore¹² in three instalments during 2014 to 2017. Accordingly, GoN also released its matching share of ₹ 90 lakh¹³ in two instalments and the Department drew net amount of ₹ 8.54 crore after deduction of VAT of ₹ 45 lakh at source. The irregular deduction of VAT at source is not only a violation of codal provisions but also reduced the amount available to the executing agencies to undertake the works as already mentioned in Paragraph 2.2.9.1.

Cross examination of the receipt and utilization of fund by the executing agency (CAWD) revealed that the Division received only ₹ 4.70 crore during the period 2014 to 2019, for settlement of claims of contractors. In reply to this short release pointed by audit, Department stated (June 2020) that ₹ 3.84 crore meant for expenditure against the ongoing construction of Judicial Officer Quarter at Kohima and Tuensang was available in the Bank Account of the Department (out of the balance of ₹ 9.75 crore). The utilisation certificates furnished were incorrect to the extent of funds of ₹ 3.84 crore not utilised.

2.2.10.5.2 Deficiencies in construction of Housing Units

CAWD spent ₹ 3.02 crore¹⁴ for construction of 10 housing units for Judicial Officers (JOs) in four out of six test checked districts under NLCPR during 2014-19.

Examination of records and joint physical verification of housing units in the two test checked districts revealed the following:

¹² July 2014 (₹ 3.54 crore), August 2015 (₹ 2.93 crore) and March 2017 (₹ 1.62 crore)

¹³ December 2015 (₹ 72 lakh) and June 2017 (₹ 18 lakh)

¹⁴ Kohima (₹ 1.42 crore), Longleng (₹ 1.01 crore), Zunheboto (₹ 0.59 crore), Tuensang (₹ 0 crore)

Table 2.8 showing district wise construction of Housing units of JOs through NLCPR funding

Name of District	Audit observation
Kohima	Four housing units were to be constructed at Kohima for a total cost of ₹ 3.17 crore at two locations (Lerie & Minister’s Hill). It was seen that one building (constructed at Minister’s Hill, Kohima) to accommodate two JOs was in a plinth area of 1644 sq. ft. against the minimum prescribed plinth area of 2488 sq. ft. and CAWD released ₹ 1.42 crore against the completed building. Another building in same plinth area at Lerie, Kohima was in progress and only structure of column and beams were completed. Joint verification of completed works at Minister’s Hill revealed that the Housing Units were irregularly occupied by non-judicial staff of High Court, Kohima Bench.
Tuensang	NLCPR had approved (2014) ₹ 2.12 crore for construction of housing units for JO at Tuensang. Joint verification of the work revealed that the work was under progress at a location where there was a landslide and earlier construction of Court Rooms had been damaged in 2011. Despite this, the Department did not carry out any soil testing before commencement of the work for housing units. It was further observed that the work was neither measured nor paid to the contractor though the work started since 2015. During spot verification, the JO stated that the location is not fit for accommodating JOs as the site is in steep terrain and far from district headquarters.

Thus, the possibility of occupation of housing units in Tuensang out of NLCPR funds remains doubtful. The Department in reply (June 2020) stated that facts and figures were noted for further review and scrutiny by the Department.

2.2.11 Monitoring of Scheme activities

As per the directives (April 2016) of the Supreme Court, State Level Monitoring Committee (SLMC) set up by the High Court and headed by Portfolio Judge¹⁵ should be set up to review the progress of infrastructure developed in the State. The State Government should submit quarterly progress reports to Department of Justice (DoJ), Government of India on the projects sanctioned under the scheme.

Examination of records revealed that the Department of Justice and Law, GoN constituted (August 2010) SLMC as well as district level committees to monitor the infrastructure development of Judiciary in Nagaland. Further, scrutiny of records revealed that the State Level Committee did not convene any meeting during the period of audit (2014-19). Audit noticed that district level committees were not constituted in six test-checked districts which was confirmed by the respective District Session Judges. Further, District & Sessions Judge, Zunheboto and Tuensang stated that neither

¹⁵ Portfolio Judges are appointed for every State to ensure speedy justice to people and also assigned to review the progress of infrastructure developed out of CSS programmes.

specification nor blue print of the infrastructures were made available to them for close monitoring and reporting of the progress of work.

The SLMC or the State Government did not submit monthly or quarterly reports to the DoJ highlighting the monitoring of the implementation and progress of the scheme.

Monitoring of the projects under the scheme at State and District level has been inadequate. It is recommended that an online monitoring system be set up through geotagging, enabling data collection on progress, completion of court halls and residential units under construction, including for future projects.

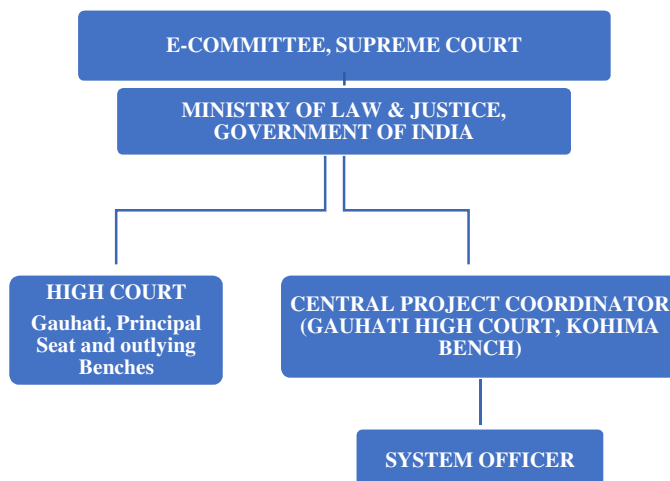
The Department in reply (June 2020) accepted that though District Level Monitoring Committees were set up, they had not performed satisfactorily and assured that specification or blue print of proposed or upcoming infrastructure would be forwarded henceforth. The Department further stated (November 2020) that version 2 of Nyaya Vikas a web portal and mobile application for monitoring of projects under the Scheme, which was developed in 2019 is now operational for geotagging

2.2.12 Audit findings on e-Court Mission Mode Project

The e-Court Project was conceptualized on the basis of the “National Policy and Action Plan for Implementation of Information and Communication Technology (ICT) in the Indian Judiciary – 2005” submitted by the e-Committee of the Supreme Court of India with a vision to transform the Indian Judiciary. In Phase-I of the e-Courts Project beginning from 2007, a large number of Court Complexes, Computer Server Rooms and Judicial Service Centres were established for computerization of the District Courts. The District and Taluka Court Complexes covered in Phase-I were computerized with installation of hardware, Local Area Network (LAN) and Case Information Software (CIS) for providing basic case related services to the litigants and the lawyers. The Policy and Action Plan Document for Phase-II of the e-Courts Project planned and recommended by e-Committee, Supreme Court was approved (January 2014) by the Hon'ble Chief Justice of India and GoI sanctioned the project in August 2015. The Courts covered in Phase-I were targeted to be provided with additional hardware (1+3) systems per Court Room in Phase-II. The Courts not covered in Phase-I and the newly established Courts were also targeted to be provided with (2+6) systems per Court Room and the Court Complexes were to be provided hardware, LAN etc.

The Gauhati High Court, Kohima Bench (GHCKB) is the implementing agency for implementation of e-Court Mission Mode Project in coordination with the Central Project Coordinator (CPC), Kohima Bench.

Chart 2.2.2



e-Court facilities were to be installed in the Information Communication Technology (ICT) rooms¹⁶ of subordinate Courts in all 11 districts. The components of e-court facilities approved by e-Committee included hardware for Courts, technical manpower and infrastructure, replacement of obsolete laptops, Local Area Network/Cloud connectivity, software development etc.

2.2.13 Funding for e-Court Mission mode project

As per the administrative approval of e-Committee of Supreme Court against the proposal made by ICT Committee of Gauhati High Court, Kohima Bench, funds meant for the activities under e-Court Mission Mode Project were transferred to the bank account of the Central Project Coordinator (CPC) by Ministry of Law and Justice, GoI.

Department of Justice (DoJ), GoI is responsible for necessary financial and other approval from competent authorities and convening of the empowered committee and also responsible for disbursement of funds to the High Court or other approved agencies.

During 2015-16 to 2018-19, Gauhati High Court, Kohima Bench received ₹ 5.63 crore and utilised ₹ 5.47 crore for implementation of e-Court Mission Mode Project.

¹⁶ Civil work of ICT room was completed out of the CSS programme implemented by Department of Justice and Law, GoN

Table 2.9 showing Budget received and Utilised under Phase-II

(₹ in lakh)

Year	Opening Balance	Receipts (Centrally Sponsored Scheme)	Total	Utilisation	Closing Balance
2015-16	0	77.00	77.00	0	77.00
2016-17	77.00	231.21	308.21	74.91	233.30
2017-18	233.30	183.40	416.70	248.88	167.82
2018-19	167.82	71.00	238.82	222.82	16.00
Total		562.61		546.61	

Out of ₹ 5.63 crore received from GoI, during Phase-II, the Department utilised ₹ 5.47 crore for implementation of the e-Court project under Phase-II covering ICT infrastructure, technical infrastructure, Video Conferencing equipment, LAN equipment etc.

2.2.13.1 Short receipt and under-utilisation of equipment

The details of Information Communication Technology (ICT) infrastructure and materials purchased for installation in the 11 Court Complexes and High Court, Kohima Bench are given below:

Table 2.10 showing Item wise details of expenditure

Activity	Quantity in Nos.	Unit cost (₹ in lakh)	Total expenditure (₹ in lakh)	Quantity delivered to six sampled district	Expenditure in test checked district (₹ in lakh)
District Courts					
Site preparation	12	4.25	51.00	6	25.50
Dual CPU (2P) server	24	2.50	60.00	12	30.00
Desktop computers	259	0.42	108.51	165	76.98
Printers	74	0.27	19.75	46	12.28
Rack server	1	13.00	13.00	0	0
UPS	297	0.095	20.05	182	12.29
Justice Clock	1	13.00	13.00	0	0
DG Set	11	3.00	33.00	6	18.00
2 TB USB hard disk	11	0.17	1.97	6	1.04
Total (A)			320.28		176.09
District Legal Service Authority					
Desktop computers	22	0.45	10.00	12	5.40
Printers	22	0.35	7.74	12	4.20
UPS-1 KVa	22	0.47	10.35	12	5.64
Total (B)			28.09		15.24
Grand Total (A+B)			348.37		191.33

Examination of records and joint physical verification of computerisation of e-Courts facilities in six test checked districts revealed short receipt and under-utilisation of hardware as below:

Item	Audit Observation in brief	Department Reply
Dual CPU (2 P) servers	Audit observed that three Dual CPU servers worth ₹ 7.50 lakh (Mon-2, Tuensang-1) out of 12 issued to six test checked districts were not received by the courts.	In reply, Registrar accepted (June 2020) that Dual CPU (2 P) servers in respect of Mon (2 servers) and Tuensang (2 servers) were supplied (November 2018). However, non-receipt of three servers in the two District Courts was duly authenticated by the District Judges.
Uninterrupted Power Supply (UPS)	Audit observed that 170 UPS-600 VA were issued to six test checked district, out of which 71 UPS valued at ₹ 4.63 lakh were not received by the six selected district courts (Kohima:15, Dimapur:21, Mon:16, Longleng:7, Tuensang:12).	Details regarding the distribution of UPS was elaborated by the Registrar while replying. However, figures did not match with the quantity of UPS received by the District Courts as affirmed by the district Judicial Officers during the joint physical verification.
USB hard disk (2 TB)	Out of six USB hard disk (2 TB) valued ₹ 1.04 lakh stated to have been issued to six Judicial Officers in test checked districts, audit observed during joint physical verification that the USB hard disks was actually not received by the JOs.	The Registrar in reply accepted (June 2020) the audit findings and assured that USB hard disk (2 TB) will be dispatched as and when CIS goes live in the District courts.
Computerisation of District Legal Service Authority (DLSA)	Audit observed that 12 desktops, 12 printers and 12 UPS were to be issued to six DLSAs. However, joint physical verification of the three DLSAs (Mon, Tuensang and Zunheboto) out of six DLSA revealed that all the computer and accessories had not been installed due to want of space.	The Registrar in reply accepted (June 2020) the audit findings and stated that delivery of the hardware items have been made and installation of the same was at the disposal of the JOs of the respective district Courts manning the district legal service front desk.

The short supply of hardware in the Courts may be investigated by the implementing agency (GHCKB).

2.2.13.2 Installation of equipment for setting up of Judicial Service Centre and Central Filing Centre

Examination of records revealed that GHCKB procured projector with screen, KIOSK¹⁷ and display monitors for setting up Judicial Service Centre (JSC) and Central Filing Centre (CFC) and the above information system materials were installed in 11 District Courts at a total cost of ₹ 50.69 lakh as detailed below:



Table 2.11 showing details of equipment delivered for setting up of Judicial Service Centre and Central Filing Centre

Particulars	Quantity (Nos.)	Unit cost (₹in lakh)	Total expenditure (₹in lakh)	Quantity delivered to six sampled district (Nos.)	Expenditure in test checked district (₹in lakh)
Item with projector and screen	11	0.74	8.10	6	4.42
KIOSK	13	1.49	19.38	8	11.92
Display Monitors	37	0.31	23.21	23	14.43
Extra Monitor +2	37			23	
Total			50.69		30.77

Joint physical verification revealed the following:

Audit Observation	Department Reply
Out of six projectors reported as installed in six test checked district Courts, five district Courts had not installed them while Tuensang district court did not receive the projector.	In reply, the Registrar stated (June 2020) that projectors along with screen were delivered to all the District Courts including Tuensang. However, District & Sessions Judge, Tuensang authenticated non-receipt of the projector.
Against the reported delivery of three KIOSKs to district court of Kohima, only one KIOSK was received by them. District Court, Zunheboto received the KIOSK without display device. Further, five machines received by the district courts of Kohima, Dimapur, Mon, Longleng and Tuensang were lying unutilised as shown in picture below.	The Registrar in reply (June 2020) stated that one KIOSK machine each was supplied to all the nine district Courts and two each were supplied to the district Courts of Dimapur and Kohima. However, the reply was silent on short receipt as well as non-installation of the KIOSK machines in the six district Courts as observed in audit.

¹⁷ A small free standing physical structure that displays information or provide service either digital or non- digital

		
<p>Out of 23 display monitors and 23 extra monitors with 2 ports issued to six test checked district Courts, only 18 display monitors and 17 extra monitor with 2 ports were received by the Courts.</p> <p>Joint physical verification also confirmed that three district courts did not receive 11 display monitors and extra monitors with ports (Kohima: Display Monitor-5, Mon & Tuensang: Extra Monitor -3 each)</p>	<p>Details regarding the distribution of Monitors were elaborated by the Registrar while replying. However, figures did not match with the quantity of Monitors received by the district Courts as affirmed by the district Judicial Officers, during the joint physical verification.</p>	

The deficiency in receipt of equipment for setting up of Judicial Service Centre and Central Filing Centre needs to be investigated by the implementing agency (GHCKB).

2.2.13.3 Scanning and digitalisation of case records

Supreme Court initiated for weeding of old records relating to pending cases and disposed cases by the process of scanning and digitalisation. Digitalised output should be ported to Document Management System for accessing digital records of district Courts through the national web portal.

Digitisation of case record has started only with the Gauhati High Court, Kohima Bench and had not started in rest of the State's district courts. The Registrar, GHCKB stated (September 2019) that the digitalisation process will expectantly be completed by 2020 and regarding delay, it was stated that the matter was taken up with the State Government since 2017, however, the matter is still pending.

2.2.13.4 Shortage of technical manpower

Professional technical support staff in the Court is necessary for continuous and smooth operation of the ICT systems. Daily uploading of data to National Judicial Data grid, resolving day-to-day technology related issues, trouble shooting of ICT infrastructure including the network issues *etc.*, were to be resolved by the technical person.

Gauhati High Court (GHC) approved (2012) nine posts of System Assistants during Phase-I of the project implementation. Accordingly, two System Assistants were appointed on contract at Peren and Mokokchung. State Government did not appoint any technical person in the remaining districts.

In reply, the Registrar accepted the fact (June 2020) and stated that matter has been brought to the notice of State Government for creation of posts.

2.2.13.5 Establishment of digital library

Court complexes were required to maintain integrated digital library management with the help of KOHA¹⁸ software so that digital library is made accessible to the Judicial Officers and pleaders. However, the process to maintain the library in integrated or digital form was not planned for in district courts, hence digital archives did not exist in the district Courts. The Registrar, GHCKB stated that the process could not be started due to connectivity bottlenecks to other peripheral applications available within the State.

The Registrar further stated (June 2020) that no infrastructure is available to establish digital library in the Districts. The same is already implemented in Gauhati High Court, Kohima Bench.

2.2.13.6 Non upgradation of Case Information Software

CIS program compatible with Ubuntu, the freeware operating system customised by the Supreme Court is designed to generate files, data and information on Court cases, status of the case, disposal etc. The software was required to be upgraded from time to time to be compatible with the national portal. CIS 2.0 was not upgraded to 3.10 version in four districts¹⁹ and as such, case data maintenance continued in old version. In Zunheboto, there was no technical person available in the Court since 2018.

In reply, the Registrar accepted the fact (June 2020) and stated that necessary up-gradations were completed by the end of 2019. This could not be verified by audit.

2.2.13.7 Installation of Video Conferencing equipment in Courts and Jails

e-Committee decided to link all district Court complexes with central jail, district jail and women cells through video conferencing by software based video conferencing solution for benefit of the Courts, Jails, law enforcement agencies, government witnesses, litigants, etc. Accordingly, Video Conferencing (VC) equipment were procured and supplied to 11 Courtrooms.

Examination of records revealed that the Registrar, GHCKB had incurred expenditure of ₹ 39.32 lakh during the period on 18 sets of VC equipment. Out of this, 10 sets²⁰ were issued to six test checked districts. On joint physical verification, audit noticed short receipt of four VC equipment valued ₹ 8.72 lakh by district Courts of Kohima (3) and Longleng (1). It was further observed that the VC equipment received by four district Courts were not installed and remained unpacked in the store. The VC equipment received by the district court Zunheboto was reported (October 2019) as stolen by miscreants.

In reply, the Registrar stated (June 2020) that ten sets of VC equipment were delivered. However, non-receipt of 4 sets of VC equipment was authenticated by the two district Judges. The short supply requires further action by the implementing agency.

¹⁸ Open source integrated library software

¹⁹ Longleng, Mon, Zunheboto and Tuensang

²⁰ Dimapur (2), Kohima(4), Mon(1), Tuensang (1), Zunheboto (1) and Longleng (1)

The Registrar added that non-installation of VC equipment was due to non-availability of internet connectivity with the district courts.

2.2.13.8 Non operation of Cloud connectivity in Courts

Cloud data management is a way to manage data across cloud platforms instead of on premises storage and is useful for disaster recovery and back up. Data can be shared across private and public clouds thereby server infrastructure cost can be reduced to that extent. Though the cloud management was one of the scheme components, non-operation of such cloud data management in the six district Courts was noticed in the State due to non-availability of internet connection.

In reply, the Registrar assured (June 2020) that necessary steps will be taken up with National Information Centre to transfer court data to cloud computing.

2.2.13.9 Local Area Network connectivity

LAN nodes location will be finalised by the Administrative Head of the Court Rooms with the assistance of District Court Computer Committee (DCCC) so that desktops and laptops can be catered to access cause list, status and disposal of Court cases, Court orders, *etc.*, by the Judicial Officers as well as pleaders even during, after and before the Court proceedings. There should be a minimum of 12 LAN nodes in each Court Room.

Audit noticed that GHCKB spent ₹ 53.44 lakh during the period for providing LAN facilities in 11 Court Rooms by procuring LAN port switch and Input/ Output boxes and reported its installation in the Court Rooms as detailed below:

Table 2.12 showing details of LAN connectivity items

Particulars	Quantity (Nos.)	Expenditure incurred (₹ in lakh)	No of items delivered to six sampled district	Expenditure in test checked district (₹ in lakh)
LAN Port Switch	15	16.16	9	9.10
I/O box	246		138	
LAN	11	37.28	6	18.64
Total		53.44		27.74

As per the prescribed norms, 204 LAN nodes were to be installed in six Court complexes, however only 124 LAN nodes were reported as provided. Thus, there was shortage of 80 LAN nodes in six District Court complexes. Contrary to the records of GHCKB, physical verification of six Court complexes revealed that only 50 nodes were provided in 17 Court Rooms in six district Courts, resulting in short provision of 74 node points. Therefore, against the actual requirement of 204 nodes, six test checked district Courts had a shortage of 154 LAN nodes as detailed below:

Table 2.13 showing details of LAN Connectivity points installed

Name of district	No. of Court Rooms	Minimum LAN points required	No of LAN points provisioned for installation	No of points with Court Rooms	No of points server room	Total LAN points	Short	Remarks
Kohima	4	48	19	8	2	10	38	LAN, two Court Rooms not connected with LAN points
Dimapur	5	60	31	12	2	14	46	LAN
Mon	2	24	17	2	0	2	22	No LAN
Longleng	2	24	20	4	2	6	18	No LAN
Tuensang	2	24	19	8	1	9	15	No LAN
Zunheboto	2	24	18	8	1	9	15	No LAN
Total	17	204	124	42	8	50	154	

In reply, the Registrar accepted (June 2020) the observation on short installation of 128 LAN nodes and added that the laying of nodes will be completed in the subsequent work order.

2.2.13.10 Wide Area Network connectivity

There should be seamless, stable, reliable and secure internet connectivity from all Court Rooms to State Data Centre²¹ (SDC) by way of uninterrupted connectivity of WAN²².

However, it was observed that there was no provision of internet facilities in 11 Court Rooms for data communication to the national web portal. e-Committee proposed to set up Very Small Aperture Terminals (VSATs), which can transmit and receive high speed data, for internet communication in difficult terrains where there is a problem in getting quality connectivity. However, GHCKB did not install VSAT in the Courts stating that, it is an out-dated version for data communication. The matter of providing internet connectivity to the district Courts was taken up with the IT Department and BSNL, but was pending since 2016.

The Centralised Filing System was not operational in Nagaland as there was no internet connectivity. Thus, the cause list, pending and disposal status reports *etc.*, were generated through offline mode defeating the intended purpose to improve justice delivery in the State.

In reply, the Registrar accepted (June 2020) the observation and stated that DoJ approved (September 2019) for providing 10 Mbps Lease lines to all District court

²¹ High Court Bench, Kohima is functioning as SDC in Nagaland

²² National Informatics Centre Network or 3rd Generation or Broadband or Multi-Protocol Label Switching or National Knowledge Network or National Optical Fibre Networking or Very Small Aperture Terminal

complexes and the work of laying Optical Fibre Cable (OFC) and supply of Routers are pending with BSNL since July 2019.

2.2.13.11 Solar energy backup

Solar energy back up was proposed by e-Committee in order to deliver litigant centric service without any interruption due to power failure.

Installation of solar energy panels in eight Court Rooms²³ was taken up (March 2019) at the cost of ₹ 75.00 lakh by the HCK and reported as completed (July 2019).

Out of eight districts, where funds were allocated for providing solar energy back up, installation was physically verified in four districts viz., Kohima, Zunheboto, Longleng and Dimapur. The solar energy back up installed in Longleng, Dimapur and Kohima were found operational. On joint verification (August to October 2019), audit noticed that the solar panels reported to be completed in Zunheboto were not installed, though equipment were already supplied to the district Court.

In reply, the Registrar accepted (June 2020) that installation of Solar energy plant in Court Complex, Zunheboto is yet to be started due to ongoing construction of Court Complex building.

2.2.13.12 Training of staff

Most important factor for the success of an e-Governance project is the human resources for operating the system. Therefore, intensive focus on multifarious initiatives of capacity measures on ICT education to Judicial Officers and Court staff is to be imparted either through training laboratories at Judicial Academies or through the Training of Trainers (ToT) model.

Audit observed that the State Judiciary Academy was not established in the State. Therefore, Case Information Software (CIS) training was imparted through ToT attached to High Court Bench, Kohima. However, audit noticed that five JOs in three district Courts²⁴ out of six test checked districts had not been imparted CIS training. Only 14 grade III staffs²⁵ were trained to operate CIS in 16 court rooms of six test checked districts.

In reply, the Registrar stated (June 2020) that 26 subordinate Court staffs were trained on CIS and basic computer and networking skills. However, there were only 14 grade III staff trained on CIS from the list of participants represented from six test checked districts.

2.2.14 Conclusion

The PA on the **Scheme for Development of Infrastructure facilities for Judiciary and e Courts project** in the State taken up for the period 2014-15 to 2018-19, revealed many deficiencies thereby defeating the objectives of improvement in the infrastructure

²³ Kohima, Dimapur, Longleng, Wokha, Phek, Peren, Kiphire and Zunheboto

²⁴ Kohima-3(4), Longleng-1(2) and Zunheboto-1(2)

²⁵ Kohima-3(4), Dimapur- 1(4), Longleng-2(2), Zunheboto-2(2), Longleng-2(2), Mon-2(2) and Tuensang-2(2)

for the Judiciary and the public. The proposals sent by the Department in their AAPs were not prioritised as per requirements and hence the State received some adhoc funds from the GoI. The construction of court rooms and housing units taken up futuristically without correlation to the sanctioned strength of Judges in the districts, suffered delays, were incomplete or remained unutilised.

The Fund Management for the CSS revealed that against a proposal of funds ₹ 173.02 crore for 59 projects in the AAPs, the State received total funds of ₹ 70.05 crore (including State share) out of which ₹ 61.40 crore were spent on programme implementation whereby 13 projects (4 courts and 9 housing units) commenced prior to 2014, were completed during the period 2014-19. The Finance Department made an irregular deduction of VAT and departmental charges of ₹ 7.48 crore from the Central funds received.

The State delayed release of its share of ₹ 6.68 crore by 10 to 14 months during the period and State share for 2018-19 of ₹ 36 lakh was also not released to complement the scheme, thereby affecting timely completion of projects. The department also furnished incorrect UCs to GoI, to the extent of unspent funds of ₹ 5.91 crore in bank accounts.

The Construction of Court Complex at Zunheboto taken up since June 2012, had several irregularities and deficiencies and remained incomplete, with an expenditure of ₹ 3.12 crore. There is no clarity whether this included ₹ 80 lakh purportedly executed and measured in the first Phase of Ground plus One floor of the project. Despite funds being available, the slow progress was attributed to non-payment to the contractor. The entire delay in completing this project since 2012, indicates that the project was really not required by the Department. This is further borne out from the fact that the housing unit at Zunheboto, completed at a cost of ₹ 2.03 crore remained unoccupied since August 2018. The earlier housing unit in the same district which had received GoI funds was also found abandoned for no valid reason after spending ₹ 59 lakh on the frame and structure. These facts were not brought to the notice of GoI in 2016-17 while getting the DPR for new housing units approved for Zunheboto.

We noticed diversion of funds of ₹ 1 crore for construction of Court complex at Mon for purchase of land for ₹ 50 lakh which was not permissible as per guidelines and the balance ₹ 50 lakh were on works not found executed. Proposals for construction of two customary/tribal Courts were included in the AAPs, though these are not explicitly covered by the guidelines and neither were they specifically sanctioned by the GoI.

The Court Complex at Youngbhang Sector, Tuensang located at four kilometres away from the District Headquarter had to be abandoned due to natural calamities (land slide) after incurring an expenditure of ₹ 1.85 crore.

The Department also received funds of ₹ 8.09 crore from DoNER, GoI under NLCPR and ₹ 90 lakh as State share, for 13 housing units for Judicial Officers during the period 2014-17. The Divisions were given only ₹ 4.70 crore and balance funds of ₹ 3.84 crore were lying in bank accounts, against which the Department issued incorrect utilisation

certificates to GoI. Out of the ten housing units test checked by audit, four in Kohima were completed, two housing units in Zunheboto were found abandoned for no valid reason after incurring expenditure of ₹ 59 lakh and housing units in Tuensang remained incomplete since 2015.

Physical verification of works revealed non-execution of specific works, poor workmanship, abandonment of works and below specification works in court rooms and housing units.

Monitoring of progress under the scheme remained deficient. The State Level Monitoring Committee constituted for monitoring the judicial infrastructure in the State did not hold any meeting during the audit period and neither did they send any quarterly progress report to Ministry of Law and Justice. Moreover, District Level Committees were not constituted in any of the districts test checked in audit, neither were the District Judges given specification or blue prints of the infrastructure for effective monitoring.

Phase II of the e Courts project envisaged ICT enablement of Courts by providing additional hardware and equipment for effective service delivery. The implementing agency, Gauhati High Court, Kohima Bench received ₹ 5.63 crore against which they utilised ₹ 5.47 crore during the period 2015-16 to 2018-19. Deficiency in availability of required hardware and equipment in the Court Rooms affected full operation of e Courts project in the State. Audit observed many instances of short receipt of hardware and equipment and their underutilisation in the Courts due to non-monitoring of receipt of equipment by the implementing agency, namely the Registrar, GHCKB. Hardware and equipment such as CPU servers, UPS, USB hard disk, projector, display monitors, kiosks and LAN nodes stated to be supplied by the vendors were either not received or not installed in the Districts.

Digitisation of case records intended to facilitate easy access and weeding of old records has not taken off in the State. Similarly, digital library has not been established, Case Information Software (CIS) was not upgraded in four districts, cloud data management remained non-operational and wide area network could not be made functional due to non-provision of internet facilities in Court rooms, which hindered the establishment of Centralised Filing System and thus, facilitate easy access to cause list, pending and disposal case reports etc. This was further aggravated by severe shortage of technical manpower and lack of adequate training of JOs on CIS. Despite an expenditure of ₹ 39.32 lakh on Video Conferencing equipment, the utilisation was 'Nil' for want of internet facility in Jails. Due to ongoing civil works in Court Complex Zunheboto, solar panels worth ₹ 9.38 lakh could not be installed.

2.2.15 Recommendations

Following recommendations are made:

- The Department needs to complete the undertaken works under the CSS in a time bound manner and ensure their utilisation. In our assessment, completion of the undertaken works would suffice and no further works are really required

considering the sanctioned strength of the judiciary and infrastructure already available in the State.

- The High Court may streamline the procurement and distribution of IT equipment, investigate short receipt of materials in District Courts and take stringent action against responsible suppliers/staff for equipment not supplied. Monitoring of the e Courts project be ensured at the highest level.
- The Judicial Service Centre cum Central Filing Centre should be operationalized with installation of requisite infrastructure and posting of manpower to ensure that services to the litigants and lawyers are provided effectively and efficiently. The State may ensure internet connectivity to jails so that judiciary may utilise the Video Conferencing facilities provided under e-Courts Scheme.
- The Department may fix accountability for abandoned works since public money is at stake and institute an independent mechanism of financial and technical audit of all projects undertaken and funds received so far.

Compliance Audits

HOME DEPARTMENT

2.3 Compliance Audit on Disaster Management in the State

The State of Nagaland forms a part of the most severe seismic zone in the country namely Zone-V of Seismic Zoning Map of India that is referred as Very High Damage Risk Zone. The general area of the State is low-lying hills which are prone to disaster due to unstable rock formation, especially during monsoon which lasts from May to September. The main natural disasters in the State are landslides, earthquake, floods, hail storm, fires, drought, *etc.*

The Government of India (GoI) Disaster Management (DM) Act, 2005, laid down the institutional framework for disaster management including Disaster risk reduction at various levels, to draw up the State and District plans for disaster management, integrate the measures for disaster prevention and mitigation and make necessary budgetary provisions.

The DM Act, 2005 mandates the National Disaster Management Authority (NDMA) to lay down policies and guidelines for the statutory authorities to draw their plans. The NDMA formulated guidelines²⁶ on various types of disasters and related issues. Section 38 of DM Act, 2005 requires the State Government to take all measures specified in the guidelines laid down by the NDMA and such further measures as it deems necessary or expedient, for the purpose of disaster management in the State.

2.3.1 Introduction

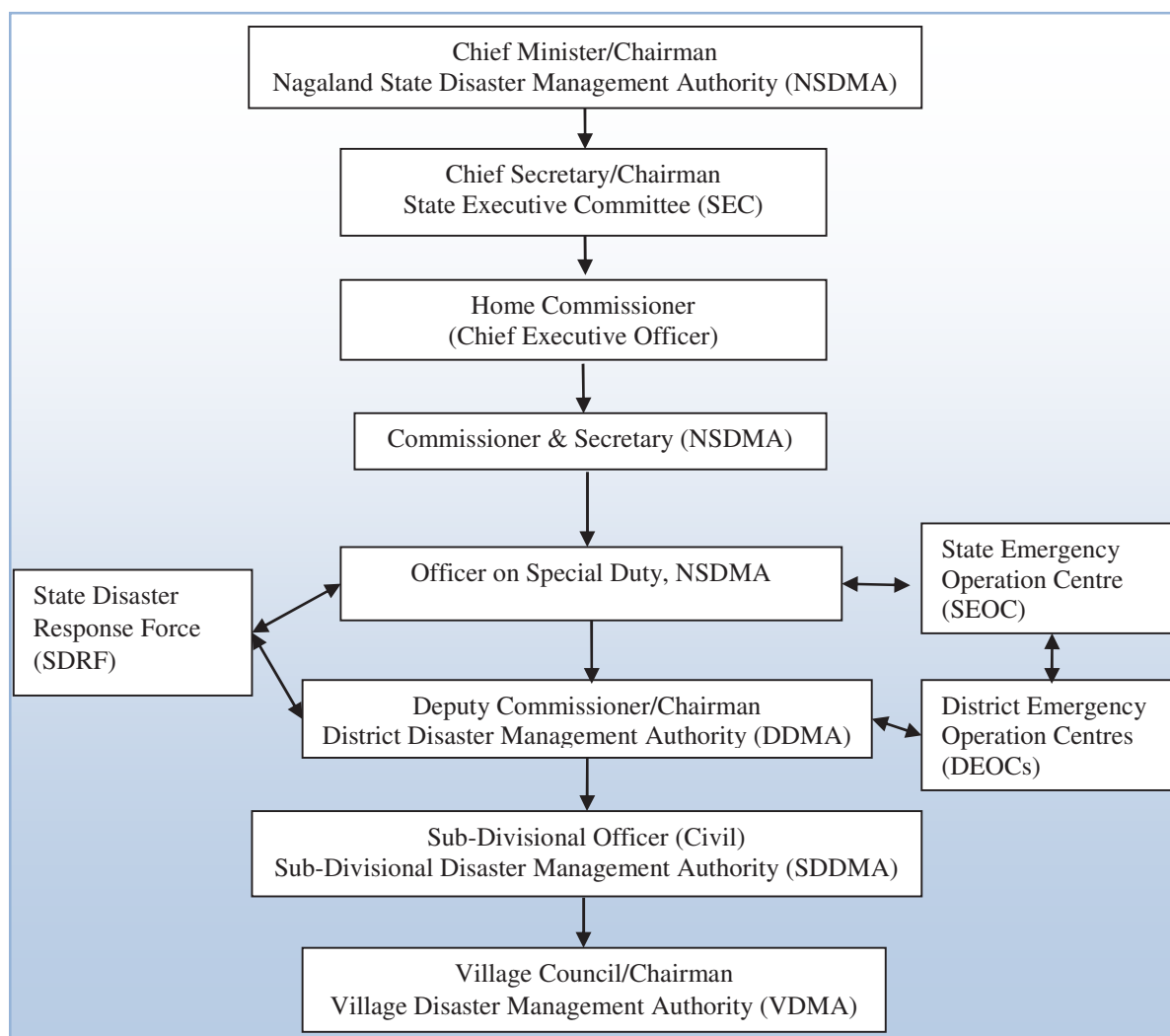
The GoI's DM Act, 2005, defines "Disaster" to mean "a catastrophe, mishap, calamity or grave occurrence in any area, arising from natural or man-made causes, or by accident or negligence which results in substantial loss of life or human suffering or damage to, and destruction of property, or damage to, or degradation of environment, and is of such a nature or magnitude as to be beyond the coping capacity of the community of the affected area".

The Act provides for a disaster management framework that envisages a continuous and integrated process of planning, organising, coordinating and implementing measures for prevention of disasters, mitigation or reduction of their risk and severity, capacity building and preparedness to deal with any disaster, prompt response to disaster, assessing the severity of a disaster and undertaking evacuation, rescue, relief, rehabilitation and reconstruction.

²⁶ NDMA Guidelines on Chemical Disasters (April 2007), Earthquakes (April 2007), Cyclones (April 2008), Floods (January 2008), Psycho-Social Support & Mental Health Services in Disasters (December 2009), Landslides and Snow Avalanches (June 2009), Incident Response System (July 2010), Urban Flooding (September 2010), Drought (September 2010), Scaling, Type of Equipment and Training of Fire Services (April 2012), School Safety Policy (February 2016), Hospital Safety (February 2016)

The Compliance Audit on Disaster Management in the State covering the period 2014-19 was carried out during April to September 2019.

2.3.2 Organisational set up



(Source: Nagaland State Disaster Management Rules, 2007)

2.3.3 Infrastructure and Human Resources

Availability of infrastructure and human resources under Nagaland State Disaster Management Authority (NSDMA) in the State is shown in the chart below:

	Infrastructure	Human Resources
NSDMA	<ul style="list-style-type: none"> i. Attached to Home Department, Nagaland Civil Secretariat, ii. 11 Mahindra Boleros attached to NSDMA officials and five emergency pool vehicles. 	29 Staffs including seven District Disaster Management Officers (DDMOs) posted at NSDMA Secretariat, Nagaland, Kohima.
SEOC	<ul style="list-style-type: none"> i. Operating from a rented building, ii. One Mahindra camper (4x4) 	Seven staffs stationed at Kohima.
DDMA/DEOC	<ul style="list-style-type: none"> i. Attached to the Deputy Commissioner's Office. ii. Gypsy (11 nos.) and one JCB attached to Kiphire DDMA. 	11 staffs (one each in 11 Districts)
SDRF	<ul style="list-style-type: none"> i. Operating from rented buildings, ii. One Tata 407 four wheel drive mini-truck, iii. Search & Rescue equipment procured in 2014. 	<ul style="list-style-type: none"> i. 240 personnel (30 each in eight districts) drawn from the Civil Defence and Home Guards. ii. In the remaining three Districts (Longleng, Kiphire and Peren), the District Executive Force from the Office of the Superintendent of Police functions as SDRF in the event of natural calamity. iii. 2760 Community First Responders in 11 Districts.

(Source: NSDMA records)

2.3.4 Scope of Audit

The Compliance Audit covered the NSDMA, Special Officer (Accounts), DDMA and line departments²⁷ for the period from 2014-19. The Schemes/programmes on disaster management implemented by the NSDMA/DDMA such as State Disaster Response Fund (SDRF), National Disaster Response Fund (NDRF), Aapda Mitra, Conduct of State/District level Mock Exercises, *etc.* were test checked. At field level, four out of eleven districts in the State (Kohima, Dimapur, Peren and Zunheboto) were selected by adopting Probability Proportional to Size With Replacement Method (PPSWR) with size measurable to funds received by the districts for relief and disaster management.

²⁷ Public Work Department (R&B), Animal Husbandry & Veterinary Sciences, Agriculture, Health & Family Welfare, School Education, Power and Municipal Affairs.

2.3.5 Audit Methodology

Audit methodology comprised of an entry conference (18 April 2019) held with the officers from the NSDMA, Home Department. This was followed by issue of requisitions and questionnaires, examination of records, joint inspection and issue of audit observations. The draft report was issued to the Department and an exit conference was conducted on 25 August 2020 to incorporate the replies and views expressed by the Government/ Department.

2.3.6 Audit Objectives

The audit objectives were to assess whether:

- there was comprehensive planning for disaster preparedness and identification of disasters;
- adequate funds were provided in a timely manner and utilised efficiently, effectively and economically for the intended purposes;
- capacity building, manpower and monitoring mechanisms were adequate and effective;
- disaster response system was in place.

2.3.7 Audit Criteria

The audit findings were benchmarked against the following sources of criteria.

- DM Act 2005, National Policy on Disaster Management, 2009, Standard Operating Procedure for Responding to Natural Disasters, 2010;
- Nagaland State Disaster Management Rules (NSDMR) 2007, Nagaland State Disaster Management Plan (NSDMP) 2012, Standard Operating Procedure (SOP)-NSDMA, District Plans, Nagaland Building Bye-Laws, 2012;
- Guidelines, Circulars and instructions issued by Ministry of Home Affairs, National Disaster Management Authority (NDMA), Government of Nagaland, State Disaster Management Authority; and
- Sanction orders, Receipts and Payments Rules, General Financial Rules and Nagaland Public Works Department Code.

2.3.8 Acknowledgement

We acknowledge the co-operation and assistance extended by the NSDMA, DDMA's and the line departments during the conduct of audit.

Audit Findings

Audit findings of the Compliance Audit are discussed in the succeeding paragraphs.

2.3.9 Planning

2.3.9.1 State and District Disaster Management Plans

Section 23 of the GoI's DM Act, 2005, provides that every State Executive Committee (SEC) should prepare a State Disaster Management Plan (SDMP) in conformity with the guidelines²⁸ laid down by the NDMA after consultation with local authorities, district authorities and the people's representatives as the SEC may deem fit. The SDMP should be approved by the Nagaland State Disaster Management Authority (NSDMA²⁹), reviewed and updated annually.

The SDMP shall include:

- The vulnerability of different parts of the State to different forms of disasters;
- The measures to be adopted for prevention and mitigation of disasters;
- The manner in which the mitigation measures shall be integrated with the development plans and projects;
- The capacity-building and preparedness measures to be taken;
- The roles and responsibilities of each Department of the Government of the State in relation to the measures specified above; and
- the roles and responsibilities of different Departments of the Government of the State in responding to any threatening disaster situation or disaster.

Section 31 of DM Act, provides that each district shall prepare District Disaster Management Plan (DDMP) after consultation with the local authorities having regard to the National and the State Plan and approved by the NSDMA, reviewed and updated annually. The DDMP shall, *inter alia*, include areas in the district vulnerable to different forms of disasters; measures to be taken for prevention, mitigation, capacity-building and preparedness.

Disaster Management Plan is a “dynamic document” that needs to be periodically improved keeping up with the emerging global best practices and knowledge base in disaster management and local conditions.

Examination of records revealed that NSDMA since its constitution (July 2008) held five meetings³⁰ to review disaster management activities in the State. Audit observed that though the SEC had finalised the first SDMP (2012-13) in October 2012, it was yet to be approved by NSDMA (September 2019). Similarly, the first DDMPs (2012-13) were yet to be approved by NSDMA (September 2019). The first SDMP/DDMPs

²⁸ National Disaster Management Authority (NDMA) guidelines for preparation of the SDMP issued in July 2007.

²⁹ As per section 14 of the DM Act, 2005, a State Disaster Management Authority shall consist of the Chairperson (Chief Minister), members not exceeding eight nominated by the Chairperson of the State Authority and the Chairperson of the State Executive Committee shall be the Chief Executive Officer of the State Authority, *ex officio*.

³⁰ 1st meeting (17.03.2011), 2nd meeting (17.02.2012), 3rd meeting (03.03.2014), 4th meeting (20.11.2017) and 5th meeting (27.07.2018)

(2012-13) were reviewed during 2018-19 and the updated SDMP and DDMPs were yet to be approved by NSDMA (September 2019).

The disaster management activities in the State were managed by the State and district level authorities without approved State and District plans during the period from April 2014 to September 2019.

The Government stated in reply (November 2019) that, NSDMA meeting under the Chairmanship of the Chief Minister could not be held during 2015-18 due to political instability in the State. The SDMP and DDMPs are dynamic in nature and needed to be updated with the change of climatic conditions and nature of the disaster. The SDMP and DDMPs were approved by the NSDMA/SEC and are in place. The latest edition of the SDMP and DDMPs are in progress.

The fact remains that the SDMP and DDMPs for 2012-13 were finalised at the level of the SEC and not placed before the NSDMA for approval, which was against provisions of Section 23 and 31 of the DM Act, 2005. The review of SDMP/DDMPs (2012-13) can happen only after an approved plan was in place. No further plans for activities were thereafter found in place.

2.3.9.2 Disaster Management Plan of State Government Departments

Section 40 read with Section 49 (2) of the DM Act, 2005 requires every department of the State Government to prepare a Disaster Management Plan (DMP) in conformity with the guidelines laid down by NSDMA and make provisions in its annual budget for carrying out the activities and programmes set out in its DMP. The DMP should be approved by NSDMA, reviewed and updated annually. Section 40 (2) requires every department to furnish an implementation status report to the SEC on the implementation of the DMP.

Examination of records revealed that the NSDMA had conducted one day (December 2018) orientation programme for 59 departments of the State Government for preparation of departmental DMP. Audit however, observed that none of the departments had submitted its DMP to the NSDMA (September 2019). Thus, the roles and responsibilities assigned to departments in the DM Act, 2005 were not fulfilled in the State.

The Government while accepting (November 2019) the facts stated that NSDMA has issued Departmental Disaster Management Plan template to all the line departments and is in the process of receiving the line departmental disaster management plans.

2.3.9.3 Planning at Sub-Divisional and Village Disaster Management Authority level

Rule 26 read with Rule 30 of NSDM Rules, 2007 stipulates that every Sub-Division of the district should constitute a Sub-Divisional Disaster Management Authority (SDDMA). The SDDMA should prepare a Sub-Divisional Plan (SDP) after consultation with the local authorities, line departments and in accordance with the

National, State and the District Plan, to be approved by NSDMA, reviewed and updated annually.

Rule 31 read with Rule 35 of NSDM Rules, 2007 requires the DDMA to set up a Village Disaster Management Authority (VDMA) for every village in the district. The VDMA should prepare a Village Disaster Management Plan (VDMP) after consultation with the local authorities and in accordance with the National, State, District and SDP for approval by NSDMA, to be reviewed and updated annually as shown below:

Table 2.14 showing district wise number of SDDMA and VDMA

Sl. No.	District	No. of Sub-Divisions	No. of Sub-Divisions SDDMA constituted	No. of Sub-where was	No. of villages	No. of villages where VDMA was constituted
1	Kohima	5	0		95	10
2	Dimapur	6	1		202	36
3	Peren	2	0		81	0
4	Zunheboto	6	4		196	92
	Total	19	5		574	138

(Source: DDMA records)

As seen from above table, five out of 19 Sub-Divisions (26 per cent) had constituted SDDMA and 138 (24 per cent) out of 574 villages had constituted VDMA in the four test-checked districts. The remaining SDDMAs and VDMA were not constituted due to lack of follow up action from sub-divisional and village level functionaries. Audit also observed that none of the SDDMA/VDMA had approved SDP/VDMP for disaster management activities at the grassroots level (September 2019).

Thus, participation of grassroots level functionaries in disaster management activities as envisaged in the NSDM Rules, 2007 could not be achieved. Further, the absence of functionaries in the villages would adversely impact the disaster management response, should a calamity arise.

The Government while accepting (November 2019) the facts stated that the constitution of the community level authorities is in progress.

2.3.9.4 Enforcement of Nagaland Building Bye-laws, 2012 in the State

Section 41 of the DM Act, 2005 stipulated that a local authority shall ensure all construction projects under it or within its jurisdiction conform to the standards and specifications laid down for prevention of disasters and mitigation by NDMA, SDMA and DDMA. The Nagaland SDMP (2012-13) envisaged strict adherence to Nagaland Building Bye-Laws in the State.

Section 3 of the Nagaland Building Bye-Laws (NBBL), 2012 requires every person to obtain building permits from authorised agencies³¹ before any construction. Further, sections 43 to 57 contain the provisions for structural safety in “Natural hazard prone

³¹ Municipal Councils/ Town Councils and a Local Authority or officer authorised under Sections 7 or 19 of the Nagaland Municipal Act 2001 or any other laws in force in this behalf.

areas³² where structural design of foundations, elements of masonry, timber, plain concrete, reinforced concrete, pre-stressed concrete and structural steel should conform to the National Building Code of India.

Examination of records revealed that the NBBL, 2012 is not implemented in the State, due to lack of technically qualified manpower such as architects, engineers, *etc.* in the Urban Local Bodies of the State for examining the building plans, issuing building permits, completion certificates, *etc.* Audit observed that a Special Task Force (STF) constituted (March 2015) by the State Government to review the efficacy of the NBBL, 2012 and suggest amendments/ additions, if any is yet to submit report to NSDMA (September 2019).

Thus, the structural designs of buildings for protection against cyclone/wind storm, earthquake, landslide, *etc.* were not enforced in the State making buildings vulnerable to earthquakes, landslide, cyclone, *etc.*

The Government while accepting (November 2019) the facts stated that under the initiative of NSDMA for implementation of Building Bye-laws in Nagaland, a Special Task Force was constituted (March 2015). After several rounds of meeting and review of the NBBL, 2012, the STF under the Chairmanship of Secretary NSDMA, Home Department has submitted its recommendation to the Department of Municipal Affairs for submission to the Government for amendments in the NBBL, 2012.

The fact remains that the building bye laws have not been implemented making the State prone to acute damages in event of calamities.

2.3.10 Financial Management

2.3.10.1 Fund Receipt and Expenditure

Fund receipts and expenditure incurred from SDRF³³, NDRF³⁴, Capacity Building for NSDMA (XIII-FC Grant), Strengthening of SDMA and DDMA, Aapda Mitra, Financial Support to States for conduct of State/District level Mock Exercises and Prime Minister Natural Relief Fund (PMNRF) during the period from 2014-19 at the State level are shown in table below:

³² Moderate to high intensity of earthquake, or cyclonic storm, or significant flood flow or inundation, or landslides/ mud flows/ avalanches, or one or more of these hazards.

³³ In case of special category States, the fund sharing ratio was 90:10 between Centre and State Government.

³⁴ NDRF is a fund operated by the GoI which is 100 *per cent* funded by the Central Government.

Table 2.15 Details of funds received and expenditure

(₹ in crore)

Year	Opening balance	Fund received from GoI & GoN	Total fund available	Expenditure	Closing balance	Percentage of unspent balance
2014-15	11.87	23.79	35.66	20.13	15.53	44
2015-16	15.53	25.28	40.81	24.84	15.97	39
2016-17	15.97	33.26	49.23	28.30	20.93	43
2017-18	20.93	38.43	59.36	46.29	13.07	22
2018-19	13.07	218.42	231.49	208.01	23.48	10
Total		339.18		327.57		

(Source: NSDMA records)

As seen from above table, as against total funds of ₹ 351.05 crore³⁵ available with the NSDMA during the period 2014-19, expenditure incurred was ₹ 327.57 crore and closing balances ranged from ₹ 13.07 crore to ₹ 23.48 crore during the period. Under SDRF, the total fund available during 2014-19 was ₹ 51.78 crore (including Central share of ₹ 43.24 crore, State share of ₹ 7.68 crore and opening balance of ₹ 0.86 crore) out of which an amount of ₹ 50.92 crore was spent, leaving a closing balance of ₹ 0.86 crore. Audit observed from examination of records that SDRF balances had not been invested as stipulated in the guidelines i.e., Central Government dated Securities; Auctioned Treasury Bills; and interest earning deposits and certificates of deposits with Scheduled Commercial Banks.

The Government stated (November 2019) in reply that, the question of heavy closing balance ranging from ₹ 13.07 crore to ₹ 23.48 crore was less keeping in view the impending disaster that may affect the State at any time. These are emergency reserves which were necessary.

Details of funds received and expenditure incurred by the test-checked DDMA during 2014-19 are shown in table below:

Table 2.16 showing Funds received and Expenditure incurred by the test-checked DDMA during 2014-19

(₹ in crore)

Sl. No.	DDMA	Opening balance	Fund received	Total fund available	Expenditure	Closing balance	Percentage of unspent balance
1	Kohima	0.007	9.09	9.10	9.08	0.02	0.20
2	Dimapur	0.00	6.27	6.27	4.21	2.06	33
3	Peren	0.10	5.55	5.65	4.73	0.92	16
4	Zunheboto	0.0015	7.68	7.68	6.63	1.05	14

(Source: DDMA records)

As seen from the above table, the percentage of unspent balance ranged from 0.20 to 33 per cent during 2014-19 in the four test-checked districts, indicating less utilisation of funds sanctioned for disaster management activities.

³⁵ ₹ 11.87 crore (OB of 2014-15) + ₹ 339.18 crore (Funds received from GoI & GoN) = ₹ 351.05 crore

The Government may improve its spending of the sanctioned funds and invest the surplus SDRF as per the guidelines.

The audit findings on utilisation of funds are discussed in the subsequent paragraphs.

2.3.10.2 Delay in release of fund by State Government

As per paragraph 7 of the Guidelines on Constitution and Administration of SDRF (September 2010), the State Government is required to transfer the Central share along with the State's share to SDRF immediately upon receipt of Central share. Paragraph 7 of the updated guidelines³⁶ *ibid* (July 2015) states that the State Government would have to bear interest at Bank Rate³⁷ of Reserve Bank of India for delays in transfer beyond 15 days from the date of release of Central share. Further, Paragraph 11(vi) of the guidelines *ibid* states that whenever the SDRF is replenished with additional Grants-in-aid from NDRF, the fund shall be treated in the same manner as the funds in SDRF as far as transfer and accounting are concerned.

Examination of records revealed that the State Government during 2015-19 transferred ₹ 279.07 crore of SDRF (Central plus State share) and NDRF funds after delays ranging from seven to 69 days from the date of receipt of Central share. The State Government had to pay interest of ₹ 0.56 crore to the fund due to delay in transfer as shown in *Appendix-1.2*.

Delay in release of funds undermines the very purpose of the fund which was constituted to give timely financial assistance for emergency relief activities.

The Government while accepting (November 2019) the facts stated that Nagaland being resource crunched State, there were instances where SDRF/NDRF releases for implementation were delayed. These are done by the State Finance Department to ensure the status of State Finances and not undermining the very purpose of Relief Emergency Fund.

The reply is not tenable since these funds are not meant for use elsewhere by the Government. The State Government did not reply on payment of interest of ₹ 0.56 crore due to delay in transfer of funds.

2.3.10.3 Diversion of State Disaster Response Fund and National Disaster Response Fund

Paragraph 3 of the Guidelines on Constitution and Administration of SDRF (July 2015) states that fund under SDRF shall be used only for meeting the expenditure for providing immediate relief to the victims of natural disasters mentioned in the guidelines. The administrative expenses, provision for disaster preparedness, restoration, reconstruction and mitigation should be built into the State Plan funds and should not be a part of SDRF or NDRF. However, five *per cent* of the annual allocation

³⁶ the guidelines will be operative from financial year 2015-16

³⁷ Section 49 of the RBI Act of 1934 defines Bank rate as the "standard rate at which RBI is prepared to buy or rediscount bills of exchange or other commercial papers eligible for purchase. When banks want to borrow long term funds from RBI, it is the interest rate at which the RBI charge them.

of SDRF may be kept for Capacity Building activities³⁸ by the State. Further, as per the items and norms of assistance from SDRF/NDRF (November 2013 and April 2015), procurement of equipment/ machineries was permissible from SDRF and not from NDRF subjected to the ceiling of 5 *per cent* (2013-15) and 10 *per cent* (2015-19) of fund allocation under SDRF.

Examination of records revealed that the SEC notified (July 2017) the budgetary break-up (in *percentage*) for utilisation of SDRF in the State as under:

Table 2.17 showing break up for utilisation of SDRF fund

Sl. No.	Particulars	As notified by the SEC (<i>per cent</i>)	As notified by the Ministry of Home Affairs, GoI (<i>per cent</i>)
1	Relief compensation	45	75
2	Training and capacity building	15	5
3	Procurement of equipment	10	10
4	State Specific disasters	10	10
5	Administrative cost	20	No provision
Total		100	100

(Source: NSDMA records)

As seen from above table, the SEC’s notification on budgetary break-up for utilisation of SDRF in the State was not as prescribed by GoI. The allocation under “Relief compensation” was much less than the prescribed limit. There is no provision for administrative expenses under SDRF/NDRF but SEC’s allocated 20 *per cent* in violation of SDRF/NDRF guidelines.

Further examination of records revealed that the NSDMA diverted SDRF fund of ₹ 6.46 crore during 2014-19 for payment of wages of SDRF personnel (₹ 4.12 crore), salary of fixed paid employees (₹ 0.65 crore), travelling expenses of NSDMA officials (₹ 0.87 crore), POL for NSDMA’s vehicles (₹ 0.21 crore) and salary of CSS employees (₹ 0.61 crore).

The above diversions of SDRF and NDRF were irregular and would affect the extent and implementation of the Disaster Response Activities.

The Government while accepting the facts stated (November 2019) that necessity for diversion of SDRF/NDRF were made with due approval from the SEC to carry out the functions of SDMA as stipulated in the DM Act, 2005. Accordingly, budget break-up within the annual allocation of SDRF with a slight deviation from the GoI guidelines in the context of Nagaland were made.

The reply is not acceptable as it violates the SDRF Guidelines and needs to be brought to the notice of NDMA, GoI.

³⁸ Setting up/ Strengthening of EOCs; Training/ Capacity Building of stakeholders and functionaries; Supporting disaster management centres of State ATIs and other institutions; Preparation of Disaster Management Plans based on Hazards, Risk and Vulnerability Analysis and Strengthening of SDMA and DDMA.

2.3.10.4 Non maintenance of Cash Book

Rule 13 of the Receipts and Payments Rules inter alia, stipulates maintenance of Cash Book, its regular closure, verification of Cash Balances etc.

Examination of records of the NSDMA, revealed that Cash Book which is the primary record for financial controls was not maintained. Further, other basic records such as Bill Register, Cheque Issue Register, TA bill register (prior to September 2016), etc. were also not maintained by the Authorities. Audit also observed that none of the four test checked DDMA's maintained Cash Book.

In absence of Cash Book, the Controlling Officer did not exercise controls over financial transactions as envisaged in the financial rules. Absence of financial propriety and absence of internal controls over handling and management of cash would facilitate mis-utilisation, diversion and even misappropriation of funds.

The Government while accepting the facts stated (November 2019) that maintenance of cash book at NSDMA and DDMA's have started after this was pointed out and shall continue to be maintained regularly.

2.3.10.5 Non-establishment of separate SDMF and District Funds

Section 48 of DM Act, 2005 stipulated that the State Government shall, immediately after notifications issued for constituting the NSDMA and DDMA, establish separate funds namely (a) SDRF for the SEC (b) State Disaster Mitigation Fund (SDMF) for NSDMA (c) District Disaster Response Fund (DDRF) for DDMA and (d) District Disaster Mitigation Fund (DDMF) for DDMA.

Examination of records revealed that the State Government had constituted (November 2010) only SDRF in the State and the other three mandatory funds SDMF, DDRF and DDMF at the State and District levels were not established as envisaged by the Act and resources and funding arrangement were available only from SDRF. Audit observed that during disasters, relief activities at the district level were carried out through fund received from the SDRF.

As the State Government did not constitute the funds at State and district levels as envisaged by the Act, the powers and functions delegated to the three authorities could not be fully exercised for effective implementation of the disaster management in the State. Further, in absence of Mitigation Funds, expenditure on inadmissible activities were made from SDRF/NDRF as discussed in the succeeding paragraphs.

The Government while accepting the facts stated (November 2019) that constitution of SDMF, DDMF and DDRF are in process.

2.3.11 Implementation of Relief and Disaster Management activities - Performance Management

As per the NSDMA's "General Guidelines for NDRF civil works", the DDMA's were to ensure that works relating to calamities etc. were done after tendering and following due process as per contracts with the agency.

2.3.11.1 Irregularities in execution of NDRF civil works

Rule 135 of Receipts and Payments Rules, stipulates that payment for all work done other than by the 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 the correctness of the claim in respect of quantities and rates as well as the quality of the works done is carefully checked by a responsible officer.

Section 53 of DM Act, 2005 further stipulated that whoever, being entrusted with any money or materials, or otherwise being, in custody of, or dominion over, any money or goods, meant for providing relief in any threatening disaster situation or disaster, misappropriates or appropriates for his own use or disposes of such money or materials or any part thereof or wilfully compels any other person so to do, shall on conviction be punishable with imprisonment for a term which may extend to two years, and also with fine. Out of 499 works implemented in the four test-checked districts, 149 works (30 per cent) were jointly verified (June-September 2019). Out of which irregularities were noticed in 85 physically verified works as summarised below.

Table 2.18 Irregularities found during physical verification*(₹ in crore)*

Sl. No.	Type of observation	No. of works	Amount involved
1	Unverifiable/Doubtful works	71	50.59
2	Unexecuted works/ Misappropriation of funds	9	7.21
3	Land development (construction of Retaining wall, CC pavement, etc.) of private individuals	5	2.19
	Total	85	59.99

(Source: NSDMA records and joint inspection reports)

The details are discussed in the following paragraph:

(i) Unverifiable/Doubtful works

Out of 71 works, 63 works for ₹ 49.30 crore were implemented departmentally by the Engineering section, NSDMA and eight works for ₹ 1.29 crore were implemented by Peren DDMA and paid to contractors and beneficiaries. During joint verification, the Department officials could not locate and show to audit any of the 71 works which were recorded to be executed.

Examination of records by audit of four test-checked DDMA revealed that, in Peren district, the line department PWD (R&B) were not involved in the implementation of civil works such as renovation/restoration of road, construction of retaining wall/culvert/drain and land slide clearance. The Deputy Commissioner released payments of ₹ 2.91 crore (22 works) to contractor/individual beneficiary without any measurement of works executed or certificates of work being executed.

The Government stated (November 2019) in reply that, most of the restorative works undertaken at the DDMA level in the district were implemented in coordination with the concerned department. However, depending on the conditions and situation, there may be some cases where restorative works might have been done by the DDMA under the Chairmanship of Deputy Commissioner. Those works with no proper vital measurement books shall be rectified in coordination with the concerned DDMA.

(ii) Unexecuted works/Works not found in joint verification

Audit observed that nine out of 149 works were recorded to be executed departmentally by the Engineering section, NSDMA and paid ₹ 7.21 crore on the basis of measurements recorded in the MBs (*Appendix-1.3*). Joint verification revealed that all the works for ₹ 7.21 crore were not found executed. The NSDMA officials present during joint verification stated that the scope of the work as recorded in the MBs and the actual execution were different.

The statement of the officials present during joint verification was an admission of the fact that the work for which sanction was accorded was either not executed or not executed as per scope of work.

(iii) Land development of private individuals

Audit found during joint verification that five works for ₹ 2.19 crore were utilised for land development (construction of CRSM Retaining wall, CC pavement, *etc.*) of two private individuals (*Appendix 1.4*) which was inadmissible as per NDRF guidelines.

The above instances indicated that the fund of ₹ 59.99 crore sanctioned for providing relief works were not judiciously utilised as envisaged in the NDRF guidelines.

The Government stated in reply (November 2019) that, all 71 and nine restorative works were executed and may be verified, as these restorative works were actually implemented on ground. Since nature of works was restorative, the physical visibility will be worn out in the passing of days and years. The instability of the soil and the unpredictable fury of nature could re-occur and affect the same restored works carried out by the department before. The four works amounting to ₹6.25 crore in Zunheboto district was jointly verified with audit where clearances of debris were shown in five different spots due to occurrence of massive landslide and flash flood. The constructions of retaining walls were diverted for clearance of debris and reconstruction basing on the emergency situation for which Measurement Book was not furnished.

The reply is not acceptable as even though the works implemented were of medium, long-term/ permanent nature these could not be located by the NSDMA officials during joint physical inspection. Further, joint physical inspection confirmed that five works were implemented for land development of two private individuals.

2.3.11.2 Short disbursement of relief to victims of natural disasters

MHA, GoI notified (8 April 2015) the revised list of items and norms of assistance from SDRF/NDRF for the period 2015-20 effective from 1 April 2015. This revision was based on the recommendation of the 14th Finance Commission on financing of

expenditure on immediate relief during natural disasters and report of the Expert Group set up by the Ministry.

Examination of records revealed that NSDMA received the Ministry’s notification in June 2015 and the NSDMA notified the revised list of items and norms of assistance only in May 2016. As a result, relief assistances were disbursed at the old norms of assistance despite the revision of norms by the Ministry. The details are as shown below:

Table 2.19 Short disbursement of relief

(₹ in lakh)

Year	Nature of calamity	Item damaged	Entitlement as per revised items & norms	Amount disbursed	Short disbursement
2016-17	Earthquake	2 houses with properties	2.11	0.35	1.76
	Fire	3 houses	3.06	0.45	2.61
	Flood	43 houses with properties and 35.20 hectares of agricultural plantations	5.58	3.27	2.31
	Hailstorm	2206 houses, 5 community buildings and 106 electric poles	1041.46	99.16	942.30
	Landslide	40 houses, 3 acres of paddy fields and one ex-gratia	226.38	33.64	192.74
2017-18	Hailstorm	269 houses	274.11	11.25	262.86
Total			1552.70	148.12	1404.58

(Source: NSDMA records)

Thus, out of ₹ 15.53 crore relief payable to 2590 victims of disasters during 2016-18, NSDMA paid only ₹ 1.48 crore resulting in denial of full benefits to the calamity victims by ₹ 14.05 crore.

The Government stated (November 2019) in reply that, there was no short disbursement of relief to the victims of natural calamity. The audit observation was made from the period of disbursement. However, disbursement which was made after the notification of new norms of SDRF/NDRF pertains to the fund under SDRF/NDRF for 13th Finance Commission and those applications of relief also pertained to that period. Therefore, NSDMA followed the old norms of relief as this fund pertains to the 13th Finance Commission and not 14th Finance Commission.

The reply is not acceptable as audit observation was made based on the date of calamity occurrence and MHA had directed that relief to victims of disasters from April 2015 should be disbursed for the revised items and norms of assistance. Therefore, whether the funds were of 13th or 14th Finance Commission, were not a relevant criterion for disbursement of relief.

2.3.12 Capacity Building, Manpower and Monitoring Mechanism

2.3.12.1 Mock Drills, Trainings and Awareness Programmes

Paragraph 10.1 of National Disaster Management Plan envisage conduct of trainings, mock drills and exercises which are crucial in disaster preparedness, awareness creation and evaluation of the operational aspects of the Disaster Management Plan (DMP). Paragraph 10.2 further stipulated maintenance of mandatory annual training calendars and conduct of regular mock drills at least twice a year to test the DMP to increase its operational efficiency by involving all stakeholders and rectify gaps noticed. NSDMA had recommended³⁹ regular conduct of mock drills, trainings for doctors and paramedics to handle mass casualty and improvement in communication, alert or warning system in the light of the gaps noticed during conduct of State wide mock drills by NSDMA.

Examination of records revealed that NSDMA and DDMA's conducted two State wide mock drills (Nagaland Emergency Preparedness Exercise 2017 and 2018), 12 location specific mock drills and 36 trainings or awareness programmes on Disaster Management in the State during 2014-19 as shown below:

Table 2.20 showing details of works

Year	Mock drills	Target group	No. of Training and awareness	Target group
2014-15	1	Line Departments, students and public	N/A	N/A
2015-16	3	Students and public	4	Youths, Government officials and public
2016-17	7	Police personnel, students and public	7	Youths, HG & CD personnel, Line Departments and public
2017-18	2	Line Departments, students and public	13	Youths, Government officials and public
2018-19	1	Line Departments, students and public	12	Teachers, students, Anganwadi workers, youths and public
Total	14		36	

(Source: NSDMA and DDMA's records)

As can be seen from above table, NSDMA/DDMA's could conduct only one mock drill each during 2014-15 and 2018-19. Audit observed that there was no approved training calendar for 2014-16 and 2018-19, and doctors or paramedics were not imparted basic training on DM. NSDMA was yet to set up a proper communication augmentation plan with the State police and Central para-military forces besides, a dedicated alert or warning system for deployment during major disasters.

These shortcomings can create confusion and increase further casualties during major disasters as corrective measures were not taken on the gaps noticed or recommendations made.

³⁹ No. 5-36/2013-Mit dated 17.12.2015 and No.02/206/Ops/2018/-Pt dated 06.07.2018

In reply, NSDMA stated (October 2019) that communication system was yet to be streamlined as it requires effort from all line Departments and the Department of Information and Public Relations, GoN had been directed to set up sirens or loud speakers in strategic locations.

2.3.12.2 India Disaster Resource Network

India Disaster Resource Network (IDRN) is a nation-wide web based platform initiated by MHA, GoI (2004) and hosted by National Informatics Centre (NIC), New Delhi, for managing the inventory of equipment, skilled human resources and critical supplies for emergency response. Primary focus of IDRN portal (<http://www.idrn.gov.in>) is to enable the decision makers to find information on availability of equipment and human resources required to combat any emergency situation. This database will also enable them to assess the level of preparedness for specific disasters.

Paragraph 3.11.1 of Standard Operating Procedure (SOP) for Responding to Natural Disasters (RND), 2010 requires the State Governments to ensure that necessary entries have been made in the web-portal and updated at least once in a month by the designated District Authorities⁴⁰.

The IDRN database status report (June 2019) of all the districts in the State is shown below:

Table 2.21 showing status of updation in IDRN database

Sl. No	District	Status of updation as of June 2019	Year/ months since not updated
1	Peren	Information not uploaded	
2	Kiphire	May 2006	13 years
3	Zunheboto	November 2006	12 years 6 months
4	Wokha	August 2007	11 years 9 months
5	Longleng	July 2015	3 years 10 months
6	Phek	September 2015	3 years 8 months
7	Mon	October 2015	3 years 7months
8	Tuensang	October 2015	3 years 7months
9	Dimapur	August 2017	1 year 9 months
10	Mokokchung	October 2017	1 year 7 months
11	Kohima	March 2019	2 months

(Source: IDRN portal)

As seen from above table, Peren district did not upload inventory of resources available in the district in the IDRN portal. The other districts also did not update the information on a monthly basis. It can be seen that Kiphire, Zunheboto and Wokha districts did not update data for more than 11 years. Similarly, Longleng, Phek, Mon and Tuensang districts did not update data for more than three years. In the absence of regular updates, the available information would be of little use during emergencies.

⁴⁰ District Collector/ Magistrate is the authorised officer for facilitating data collection and updation.

Audit observed that directives to update the inventory of resources were issued by NSDMA to DDMA, however, DDMA failed to update inventory on a regular basis.

Non availability of latest information about Disaster Management Resources would delay effective and rapid response to disaster situations, which is critical for saving lives.

The Government while accepting the facts stated (November 2019) that NSDMA is in constant touch with the District for regular updating of IDR for ready reference during emergency.

2.3.12.3 Emergency Operation Centres

Emergency Operation Centres (EOCs) are central command and control facilities which function as the nerve centres for coordination and management of disasters. Paragraphs 3.1.1, 3.1.4 and 3.1.5 of SOP for RND, 2010 states that EOCs shall be set up at National, State and District levels with requisite facilities. They shall have a fail proof communication network which should be connected to the National EOC or control room of MHA to ensure voice, data and video transfer. The District EOCs should be connected with the respective State EOC/control room. All these EOCs should be manned by trained personnel on 24x7 basis so that they are functional round the year.

Paragraphs 6.8 and 6.9 of the National Disaster Management Guidelines (NDMG), 2012 requires the State and District EOCs to have all the information relating to the forecasting and warning of disasters, action plans for implementation and details of contact points from various concerned agencies. The EOCs should have updated information of all resources and contingency plans for quick interaction during an emergency.

Paragraphs 7.1 and 7.2 of the NDMA Guidelines further stipulated that EOCs should be provided with an operating room where all disaster management operations are planned, managed and executed. They should be equipped with requisite communication network, documentation facilities, provision of adequate pantry, washroom and restroom for the staff manning the EOCs.

The following were observed on the functioning of EOCs in the State:

(i) State Emergency Operation Centre

Examination of records revealed that NSDMA had identified (February 2012) the land for the NSDMA Secretariat and State Emergency Operation Centre (SEOC) near the main entrance of the State Civil Secretariat.

Further examination of records revealed that the State Level Mock Exercise on Earthquake Disaster in Nagaland was held during April 2018. NDMA observed that the SEOC was located away from the State Civil Secretariat and Police Headquarter with limited parking space. Responsible officers and other key line department officials had to travel from other end through heavy traffic. NDMA, therefore, recommended (July 2018) relocation of SEOC to a location which was easily approachable by key functionaries likely to be involved in the event of major disasters.

Joint inspection (August 2019) revealed that the SEOC was yet to be relocated and is operating from a rented building. The SEOC was manned on 24x7 basis by six personnel from the Department of Home Guards & Civil Defence. Live testing of the four digits Emergency Helpline Number “1070” revealed that the toll-free number was operational only on BSNL network and inoperative on other two network service providers i.e. Reliance Jio and Bharti Airtel.

Audit also noticed that the SEOC has no facility for video conferencing with NDMA and District EOCs. Other modes of communication i.e. data and voice were in place. Information on available medical facilities, IDRN inventory details of the districts, relief materials or shelters in stock, State emergency contingent plan and details of NGOs or Community First Responders which can be availed or utilised on short notice were not in place at the SEOC as required in the NDMG, 2012.

The Government while accepting the facts stated (November 2019) that SEOC located at the Old Secretariat Building was burnt down during the public protest (February 2017) for the Urban Local Bodies election. Relocation of SEOC has been made at Kohima Lotha Hoho building on rent. The SEOC is manned 24/7 with the minimum communication sets with the support of NDMA. Due to non-availability of sufficient resources, SEOC could not be re-equipped after the fire incident.

(ii) District Emergency Operation Centres

Examination of records and joint inspection (June-August 2019) in four test checked districts revealed that District Emergency Operation Centre (DEOC) were not set up in two (Zunheboto and Kohima) out of the four selected districts. Audit noticed that a single room attached to Deputy Commissioner’s Office was designated as DEOC in the other two selected Districts (Dimapur and Peren) without requisite workspace and facilities for District Project Associate to operate on 24x7 basis. The DEOCs in both the districts were manned by the District Project Associate. Vital information such as contact details of important functionaries, hazard and geographical maps of the district were not in place at the DEOCs.

The absence of basic facilities and vital information at the EOCs would hamper coordination and management of disasters and it reflect the ill-preparedness of NSDMA in the event of disasters.

The Government while accepting the facts stated (November 2019) that given the lack of space in all the District administration offices/ DDMAAs and also lack of non-available created post and manpower, the DEOCs have been a concern for NSDMA. However, NSDMA is putting all efforts to operationalised DEOC in all the districts.

2.3.12.4 Non-maintenance of Stock Register of SDRF equipment

As per Rule 208 of GFR 2017, all materials received from suppliers should be counted and inspected at the time of receipt to ensure that correct quantities and specified quality is supplied by the suppliers. All details of the material so received should thereafter be entered in the appropriate stock register, preferably in an IT-based system. The officer-

in-charge should further certify that the material was actually received and recorded in the stock registers.

Examination of records revealed that the NSDMA did not maintain any stock registers or inventory for the search and rescue equipment procured and received from the suppliers. The materials for ₹ 6.69 crore procured during 2018-19 had not been accounted in the Stock Register. The Government while accepting the fact, stated (November 2019) in reply that it was burnt down during mob arson in February 2017 and the Stock Register was not maintained after that.

The NSDMA may ensure that Stock Register was maintained for materials procured for calamities/rescue operations.

2.3.12.5 Shortfall in quarterly meetings of NSDMA, SEC and DDMA

As per Rules 4, 10 and 17 of the NSDM Rules, 2007 various authorities and committee at both the State and District levels should conduct quarterly meeting to review Disaster Management activities in the State.

Examination of records revealed that mandatory quarterly meetings as stipulated were not conducted at various levels as detailed below:

Table 2.22 showing shortfall in quarterly meetings

Sl. No.	Level	Quarterly meetings to be conducted during 2014-19	Quarterly meetings actually conducted	Shortfall (in No)	Shortfall (%)
1	NSDMA	20	2	18	90
2	SEC	20	4	16	80
3	Kohima DDMA	20	6	14	70
4	Dimapur DDMA	20	8	12	60
5	Peren DDMA	20	3	17	85
6	Zunheboto DDMA	20	13	7	35

(Source: NSDMA and DDMA records)

As seen from above table, there was shortfall of quarterly meetings ranging from 35 per cent to 90 per cent. NSDMA and SEC could conduct two and four review meetings respectively during 2014-19 reflecting poor monitoring at the highest level.

Examination of the meeting minutes revealed that SEC approved (June 2012) internal audit on SDRF by NSDMA and also agreed (January 2017) that all the proposals/reports of damage caused by natural calamities submitted to NSDMA should be implemented through the DDMA in collaboration with the concerned line department in the district. Further, NSDMA approved (July 2018) establishment of the SDMF.

Audit, however, observed that internal audit started only in April 2019 and resolutions adopted by SEC/NSDMA on implementation structure and establishment of SDMF had not materialised (September 2019).

The Government while accepting the facts stated (November 2019) that the shortfalls of quarterly meetings were due to the political instability in some periods. However, Disaster Management in the State is a daily affair and was monitored at the highest level as all the issues related to disaster management especially the policy matters were approved by the Chief Minister and Chief Secretary.

The reply is not acceptable as the powers of the State Authority exercised by the Chairperson during emergency under Section 18 of the DM Act, 2005 shall be subjected to *ex post facto* ratification of the State Authority.

2.3.13 Conclusion

The State of Nagaland forms part of the most severe seismic zone in the country referred to as very High Damage Risk Zone. An audit of the Disaster Management in the State revealed that there was no planned activity for disaster preparedness during the period 2014 to 2019 either at the State, District, or Sub Divisions and Village level. The State Disaster Management Plan and District Disaster Management Plans (2012-13) had not been approved by the State Disaster Management Authority and neither did the line departments prepare their Disaster Management Plans. The State Government had not established the District Disaster Response Fund, State Disaster Mitigation Fund and District Disaster Mitigation Fund in the State. Non-fulfilment of these requirements was not only in contravention of the Disaster Management Act, 2005 but would impact the State's preparedness and response to disasters and calamities.

Structural designs of buildings for protection against cyclone/wind storm, earthquake, landslide, etc. were not enforced, as the Nagaland Building Bye-Laws, 2012 were not implemented by the State Government.

As regards financial management, the Nagaland State Disaster Management Authority (NSDMA) received funds of ₹ 351.05 crore of which ₹ 327.57 crore were spent during the period. However, the accounting systems were deficient to the extent that surplus funds were not invested as per the guidelines and Cash Book had not been maintained. Funds of ₹ 28.59 crore were not spent entirely by the test-checked DDMA's and there were instances of delays ranging from seven to 69 days in transfer of funds (Central plus State share) to SDRF during 2015-19.

Internal Control Systems were weak as stock registers for equipment, measurement books for works carried out were not maintained.

Works stated to have been executed by the Authority (NSDMA) to the tune of approximately ₹ 60 crore, were either not found on joint physical verification or there were no measurement books for verification of the scope of the works executed. Further, the NSDMA had short disbursed relief payable to 2,590 victims of disaster, by denying relief to them at the revised applicable rates.

The NSDMA, SEC and DDMA's did not regularly conduct quarterly review meetings for disaster preparedness. NSDMA/DDMA's could conduct only one mock drill each during 2014-15 and 2018-19 and inadequate awareness/training programmes showing lack of preparedness to handle disaster situations. The India Disaster Resource

Network, a nationwide platform for managing equipment/ resources available for emergency responses had not been updated by the NSDMA. The State Emergency Operation Centre was operating from a rented building in Kohima without any Video Conferencing facilities and neither was it equipped with State emergency contingent plan nor with details of NGOs/ first responders to be contacted in event of disasters. The District Emergency Centres were also not equipped with basic facilities and vital information and were thus ill prepared to tackle disaster events.

The State Disaster Management Authority is not adequately geared up to handle disaster issues in the State as there are no plans, it lacks robust organisation, capable and fully equipped manpower to deal with eventuality of any major disasters in the State.

2.3.14 Recommendations

- State Government may constitute SDMF, DDRF and DDMF as envisaged in the DM Act, 2005.
- NSDMA may ensure spending of sanctioned funds and investment of unspent balances as per SDRF/NDRF guidelines. Cash Book and other mandatory records relating to stocks/equipment as prescribed under codal provisions should be maintained on priority.
- The State Government may take the necessary steps for implementing the Nagaland Building Bye Laws 2012, in interest of safety of Buildings in the State.
- In case of disasters affecting the citizens, it may be ensured that Compensation is paid to them as per the latest NDRF guidelines as applicable.
- Conduct mock drills regularly amongst citizens and Government Departments as envisaged in the plans/guidelines.
- The Emergency Operation Centres at Kohima and in the districts may be made fully functional with requisite facilities to ensure full preparedness to handle disaster issues.

FINANCE DEPARTMENT (Directorate of Treasuries & Accounts)

2.4 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 ₹ 5.16 crore out of which ₹ 4.94 crore was yet to be deposited.

Rule 66, Sub-clause 3, of the Central Government Account Receipts and Payment Rules, 1983 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 22 of the Central Treasury Rules states that the Treasury Officer shall be responsible to the Accountant General 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 Central Treasury Rules prescribes that the Treasury Officer 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 of the Central Treasury Rules further states that the Treasury Officer may correct an arithmetical inaccuracy or an obvious mistake in any bill presented to him for payment.

Further, according to Rule 276 of the Central Treasury Rules, while drawing any arrear bill, the Drawing Officer shall record the 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.

The State of Nagaland has adopted the above Rules. Test check of pay bill vouchers of various Departments by audit revealed that 42 DDOs of 22 Departments (**Appendix-1.5**) had misappropriated ₹ 5.16 crore by fraudulent drawal of pay and allowances. The money was withdrawn against bogus employees, excess drawal by inflating net total of pay bills, double drawal of pay and allowances, arrears etc. The Department recovered ₹ 0.22 crore and deposited it into Government account, after it was pointed out in audit. Details of the modus-operandi are given in the following paragraphs.

2.4.1 Fraudulent drawal of pay & allowances and arrears against bogus employees and submission of fake challan details to audit

It was observed that three DDOs of three Departments fraudulently drew funds of ₹ 41.23 lakh on six bills as pay and allowances against 70 bogus employees. Further,

two DDOs of two Departments fraudulently drew ₹ 23.46 lakh in 24 bills as HRA & pay arrears against 44 bogus employees and nine non-entitled employees.

On this being pointed out, two DDOs⁴¹ partially recovered ₹ 4.68 lakh (**Appendix-1.6**) and deposited into Government account. In the case of the Executive Engineer, Water Resources Department, Mokokchung, the Government replied that the then Executive Engineer drew ₹ 23.81 lakh to meet the expenditure incurred during emergency electrification in the E.E's Office building due to short circuit, TA/Travelling expenditure for monitoring of project site and salvaging the damaged minor irrigation projects during monsoon season. The DDO had recovered ₹ 3.00 lakh and deposited (January 2020) it into Government account and requested to allow him to recover the fraudulent drawal of money on instalment basis. The reply seeks to legitimise an illegal and fraudulent act, which is unacceptable.

The General Manager, District Industries Centre, Zunheboto along with reply (September 2019) submitted a treasury challan of ₹ 7.74 lakh in support of depositing the amount into the Government account. However, on verification of the challan, it was observed that the challan was not accounted for in the monthly accounts of the treasury, and hence the authenticity of the challan could not be vouchsafed.

No replies were received (July 2020) from the remaining two DDOs⁴².

In all the above five cases, the DDOs concerned did not record the certificates on the arrear bills under his/her dated signature after ensuring to the effect that (i) no part of the amount claimed in the bill had 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 while drawing the arrear bills. Similarly, the Treasury Officers also did not obtain sufficient information as to the nature of every payment as per the bills presented to him/her for payment. The blatant and widespread failure of the DDOs and Treasury Officers in complying with the provisions under Central Treasury Rules and Receipt and Payment Rules indicates possible collusion for fraudulent drawals.

2.4.2 Cases of Excess/Fraudulent drawals

There were instances of excess/ fraudulent drawal by inflating net total of pay bills, double drawal of pay & allowances including arrears, excess drawal by inflating basic pay in pay bills and arrear bills and fraudulent/inadmissible drawal of pay & allowances including arrears as detailed below:

⁴¹ Executive Engineer, Water Resources Department, Mokokchung (₹ 3.00 lakh out of ₹ 23.81 lakh); Deputy Chief Veterinary Officer, Pughoboto (₹ 1.68 lakh out of ₹ 20.10 lakh)

⁴² Principal, Women Industrial Training Institute, Dimapur and Superintendent of Excise & Prohibition, Mon

Objections	Audit observations
<p>Excess drawal by inflating net total of pay bills</p>	<p>It was observed that four DDOs of four Departments had drawn funds of ₹ 153.25 lakh in 49 pay bills by irregularly inflating the net total amount where the actual admissible amount was ₹ 135.57 lakh. This resulted in excess drawal of ₹ 17.68 lakh between the period December 2011 to August 2017 (Appendix – 1.7). On being pointed out, one DDO⁴³ partially recovered ₹ 0.40 lakh out of the actual excess funds of ₹ 4.55 lakh.</p> <p>No replies were received (July 2020) from the remaining three DDOs.</p>
<p>Double drawal of pay & allowances including arrears</p>	<p>It was observed that nine DDOs of four Departments fraudulently drew funds of ₹ 100.61 lakh in 26 bills pertaining to the period January 2016 to February 2018 (Appendix-1.8) being pay & allowances and arrear bills which were already drawn in regular bills. This resulted in fraudulent drawal of ₹ 100.61 lakh.</p> <p>No replies were received (July 2020) from all the DDOs.</p>
<p>Excess drawal by inflating basic pay in pay bills and arrear bills</p>	<p>It was observed that nine DDOs of six Departments had drawn funds of ₹ 4872.30 lakh in 78 bills by inflating the basic pay of the employees whereas the actual admissible amount was ₹ 4680.09 lakh. This resulted in excess drawal of ₹ 192.21 lakh (Appendix – 1.9) pertaining to the period January 2016 to February 2018.</p> <p>On being pointed out, the Mechanical Engineer, PWD, Mechanical Division, Tuensang while accepting the fact (August 2019) stated that the fund was utilised for repair of Division and Sub-Division Office building. The reply seeks to legitimise an irregular act which is unacceptable. In the case of Executive Engineer, PWD (R&B), Atoizu, the Government in reply accepted (June 2020) the fact and stated that there was an excess drawal of ₹ 13.84 lakh due to wrong fixation of basic pay of the employees and assured that the excess drawal would be recovered and intimated to audit.</p> <p>No replies were received (July 2020) from the remaining seven DDOs.</p>

⁴³ Superintendent of Excise & Prohibition, Dimapur: Recovered ₹ 0.40 lakh out of excess drawal of ₹ 4.55 lakh.

<p>Fraudulent/inadmissible drawal of pay & allowances including arrears</p>	<p>It was observed that 20 DDOs of 16 Departments fraudulently drew funds of ₹ 140.84 lakh in 88 arrear bills during the period November 2016 to March 2018 (Appendix-1.10) on the basis of fictitious due and drawn statement and for those employees who were not entitled to draw arrears.</p> <p>On being pointed out, one DDO⁴⁴ fully recovered ₹ 2.27 lakh and three DDOs⁴⁵ partially recovered ₹ 15.06 lakh and deposited into Government account.</p> <p>The Senior Treasury Officer, Wokha in reply (November 2019) stated that the drawal of ₹ 15.54 lakh was done during his predecessors period and has served two reminders to him but did not receive any response.</p> <p>The District Cultural Officer, Tuensang in reply (January 2020) stated that the previous cashier of the office could be drawing from the salary and other allowances without the knowledge of the DDO. However, this does not abdicate the responsibility of the DDO.</p> <p>The District Public Relation Officer, Mon in reply (August 2019) stated that there was less pay arrear from December 2011 to December 2016 in respect of one employee. However, verification of copy of service book furnished by the DDO along with the reply revealed that the basic pay recorded in the service book did not tally with the basic pay mentioned in the arrear bill. Therefore, the amount still stands recoverable.</p> <p>The Agronomist, State Seed Farm, Merapani, Wokha in reply (January 2020) stated that the amount was utilised to compensate damages caused to the farm due to incessant and unprecedented rainfall during the monsoon season. The reply legitimises the fraudulent expenditure and is silent on recovery.</p> <p>No replies were received (July 2020) from the remaining 13 DDOs.</p>
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The issue of fraudulent/ excess drawal by the DDOs by manipulating pay and allowances bills has been highlighted in previous years' Audit Reports of the

⁴⁴ District Transport Officer, Mon

⁴⁵ Superintendent, District Jail, Mon (₹ 9.76 lakh out of ₹ 9.79 lakh); Sub-Treasury Officer, Changtongya (₹ 1.70 lakh out of ₹ 2.70 lakh); Senior Treasury Officer (STO), Wokha [₹ 3.60 lakh out of ₹ 19.14 lakh (₹ 15.54 lakh + ₹ 3.60 lakh)]

Comptroller & Auditor General of India, Government of Nagaland. Details of similar cases highlighted in last five-year Audit reports are given in **Appendix-1.11**. It is a matter of grave concern that these malpractices persist despite being highlighted in past Audit Reports and Government has not taken any corrective action to strengthen the controls to obviate such misappropriation of Government money by DDOs and Treasury Officers.

Recommendations

- The amount misappropriated should be recovered immediately from the concerned employees/ DDOs/ TOs.
- Initiate strict and exemplary disciplinary action against the erring officers responsible for the fraudulent drawals, so as to deter such occurrences.
- The Finance Department may complete the ongoing Treasury Computerisation in a time bound manner and the budget and expenditure against each DDO should be strictly monitored by Treasury Officers and concerned Head of Department (HoD).
- Personal Information Management System (PIMS), which among others, allocates unique employee code may be made fully functional with Aadhaar link. Sub-allocation of funds to DDOs especially under Salary Head should be linked with PFMS data.
- Rigorous internal audit systems need to be put in place in at least large departments to prevent the frequency of the fraudulent/ excess withdrawals.

2.5 Fraudulent/ excess drawal of money and submission of fake challans by DDOs

‘Fraudulent drawal of ₹ 45 lakh by seven DDOs by drawing inadmissible bills of Pay & Allowances of existing and ghost employees and submission of fake Treasury Challans’ to mislead audit

Nagaland State follows the Central Treasury Rules. As per Rule 27 of Central Treasury Rules (CTR), if a Treasury Officer receives intimation from the Accountant General that moneys have been incorrectly drawn and that a certain sum should be recovered from a drawing officer, he shall effect the recovery without delay and without regard to any correspondence undertaken or contemplated with reference to the retrenchment order; and the drawing officer shall without delay repay the sum in such manner as the Accountant General may direct. Further, Rule 28 (2) of CTR states that a government officer supplied with funds for expenditure shall also be responsible for seeing that payments are made to persons entitled to receive them.

Test check of vouchers revealed that seven Drawing and Disbursing Officers (DDOs) made fraudulent/ excess drawal of ₹ 45 lakh during 2015-16 and 2017-18 by submitting inadmissible/excess bills of Pay & Allowances of existing and ghost employees in blatant violation of provisions mentioned above. The details of such cases are mentioned below:

Audit Report for the year ended 31 March 2019

(₹ in lakhs)

Sl. No.	Name of the DDO	Audit Observation	Amt. Drawn	Reasons	Reply of DDO	Reply of Directorate of Treasuries & Accounts (February 2020)
1	District Soil & Water Conservation Officer, Tuensang	Drawal of Pay & Allowance of non-existing employees	19.22	DDO had drawn 3 additional bills of Pay & Allowances in respect of 31 non-existing employees vide bill No. 86 dated 22.7.17, 91 dated 27.2.17 and No. 93 dated 20.3.2017.	Amount drawn has been deposited vide Try. Challan No. 01 dated 4/6/2018	No such record found in the Treasury.
2	District Employment Officer, Tuensang	Drawal of Pay & Allowance of non-existing staff	6.48	DDO had drawn one bill with high basic pay and other allowances vide bill No. 53 dated nil against six non-existing staff and three unknown employees.	Amount drawn has been deposited vide Try. Challan No. 48 dated 9.7.18	₹ 6.48 lakh has been deposited by challan no 1 dt 14/3/2019. No record found in the Treasury for the challan details given by DDO.
3	Station Superintendent (SS), Nagaland State Transport, Zunheboto	Drawal of Pay & Allowance of non-existing employees	1.75	DDO had drawn pay and allowances against non-existing eight employees vide bill No. 117 and 118 dated 30.3.2017	Amount drawn has been deposited into Treasury vide Try. Voucher no. 1 of 4/6/2018.	₹ 1.74 lakh deposited by challan no 1 dt 7/12/2018. No record was found in the Treasury for challan details given by DDO.
4	Assistant Labour Commissioner, Tuensang	In-admissible HRA arrears drawn	2.59	DDO had drawn inadmissible arrears of HRA in respect of 15 employees vide bill No. 65, 66 and 67 dated 10.3.2016.	Amount drawn has been deposited vide Challan No. 1 dated 10.7.18	No such record found in the Treasury
5	Chief Veterinary Officer, Tuensang	In-admissible HRA arrears drawn	11.57	DDO had drawn inadmissible arrears of HRA in 53 bills for 60 employees for the month of March 2017.	Amount drawn has been recovered and challan is furnished herewith (deposited vide Try. Challan No. 1 dated 17.5.2018)	₹ 6.34 lakh was deposited by challan no 3 dt 14/12/2018. No record found in the Treasury for the challan details mentioned by the DDO.
6	Block Development Officer, Wozhuro, Wokha	Drawal of excess Pay and Allowances	0.50	DDO had drawn excess drawn Pay & Allowances of four employees vide 2 bills, TV No. 8 dated 1.9.16 and 21 dated 3.10.16.	Amount has been deposited vide Try. Challan No. 1 dated 20/7/2018	₹ 0.50 lakh deposited by challan no 1 dt 18/2/2019. No record found in the Treasury for the challan details mentioned by DDO.

7	Block Development Officer, Ghathashi, Zunheboto	Drawal of duplicate bills of DDA, HRA & DA	2.89	DDO had drawn duplicate bills of Difficult Area Allowance (DDA), HRA and DA in respect of 11 employees vide bills No. 52 to 64.	Recovery of fraudulent amount deposited vide Try. Challan No. Nil dated 28.2.2019	Only ₹ 500 (five hundred) deposited vide challan No.1 dated 28.2.2019.
Total			45.00			

On being pointed out, Drawing and Disbursing Officers (DDOs) stated that the excess/fraudulent drawl of ₹ 45 lakh pointed out by audit had been recovered and deposited into Government account through Treasury Challans⁴⁶. Further, verification of the treasury challans submitted by the DDOs with the Monthly Cash Account (Form TR 36) of respective treasuries submitted to Principal Accountant General (A&E) Office revealed that the amount stated to be deposited through Treasury Challans were not available in the appropriate Monthly Cash Account. Therefore, the amount stated to be recovered by the DDOs had not been actually deposited in the Treasury. Instead, the DDOs submitted fake treasury challans as deposits against misappropriated amounts to mislead audit in order to settle the audit observations. The Directorate of Treasuries & Accounts accepted the fact of dubious challan details furnished by the DDOs (February 2020). He also stated that in place of deposit of ₹ 45 lakh, as claimed by the DDOs, only ₹ 15.06 lakh was deposited in respective treasuries by DDOs, but with different challan numbers and dates and ₹ 29.94 lakh still remains to be recovered.

Recommendations

- The matter merits further vigilance and departmental action on the responsible officers for misappropriation and submission of fake challan details to audit. Balance recoveries be ensured.
- The matter requires detailed investigation by the concerned departments to unearth similar cases of misappropriation along with strengthening of controls and internal audit to obviate recurrence of such misappropriation.
- The Government requires to ensure computerisation of pay/ allowances bills at the DDO and Treasury level, including preparation of online pay bills and linking it with Aadhaar of the employees and Treasury MIS for effective control.

⁴⁶ Ch. No. 1 dated 4.6.2018 (₹19.22 lakh), Ch. No. 48 dated 9.7.2018 (₹ 6.48lakh), Ch. No. 1 dated 10.7.2018 (₹ 2.59lakh), Ch. No. 1 dated 17.5.2018 (₹ 11.57 lakh), Ch. No. 1 dated 4.6.2018 (₹ 1.75 lakh), Ch. No. 1 dated 20.7.2018 (₹ 0.50 lakh) and Ch. No. Nil dated 28.2.2019 (₹ 2.89 lakh).

CHAPTER-III
ECONOMIC SECTOR

CHAPTER - III

ECONOMIC SECTOR

3.1 Introduction

This chapter of the Audit Report for the year ended 31 March 2019 deals with the audit observations on the State Government departments under the Economic Sector.

The names of the departments and the total budget allocation *vis-a-vis* expenditure of the departments under Economic Sector during 2018-19 is given below:

Table 3.1 showing details of Departments with Budget provision and Expenditure

(₹ in crore)

Sl. No.	Name of the departments	Total Budget Provision	Expenditure
1	Civil Supplies	61.63	59.64
2	Land Records and Survey	24.31	24.20
3	Planning and Coordination Department	1035.14	288.74
4	Tourism	28.09	26.69
5	Rural Development	1456.49	557.90
6	Evaluation	11.51	10.93
7	Cooperation	38.38	37.58
8	Agriculture	315.49	289.09
9	Soil and Water Conservation	83.80	62.97
10	Veterinary and Animal Husbandry	136.80	113.73
11	Fisheries	28.38	27.83
12	Forest, Ecology, Environment and Wildlife	141.44	102.61
13	Industries and Commerce	86.41	85.67
14	Geology and Mining	36.68	36.41
15	Power	591.22	581.41
16	Road Transport	93.09	91.20
17	Roads and Bridges	870.68	869.52
18	Irrigation and Flood Control	226.58	68.99
19	Science and Technology	7.66	7.23
20	Sericulture	23.49	22.23
21	Horticulture	68.86	43.02
22	Land Resources	135.06	63.09
23	State Institute of Rural Development	6.54	6.37
24	Department of Under Developed Areas	69.62	69.56
25	Information Technology and Communication	19.15	17.94
26	New and Renewable Energy	17.65	16.80
Total		5614.15	3581.35

(Source: Appropriation Accounts)

It is observed that none of the departments could fully utilise the allocated budget. Most notable being Planning and Rural Development departments where the utilisation of funds was 28 per cent and 38 per cent respectively. Out of an expenditure of ₹ 3581.35 crore on Economic Sector, we test checked expenditure of ₹ 8516.26 crore (including funds pertaining to previous years audited during the year). This chapter

contains audit findings on one Performance Audit (PA) viz., ‘**Construction and Maintenance of Government buildings by PWD (Housing)**’.

Performance Audit

PUBLIC WORKS DEPARTMENT (HOUSING)

3.2 Performance Audit on Construction and Maintenance of Government buildings by PWD (Housing)

3.2.1 Introduction

The Nagaland Public Works Department (Housing) is entrusted with the responsibility of creating residential and non-residential infrastructure in the State.

During the period 2014-2019, the Government of Nagaland sanctioned 254 new projects for ₹ 671.95 crore comprising of residential and non-residential buildings.

Out of the 71 projects taken up by seven housing divisions, 26 were completed while 45 were on going as on March 2019. Similarly, out of 256 projects undertaken by 17 Engineering Divisions attached with other Departments during the period, 132 projects were completed while 124 were ongoing.

The Performance audit was conducted during June to September 2019 for the period 2014-19. The significant findings of audit are highlighted below:

3.2.2 Organisational set up

The PWD (Housing) is headed by the Commissioner and Secretary as the Administrative Head of the Department and Chief Engineer as the Head of the Department. The Department has Two Circles, Seven Divisions¹ and One Estate Officer. In addition, there are 17 Engineering Divisions² attached with other departments, which are under the administrative and technical control of PWD (Housing) but budgetary controls are under the departments concerned.

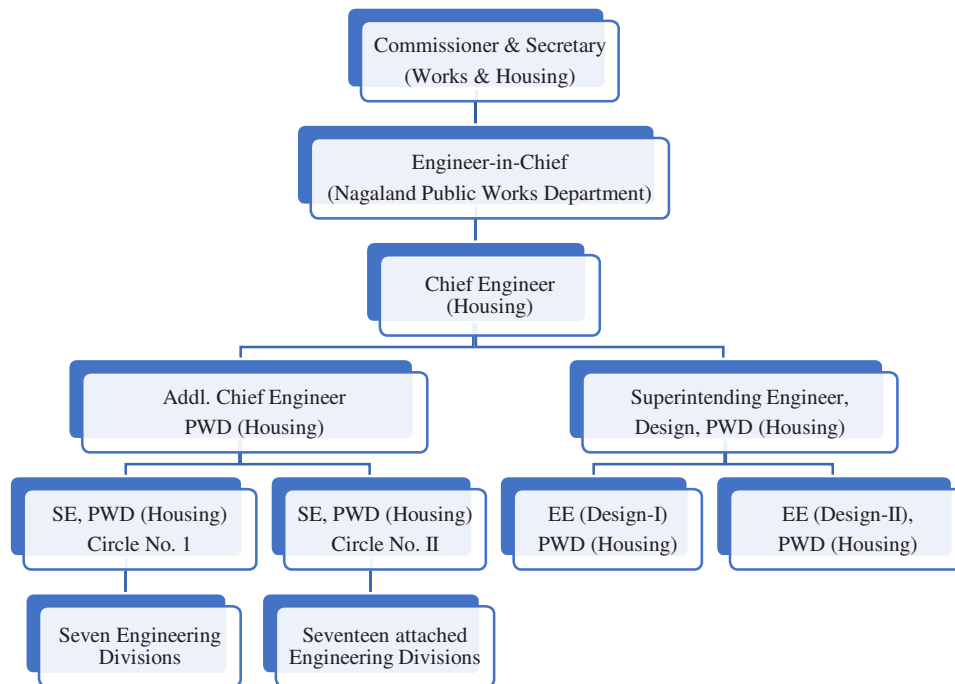
¹ Seven Engineering Divisions: (1) EE PWD (H) Division-I, Kohima (2) EE PWD (H) Central Division, Kohima, (3) EE PWD (H), New Capital Complex, Kohima, (4) EE PWD (H) Estate Division, Kohima, (5) EE PWD (H) Mokokchung Division, (6) EE PWD (H) Dimapur Division and (7) EE PWD (H) Tuensang Division.

² Seventeen Engineering Divisions: (1) EE PWD (H), Urban Development ; (2) EE, PWD (H) Youth Resources & Sports; (3) EE PWD (H) Municipal Affairs; (4) EE PWD (H) Industries & Commerce; (5) EE PWD (H) Rural Development; (6) EE PWD (H) DUDA; (7) EE PWD (H) Education; (8) EE PWD (H) Medical Engineering; (9) EE PWD (H) Division-II Social Welfare and Women Resource Development; (10) EE PWD (H) Forest Engineering; (11) EE PWD (H) Planning & Co-ordination; (12) EE PWD (H) CAWD; (13) EE PWD (H) Arts & Culture; (14) EE PWD (H) Horticulture; (15) EE PWD (H) Tourism; (16) EE PWD (H) Veterinary & Animal Husbandry; (17) EE PWD (H) Vigilance & Anti- corruption.

The organizational chart of PWD (Housing) Department is depicted below:

Chart No. 3.1

Organisational Setup



3.2.3 Scope of Audit

The Performance Audit covered the offices of CE (Housing), all seven Housing Divisions and nine out of 17 engineering divisions attached with other departments selected through stratified sampling method. The performance audit covered 37 projects (52 *per cent*) including 16 deposit works out of 71 projects executed by the seven Housing Divisions³ and 82 projects (32 *per cent*) including 33 deposit works out of 256 projects executed by 17 engineering divisions attached with other departments during 2014-19. The projects were selected by Stratified Simple Random Sampling (SSRS) method with a minimum coverage of 25 *per cent*. The details of projects covered are given in the table below:

Table 3.2 showing details of projects cost, expenditure and status of projects

(₹ in crore)

Sl. No.	Total number of projects under 24 (7+17) Divisions	Number of Projects selected	Approved Cost for the selected project	Progressive expenditure	Number of Projects completed	Number of Incomplete projects
Works executed by the Seven Housing Divisions						
1	36	21	355.57	251.82	4	17
Deposit Works						
2	35	16	322.16	256.12	3	13
Sub-Total	71	37	677.73	507.94	7	30
Works executed by Engineering Divisions attached to other Departments						
3	160	49	500.80	254.75	22	27
Deposit works						
4	96	33	203.98	134.05	13	20
Sub-Total	256	82	704.78	388.80	35	47
Total	327	119	1382.51	896.74	42	77

(Source: Replies furnished by the Divisions)

From the above table, it is seen that out of 119 selected projects, 42 projects (35.29 per cent) were completed and 77 projects (64.71 per cent) remained incomplete during the period 2014-19.

3.2.4 Audit Methodology

The Performance Audit commenced with an 'Entry Conference' on 20 May 2019 to discuss the audit objectives, scope and criteria of the Performance Audit. This was followed by issue of requisitions, questionnaires, examination of records, issue of audit observations, joint verification of selected projects and photographic evidence wherever required and issue of draft report to the Government.

A top down approach starting from the Office of Chief Engineer (Housing) to the divisional level offices including the Engineering Wings attached to various Departments was adopted for examination of records. Joint physical verification of 82 out of 119 selected projects along with the departmental officials and district administration (in two instances) was conducted during June to September 2019.

The draft audit findings of the Performance Audit were discussed in the 'Exit Conference' on 11 December 2019 with the Chief Engineer and departmental representatives. The views expressed by the Department in the Exit Conference and the replies of the Department are suitably incorporated in the Report.

3.2.5 Audit Objectives

The Audit objectives were to assess whether:

- planning process was comprehensive and the systems and procedures for prioritisation and project planning were followed;
- the funds provided were adequate, released on time and utilized economically and efficiently by the implementing units;

- the projects were executed in a timely manner as per the guidelines and applicable technical specifications as agreed in the contracts, and
- monitoring and control mechanism was adequate and effective.

3.2.6 Audit Criteria

Audit findings were benchmarked against the criteria derived from the following sources to assess the audit objectives:

- Prescribed house and land policies;
- Detailed Project Reports (DPRs), standard specifications and contract conditions;
- Policy and guidelines framed for implementation of the projects;
- Nagaland Schedule of Rates (SOR) for Works & Housing;
- Nagaland Public Works Account Code, Receipt & Payment and General Financial Rules;
- Sanction orders issued by Government of Nagaland;
- Guidelines, Circulars and instructions with regard to financial management and implementation of projects issued by Government of India and State Government from time to time.

3.2.7 Acknowledgement

We acknowledge the co-operation and assistance extended by the Nodal Department and the implementing departments/agencies during the conduct of audit.

Audit findings

The findings of audit are discussed in the succeeding paragraphs:

3.2.8 Planning of Projects

Systematic planning is a strategic necessity for timely and successful completion of projects. The Department stated that long term/ strategic plans for construction of Government buildings were prepared for the State. However, the plan documents were not made available to audit for examination. It was observed that the projects were taken up on adhoc basis and in anticipation of fund provisions in the ensuing years resulting in time and cost overrun.

3.2.8.1 Commencement of projects before acquisition of land

Rule 225 of NPWD code stipulates that no work should commence on a land, the possession of which has not been duly delivered by responsible civil (revenue) authorities. When land is required by PWD for construction of buildings of other departments, the department concerned should arrange to hand over the land to PWD with information regarding agreed or estimated cost thereof.

Examination of records revealed that the work orders for four projects/works out of 119 selected projects were issued to the firms/contractors, before settlement of the land issues resulting in delay in commencement/completion along with cost and time overruns as detailed below:

Table 3.3 Projects taken before settlement of land issues

Name of PWD Office	Name of Project with scheduled period of completion	Estimated Cost (₹ in crore)	Status of Works
EE, PWD, Municipal Affairs Division	Construction of Rental Housing for Urban Poor in Chumukedima; awarded in August 2014 to be completed within 24 months.	18.60	Land owner demanded compensation during execution of work. The work is yet to be completed (March 2020).
EE, PWD (H), Division-II	Construction of Directorate of Social Welfare office building, Kohima awarded in April 2011 to be completed within 24 months	17.70	Work is yet to be completed (March 2020) due to land dispute between the Department and the landowner.
EE, PWD (H), Urban Development Division	Construction of Integrated Housing & Slum Development at Kezocha Town; awarded in July 2013; to be completed by June 2015	4.99	The work is yet to be completed (March 2020) due to land dispute with local land owners.
EE, PWD (H), Veterinary & Animal Husbandry Engineering Division	Construction of Directorate of Veterinary & Animal Husbandry office building at Kohima work awarded in January 2013, to be completed within 36 months	36.70	Revision of project cost due to change of land topography and work specifications due to land dispute with private land owners. The work is yet to be completed (March 2020).

The Department in its reply stated (December 2019) that land compensation issue in regards to construction of Rental Housing for Urban Poor in Chumukedima has been resolved and work is in progress. In respect to construction of Directorate of Social Welfare office building, Kohima it was stated that despite having valid allotment order the landowner continued to interfere and created delay. In case of project at Kezocha, land dispute was resolved and works were in good progress. In respect of the Directorate of Veterinary and Animal Husbandry office building, it was stated (December 2019) that there was delay due to encroachment of land resulting in shifting of the proposed building to the adjacent area, thus the whole DPR had to be redone. The reply is an admission of the fact that the Departments were not in possession of land free from all encumbrances when work orders were issued.

3.2.8.2 Delay in handing over of site to the executing agency/contractor leading to time and cost overrun

Rule 248 of NPWD code stipulates that the site of the building should be settled before the detailed designs and estimates are finalised and local authorities must be consulted in all cases. Further, in every work order issued to the contractors, the date of completion of the project should be reflected from the date of issuance of work order or handing over of the site whichever is later.

Examination of records revealed that the Department failed to hand over the site in respect of two important projects, out of 119 selected projects, to the contractors with delay ranging from seven months to 37 months after issue of work order due to land dispute. This resulted in delay in completion of projects, blockade of funds and cost escalation as discussed below:

Table 3.4 showing delays in handing over of land to projects

Name of PWD office	Name of Project and Estimated Cost	Funds received and Expenditure incurred	Handover of land	Audit Observation
EE, PWD (H), Medical Engineering Division, Kohima	Nagaland Medical College, Kohima. ₹ 189.00 crore	GoI released ₹ 170.10 crore from November 2015 to February 2019 in 18 instalments. Expenditure incurred is ₹ 1.70 crore	Land patta allotted to Department in March 2018 and work order issued in November 2018	As per records, the State Government acquired a land measuring 50.25 acres in the proposed site in March 2017, after a delay of 15 months from the receipt of funds. As of September 2019, the Department had executed boundary walls and site development works and incurred an expenditure of ₹ 1.70 crore. This resulted in blockade of GoI fund of ₹ 168.40 crore released during November 2015 to February 2019 besides delay in execution of the project.
EE, PWD (H), Estate, PWD (H), Estate Division, Kohima	Nagaland Guest House at R.K. Puram, Delhi. ₹ 22.91 crore (original cost)	Government of Nagaland released ₹ 43.29 crore from March 2012 to December 2017 in 13 instalments against the project which includes approved revised cost of ₹ 33.27 crore for components of civil works.	Work commenced only in September 2010 due to delay in handing over land to contractor. Work finally completed in September 2017	Cost escalation demanded by Contractor (₹ 10.36 crore) agreed by Govt. in November 2017. It was observed that the Department issued work orders for civil works before demolition of the existing building and without obtaining statutory clearance from MCD. It was further observed that against the approved revised cost of ₹ 33.27 crore, the Contractor was paid ₹ 38.11 crore. This led to time and cost overrun of ₹ 15.20 crore

In respect of Nagaland Medical College, Kohima, the Department accepted (December 2019) the facts and stated that the acquisition of land was a difficult task and it could be achieved only in year 2017. The reply is not acceptable as the funds had been obtained from GoI without ensuring land for the project and these remained unutilised since November 2015.

In respect of the Nagaland Guest House, New Delhi, the Department in reply (December 2019) stated that work order was issued in August 2007 in anticipation of getting necessary statutory clearances from the Municipal Corporation of Delhi. However, despite of the best effort put in, the Department managed to get the construction permit only in March 2009. Also the old building had to be demolished first before the new construction could start.

The fact remains that issue of work orders before demolition of existing building and without obtaining statutory clearance from Municipal Corporation of Delhi led to avoidable cost escalation by ₹ 10.36 crore which the Government has agreed to pay.

In addition to the above cases, price escalation for ₹ 130.64 crore was irregularly allowed in 13 out of 119 projects (**Appendix 2.1**) due to delay in handing over of sites, land issues, absence of approach road etc. The above instances indicate that the Department awarded the work based on designs and estimates prepared without proper survey and feasibility studies which resulted in delay in commencement/completion of the projects and escalation of the cost by ₹ 141 crore (₹ 10.36 crore + ₹ 130.64 crore).

Recommendation: Government should ensure that estimates for the projects are framed after detailed survey of the topography and site conditions. The work orders should be issued only after land free from all encumbrances is in actual possession of the Department.

3.2.9 Financial Management

During the period of audit, a total of 327 departmental and deposit works (including 73 spill over projects for ₹ 1708.39 crore) were taken up by 24 Engineering divisions of the PWD (Housing). The detail projects cost sanctioned, funds released by the State Government and the expenditure incurred by the divisions on the new projects during 2014-19 are given below:

Table 3.5 showing details of project funds received and expenditure incurred

(₹ in crore)

Year	Number of projects sanctioned during the year*	Total cost of new projects	Amount released by State Government (including spill over released during the year)	Expenditure incurred by the Division
2014-15	39	177.90	235.94	206.60
2015-16	95	152.01	123.40	126.47
2016-17	73	97.39	141.22	133.39
2017-18	14	21.06	155.98	131.89
2018-19	33	223.59	88.12	85.37
Total	254	671.95	744.66	683.72

(Source: Replies furnished by Divisions) * Excluding spill over projects.

It is observed that for 254 new projects ₹ 671.95 crore were sanctioned during 2014-19, Government of Nagaland released ₹ 744.66 crore (including spill over released during 2014-19) to the divisions, who reported expenditure of ₹ 683.72 crore on the projects,

during the period covered in audit, leaving an unspent balance of ₹ 60.94 crore (March 2019).

3.2.9.1 Delay/short release of funds

Centrally Sponsored Schemes (CSS) under Nirbhaya Fund Scheme, National Ayush Mission, 10 per cent lump-sum provision scheme are implemented in the State on sharing basis of 90:10 and for Rajiv Awas Yojana, the sharing basis is 80:20. The Finance Department was required to release the funds to the implementing departments within 15 days.

Examination of records revealed that there were delays ranging from three months to 51 months in release of the fund to the implementing departments (*Appendix 2.2*). Audit also observed that, during the audit period, out of the approved cost of ₹ 273.76 crore in respect of seven projects⁴, GoI released its share of ₹ 212.92 crore (October 2019) whereas, the State Government was yet to release its matching share of ₹ 27.02 crore as of December 2019 as detailed below:

Table 3.6 short release of State matching share

(₹ in crore)

Name of the Scheme	Total Approved cost	Share		Fund released		Short release		Year of release
		GoI	State	GoI	State	GoI	State	
Nirbhaya Fund Scheme	2.84	2.56	0.28	2.56	0	0	0.28	2017-18
Rajiv Awas Yojana	56.39	45.11	11.28	24.74	4.45	20.38	6.82	2017-18
10% lumpsum provision scheme	25.53	22.98	2.55	15.53	1.54	7.45	1.02	2017-18
Establishment of new Medical Colleges	189	170.10	18.9	170.10	0	0	18.9	2015-19
Total	273.76	240.75	33.01	212.93	5.99	27.83	27.02	

(Source: GoI sanction orders and Drawal Authorities issued by Finance Department)

The short release of ₹ 54.85 crore (GoI- ₹ 27.83 crore, GoN - ₹ 27.02 crore) impacted the progress of the projects as these works remained incomplete.

The Department did not offer any comment on the issue.

3.2.10 Project approval

The Technical Estimates of the project prepared by the Divisional Engineers are vetted by the Chief Engineer. The technical estimates (both original and revised) of projects costing ₹ 5.00 crore and above are then submitted to the High-Level Technical Committee (HLTC) headed by the Engineer-in- Chief. The viable projects are then recommended for approval by the State Level Programme Implementing Committee (SLPIC), headed by the Hon'ble Chief Minister.

The SLPIC, in its 12th Meeting (16 November 2009) decided that no tender should be floated without the prior approval of SLPIC. Accordingly, the Planning Department

⁴ Nirbhaya Fund Scheme (1), Rajiv Awas Yojana (3), Establishment of new Medical Colleges (1) and 10% lumpsum provision scheme (2) = 7 projects

was directed not to accord clearance of projects costing ₹ 5.00 crore and above without prior approval of the SLPIC. The decision was reiterated in the terms of reference of the notification (29 June 2018) by the Planning & Co-ordination Department.

The Engineer-in-Chief also issued (17 January 2011) instructions that all projects costing ₹ 5.00 crore and above should be routed through the office of the Engineer-in-Chief for technical approval, finalization of tender papers etc.

Further, as per instruction issued by GoI for sanction and implementation of projects under 10 *per cent* lump sum provision (a Centrally Sponsored Scheme) no change in scope or design shall be permitted. In case, the scope of the project gets changed due to unavoidable circumstances, revised DPR should be submitted and approved by the Ministry before execution of further works. This, however, shall not obviate the need for due diligence and vetting at state level by its own technical agencies.

Examination of records of four EEs out of 16 test checked divisions revealed that DPRs of four projects sanctioned during the period March 2015 to June 2016 were more than the prescribed limit of ₹ 5 crore and executed without obtaining approval of the Empowered Committees⁵ as detailed below:

Table 3.7 showing details of DPRs of four projects for which approval of Empowered Committee was not obtained

(₹ in crore)

Sl. No.	Implementing Divisions	Name of the project and month/year of approval	Original/ revised cost
1	Dimapur Division	Construction of RCC triple storied rental housing building, Gr-IV Quarter and Garage under Phase-IV, March 2015	7.42
2	New Capital Complex Division	Site Development of Chief Minister's Residential Complex (CMRC), March 2015	7.76
3	Education Engineering Division	Construction of Wakching New Model College, Mon, June 2015	12.00
4	Youth Resources Division	Construction of Multipurpose Hall at MLA Hostel, Kohima, Nagaland, February 2016	7.00

The Department in reply stated (December 2019) in respect of Construction of RCC triple storied rental housing building, that post-facto SLPIC clearance is awaited. In respect of site development of Chief Minister's residential complex, post facto clearance of SLPIC shall be sought, if required and no comments were given in respect of the other two projects.

Audit also observed that in project 'Construction of City Centre at Medziphema' sanctioned under 10 *per cent* lump sum provision scheme for North Eastern Region including Sikkim for ₹ 15.84 crore (April 2015), the civil works were earmarked at ₹ 10.25 crore. However, due to re-location of site, the provision of civil works was

⁵ Empowered Committee comprised of Chief Minister (Chairperson), Members - Dy. Chief Minister (Home), Minister Planning & Co-ordination, Minister, Urban Development, Minister, Public Works Department, Chief Secretary, Finance Commissioner, Commissioner & Secretary to CM, Commissioner & Secretary, W&H, Engineer-in-Chief, NPWD and Pr. Secy. & Dev. Commissioner (Member Secy.)

revised to ₹ 11.22 crore (February 2019) without obtaining prior approval of the Ministry. The Government and Department accepted (December 2019) the facts and stated that the Ministry did not accept the revision of cost and the extra amount shall be borne by the State Government.

Recommendation: *The Government may ensure that all projects taken up for implementation are administratively and technically approved by competent authorities to ensure that the funds are properly utilised and to ensure all technical and administrative norms are fulfilled before tendering.*

3.2.11 Execution of the projects

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 the correctness of the claim in respect of quantities and rates as well as the quality of the works done are carefully checked by a responsible officer.

Paragraph 341 of the NPWD Code, stipulates that before the bill of the contractor is prepared, entries in the MB relating to the description and quantities of work or supplies should be scrutinised by the sub-divisional officer and calculation of ‘contents or area’ should be checked.

The status of the selected projects implemented by the 16 engineering divisions and the position as observed in audit are shown below:

Table 3.8 - Status of selected projects

(₹ in crore)

Sl. No.	Particulars of projects	Number of projects	Cost of projects	Expenditure incurred (September 2019)	Number of projects completed	Number of incomplete projects
1	Departmentally executed works	70	856.37	506.57	26	44
2	Deposit works	49	526.14	390.16	16	33
Total		119	1382.51	896.73 (64.86%)	42 (35.29%)	77 (64.71 %)

(Source: Abstract from Division replies)

As can be seen from the above table, out of the total of 119 projects, Department had completed 42 projects (35.29 per cent) and incurred 64.86 per cent of the total project cost.

3.2.11.1 Irregular advance payment to Contractors

As per Rule 172 of GFR 2017, payments for services rendered or supplies made should be released only after services have been rendered or supplies made.

Paragraph 352 (a) (i) of the NPWD Code envisages that in cases requiring an advance payment on the security of materials brought to site, the EE may sanction advances up to an amount not exceeding 90 per cent of the value of such materials and a formal agreement should be made with the contractor under which Government secures a lien

on the material and is safeguarded against losses due to the contractor postponing the execution of the work, shortage or misuse of the material.

Examination of records revealed that two EEs⁶ out of 16 selected EEs, paid advance of ₹ 17.15 crore to three contractors as detailed below:

Table 3.9 showing details of payments made to the contractors

(₹ in crore)

Name of Division	Name of the project	Amount released to the divisions	Date of payment of advance	Amount of advance paid	Position of advance
EE Municipal Affairs Cell	Construction of City Centre at Medziphema	11.52	11.05.2018	4.04	Recovered
			14.03.2019	1.99	Not recovered
			25.06.2019	2.00	Not recovered
	Construction of Housing for Urban Poor at Medziphema	11.54	24.06.2016	1.52	Recovered
			13.01.2017	1.60	Not recovered
			25.06.2019	0.50	Not recovered
Construction of Rental Housing at Chumukedima	12.53	15.10.2015	2.00	Recovered	
		22.12.2016	2.50	Not recovered	
EE PWD (H) Dimapur Division	Construction of PWD Housing Complex, Dimapur	4.15	20.06.2011	1.00	Recovered
Total		39.74		17.15	

(Source: Division records)

Audit observed that the EEs made advance payment of ₹ 17.15 crore to the contractors though there was no enabling payments clause in the contract deed agreement and also without citing any reason for such payment. The EEs did not execute any formal agreements with the contractors to secure a lien on the materials brought to site to safeguard against loss. Thus, the two EEs extended undue financial benefit of ₹ 17.15 crore to the contractors out of which an amount of ₹ 8.56 crore was adjusted through running account bills leaving ₹ 8.59 crore unadjusted, of which ₹ 4.10 crore remained pending since 2016-18 in respect of two incomplete projects.

The Department while accepting the audit observation stated (December 2019) that they had recovered ₹ 2.49 crore leaving ₹ 6.10 crore unadjusted which would be recovered in the subsequent running bills. The practice of giving advance payment should be stopped, henceforth.

3.2.11.2 Short/non-execution of items in works

We did joint physical verification of 87 projects costing ₹ 733.99 crore. During joint physical verification, audit observed short execution of 72 items of work in 40 projects costing ₹ 2.60 crore. It was also observed that 315 items of work costing ₹ 9.09 crore recorded in the MBs as executed were not actually executed by the contractors. This, resulted in excess payment of ₹ 11.69 crore (*Appendix 2.3*) to contractors without actual execution of items of works.

⁶ EE, Municipal Affairs Cell and EE, PWD (H) Dimapur

The Government and Department in reply stated (December 2019):

<p>10 out of 26 projects are ongoing projects and as such unexecuted and short execution do not arise as execution is in progress.</p> <p>However, fact remains that the Department extended undue benefit towards unexecuted as well as short executed works by recording false measurement data in the Measurement Books.</p>
<p>Nine projects were ongoing and hence, the items of works pointed out by audit would be completed later.</p>
<p>In case of three projects, the Department had intimated the list of short or un-executed items for execution to the contractors.</p> <p>The reply only confirms that payments were made without deducting the cost of unexecuted items of works.</p>
<p>In case of two projects, items in the DPRs were not executed and instead the funds were used for other works as requested by the user Department.</p> <p>The Department neither prepared working estimate nor any deviation statement to ascertain the execution of work in accordance to the request of the user department.</p>
<p>Out of two projects, the Department in reply stated that in one case the project was executed as per working estimates and not as per DPR. In respect of the other project the Department stated in reply that some items of works which were purported to be executed could not be shown to audit during physical verification.</p>

Further, in 14 out of 87 verified projects, audit noticed that items other than those specified in the work order and also inferior quality were used in the buildings. This resulted in excess payment of ₹ 2.42 crore to the contractors (*Appendix 2.4*).

The Government and Department furnished replies (December 2019) in respect of only seven projects stating:

<p>In case of three projects, the deviation was necessitated during execution as per the nature of projects.</p> <p>The reply is not acceptable as the Department was required to prepare deviation statement and obtain prior approval from the competent authority before execution of the works.</p>
<p>In case of one project, the Department had to negotiate with the contractor during the finishing stage in order to complete the project.</p>
<p>Two cases were due to oversight while framing DPR and the other was due to error in entry of the item as 25 mm thick marble flooring.</p>

The reply of the Department is an indication that the responsible technical officers did not take accurate measurements and also did not check the correctness of the claim carefully in respect of quantities and rates as well as the quality of the works done in contravention of the provisions of Receipt and Payments Rules.

Results of test check of projects in sample Divisions are given in the table 3.10 below:

Table 3.10 showing results of test check of projects in sample Divisions

Name of Project, Month & Year of Sanction, Cost	Audit Observation in brief	Department Reply in brief
<p>Wakching New Model College, Mon Sanctioned: October 2014 Cost: ₹ 12.00 crore (Central Share ₹ 10.80 crore, State Share : ₹ 1.20 crore)</p>	<p>MHRD, Department of Higher Education, GoI sanctioned the project under Rashtriya Uchchatar Shiksha Abhiyan (RUSA). Out of the approved cost of ₹ 12 crore, ₹ 8.10 crore was earmarked for civil works.</p> <p>The EE, Education Engineering Division awarded (April to July 2015) nine work orders for ₹ 8.14 crore to be completed within 36 months from the date of issue of the work order. The Division certified (December 2017) completion of civil works and released full payment of ₹ 8.14 crore to the contractor. The Administrative and Academic Blocks of project was digitally inaugurated by the Hon'ble Prime Minister of India on 3 February 2019 from Srinagar, Jammu & Kashmir.</p> <p>During joint verification (September 2019) of the project, audit noticed that the project is yet to be completed as shown below.</p>  <p>Audit further observed that five components of work worth ₹ 1.63 crore were yet to be executed against five different works under the project.</p>	<p>The Department in reply stated (December 2019) that advance payment was made to the contractor to compensate the additional items of work, which was not in the approved DPR. The reply is an admission of the fact that the Department paid the contractor without actual execution of the works, in contravention of the canons of financial propriety and Financial Rules.</p>
<p>Training Centre for Differently Aabled Persons, Dimapur Sanctioned: August 2012 Cost: ₹ 30.00 crore</p>	<p>EE, PWD (H), Division-II awarded the work for ₹ 13.49 crore for construction of Classroom, Administrative blocks, hostel for boys and girls, staff quarters, playground, electrification, security fencing, drinking water etc.</p> <p>The work also included construction of Cement Concrete (CC) drainage and upgradation of approach road.</p> <p>Audit observed that the division had paid ₹ 12.73 crore to the contractor for execution of works. However, Joint physical verification revealed that the progress of the work did not commensurate with the payment. Joint verification (September 2019) revealed the following:</p> <ul style="list-style-type: none"> • Construction works for Classrooms and Administrative blocks, Hostels for Boys and Girls were only partially complete. • In respect of construction of Staff quarters, the contractor had constructed four blocks of 2 bedded G+1 buildings. The remaining construction work of four individual quarters (3 bedded single storey) had not even commenced. 	<p>The Department while admitting the audit observation stated (December 2019) that the project is ongoing work and therefore all incomplete works shall be completed in due course. Thus, even after a lapse of eight years, the construction work was not completed. This resulted in denial of the objectives of providing educational and vocational training to the blind children and children with disability.</p>

Recommendation: Government should consider to initiate action against the erring officials for payment without execution of works and supply of materials.

3.2.12 Delay in completion of projects

Contract deed agreements for all the works are executed between the executing department and the contractors wherein the stipulated date of completion of each work and other parameters to be observed by the contractors with due diligence and ensure good progress. In case of contractor failing to complete the work in time, he shall be liable to pay compensation not exceeding 10 per cent on the estimated cost of the work put to tender.

Examination of records of 119 projects revealed delay in completion of four projects as discussed below:

Table 3.11 showing the cases of delay in completion of Projects

Name of Division	Name of Project, Cost, Month/Year of approval	Audit Observation	Department Reply
EE, Dimapur	Construction of RCC triple storied rental housing building, Grade-IV quarter & garage, Phase-IV, Dimapur ₹ 7.42 crore, March 2015	The work orders were issued to the contractor in April 2015 to be completed within 24 months from the date of issue of the work order. However, as the works could not be completed even after extension of completion date, further extension was granted, to the contractor, on grounds of delay in handing over of site and non-availability of fund. Poor funding and slow progress of work resulted in delay of 35 months as on March 2020 and the project was still ongoing.	The Department while accepting the audit observation stated (December 2019) that the delay was due to poor funding.
Engineering Division, Municipal Affairs, Nagaland, Kohima	Construction of Rental housing for urban poor including Infrastructure works at Chumukedima ₹ 18.60 crore, August 2014	384 dwelling units were to be constructed for migrant and floating population of labourers. Construction was awarded (August 2014) to a contractor for ₹ 14.40 crore to be completed within 24 months from the date of issue of the work order. Audit observed that an expenditure of ₹ 10.45 crore (up to August 2019) had already been incurred on the project, however, the project is delayed for 43 months as on March 2020 and still ongoing.	The Department while accepting the audit observation stated (December 2019) that the work could not start on time due to land dispute.
EE, Municipal Affairs, Nagaland	(a) Construction of Urban housing for poor at Tseminyu ₹ 18.05 crore, March 2014	The work orders to construct 320 and 350 Dwelling Units (DUs) respectively were awarded to two contractors to be completed by August 2016. However, till March 2020, the division reported completion of 135 and 180 DUs respectively even after expiry of the	The Department in reply stated (December 2019) that GoI had so far released only first instalment of its share in respect of project at Tseminyu and the work was going on in good progress commensurate with the funding.

	<p>(b) Housing for Urban poor at Medziphema under RAY. ₹ 19.74 crore, April 2015</p>	<p>dateline. Construction works in the remaining 185 DUs in Tseminyu and 170 DUs in Medziphema are yet to commence. Audit also observed during joint verification of the project that kitchen and toilets as per scheme specification and DPRs were not constructed. The project was delayed by 43 months as on March 2020 and is still ongoing.</p>	<p>In case of the project at Medziphema, the Department stated that GoI has so far released its share up to the 2nd instalment. As regards delays in completion of the project, the Department stated that they would monitor the project closely for funding and completion. The Department admitted that kitchen and toilet were constructed only in some dwelling units including those in the community centre.</p>
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In addition to the above there were delays in completion of 86 projects out of the 119 selected projects upto 165 months from the date of issue of the work order. The delay in completion was mainly attributed to delay in handing over of site and land disputes etc.

Recommendation: Government may ensure that projects taken up are completed on time to avoid time and cost overrun. The completed building should be utilised for the purpose for which it was sanctioned and misuse of Government properties should be monitored and action initiated against the erring officials.

3.2.13 Monitoring and Quality Control Mechanism

3.2.13.1 Monitoring of projects

Rule 68 of NPWD code stipulates that the Chief Engineer is responsible as Head of the Department to the State Government for the efficient administration and general professional control of Public Works within its jurisdiction. He will exercise full technical and supervisory control over Superintending Engineers, the architect and all other Officers working in the Department.

Rule 77 of NPWD code also stipulates that it is the duty of the Superintending Engineer to inspect the various works, in progress within his circle, and to satisfy himself that the system of management prevailing is efficient and economical. He should record the result of his inspections of the works as frequently as considered necessary and ensure that the defects pointed out on each occasion are promptly rectified.

None of the divisions had furnished records on the inspection of projects under their jurisdiction, by the Superintending Engineer or any other officials on his behalf. Thus, in absence of these records, audit could not conclude that inspection/monitoring of projects, as envisaged by NPWD code, had been carried out.

The site accounts maintained by the executing divisions did not indicate any monitoring or quality checks being conducted by the Superintending Engineers.

Thus, there was no assurance that the duties assigned to Chief Engineer and Superintending Engineer as per Rules for inspecting/monitoring of projects were discharged.

3.2.13.2 Quality control

The PWD (Works & Housing), Government of Nagaland notified (18 March 2011) setting up of State Quality Control Board having the following powers:

- To inspect any project, construction work that are being undertaken in the State by various Government departments/undertaking etc.;
- To verify the quality of materials being used in the construction or materials supplied to the department are in accordance with specification or not; etc.

Examination of records of CE (H) and 16 divisions, revealed that no quality control checks or inspections were undertaken by the Board during the execution of the projects during 2014-19. It was also observed that the State did not establish any laboratory for undertaking quality test of the materials used for the projects. This indicated weak quality control mechanism in the Department and would result in compromising with quality of works and materials used for construction.

During the exit conference, the Department stated that the State Quality Control Board could not do the mandatory checks due to absence of supporting staff and laboratory.

3.2.13.3 Safety measures

Audit examined records of 16 Engineering divisions covering 119 projects. Out of 119 selected projects, there were 69 major projects like offices, schools, hospitals, market complex, multi-parking, emporiums etc.,

Examination of records revealed that provisions for fire-fighting works were provided only in the DPR of one out of 69 projects. It was also observed that provisions for emergency exit were also not made in any of the major projects thereby endangering the lives of its occupant and the users.

The Department in reply stated (December 2019) that for new projects, safety measures like firefighting, emergency exit etc. are taken into consideration while designing/preparing DPRs.

3.2.13.4 Compliance of Accessible India Campaign

Section 46 of the Person with Disabilities Act, 1995 stipulated that the appropriate Government and the local authorities shall, within the limit of their economic capacity and development, provide for ramps in public buildings, hospitals, Primary Health Centres etc. Again, Section 45 of the Right of Persons with Disabilities Act, 2016 stipulated that all the existing buildings shall be made accessible in accordance with rules formulated by the Central Government within a period not exceeding five years from the date of notification of such rules.

Further, Department of Empowerment of Persons with Disabilities (DEPwD), GoI has launched Accessible India Campaign (*Sugamya Bharat Abhiyan*) as a nation-wide Campaign for achieving universal accessibility for Persons with Disabilities (PwDs). In this regard, CE (H) notified (5 February 2019) that all public/Government buildings

in the State should be made accessible to person with disability (PwDs) and to create a barrier free environment in all the buildings.

Examination of records revealed that out of the 69 major projects, provision of lift was provided only in 10 projects⁷ and provision of ramp was made in DPRs of eight projects⁸. Thus, the State needs to improve upon the implementation of Accessible India Campaign to create a barrier free environment in all the buildings.

The Department while accepting the audit observation (December 2019) stated that the Department would consolidate this compliance as interpreted in Section 46 of the Person with Disabilities Act, 1995, Section 45 of the Right of Persons with Disabilities Act, 2016 and Accessible India Campaign (*Sugamya Bharat Abhiyan*), afresh to a mandatory guideline (Qualification norm for technical endorsement) for any capacity of Detail Project Report (DPR) proposal and without compliance, DPR's would not be entertained. It further stated that the Department have also come up with guidelines for providing ramps and toilets for the Differently abled person.

3.2.14 Conclusion

The Department had taken up projects as per proposal submitted by the user departments on need basis. During 2014-19, the Government of Nagaland sanctioned 254 new projects for ₹ 671.95 crore against which funds released were ₹ 744.66 crore (including spill over release during 2014-19) to the Engineering divisions. The reported expenditure was of ₹ 683.72 crore on 327 projects, leaving an unspent balance of ₹ 60.94 crore. Out of 119 projects selected for audit in 16 sampled divisions, 77 projects (65 per cent) remained incomplete. It was observed that work orders in four projects at an estimated cost of ₹ 77.99 crore were issued to contractors by the divisions before settlement of land issues. In two important projects, with an estimated cost of ₹ 211.91 crore, land was handed over to the contractors after delay ranging from seven to 37 months, leading to delay in commencement and completion of projects with avoidable cost escalation.

Four projects above ₹ 5 crore each under four divisions were not found to be approved by the Empowered Committee, in violation of existing provisions. Advance payment of ₹ 17.15 crore to contractors was made by two divisions though there was no enabling

⁷ (i) Construction of Directorate of Social Welfare Office Building at New Secretariat area, Kohima (ii) Construction of State Guest House at RK Puram, New Delhi (iii) Construction of Nagaland Emporium, Kohima (iv) Construction of Multi Parking at Old Medical Directorate, Kohima (v) Reconstruction of Kohima Super Market, Kohima (vi) Construction of Medical College Building, Kohima (vii) Construction of Multi Parking at Old NST, Kohima (viii) Construction of Staff Quarters at Dwarka, New Delhi (ix) Construction of Chief Information Commissioner Office complex, Kohima and (x) Construction of New High Court Complex, Kohima.

⁸ (i) Construction of Multi Parking at Old Medical Directorate, Kohima (ii) Reconstruction of Kohima Super Market, Kohima (iii) Construction of Vocational Training Centre Administrative Block, Kohima (iv) Setting up of 50 bedded Ayush Hospital at Chedema, Kohima (v) Construction of Directorate of Social Welfare Office Building at New Sectariat area, Kohima (vi) Construction of Multi Parking at Old Medical office, Kohima (vii) Construction of Disable Park at Kohima and (viii) Construction of New High Court Complex, Kohima.

clause in the agreement, neither did the Executive Engineers secure any lien on the materials brought to site by the contractors to safeguard Government financial interest.

Examination of records and joint physical verification of works revealed short execution of 72 items of works in 40 projects costing ₹ 2.60 crore. It was also observed that 315 items of works, costing ₹ 9.09 crore recorded in the Measurement Books, were not actually executed, resulting in irregular and excess payment of ₹ 11.69 crore to contractors. Audit also observed delays in completion of 90 projects out of 119 selected projects due to delays in handing over land/ site and funding delays.

Monitoring of the projects remained deficient as none of the sampled divisions could furnish any record on inspections carried out by the respective Superintending Engineers as stipulated under NPWD Code. The State Quality Control Board did not conduct any check on the projects during the audit period. Neither did the State set up any laboratory for conducting quality test of the materials brought to site. Moreover, in 69 projects, provision for fire fighting was provided in the project report of only one project, thereby exposing the buildings and its inhabitants to dangers during a fire accident. Neither was any provision made for emergency exits in any of the major projects. The implementation of Accessible India Campaign remained poor as provision of lifts and ramps were made only in a small number of important projects.

3.2.15 Recommendations

- The Government may ensure that detailed estimates for projects are prepared after detailed survey of topography and site condition. The Department may ensure possession of land before award of work to Contractors and handing over of site after award of work for commencement of works in time.
- Timely funding of projects may be ensured for completion of the projects within the stipulated time frame and approved cost.
- It may be ensured that the materials being used in the construction or materials supplied to the Department are in accordance with the specifications.
- It may be ensured that the monitoring of projects is done by the designated Authorities both for timely completion and quality control of works executed. The State may set up a quality control laboratory for testing of materials to be used for construction of its projects.
- The Department may ensure that fire safety measures are provided in all projects of the Government.
- The Department may initiate action against erring officials for irregularities committed in works.

CHAPTER-IV
ECONOMIC SECTOR (PUBLIC
SECTOR UNDERTAKINGS)

CHAPTER IV

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1.1 Introduction

As of 31 March 2019, there were six PSUs (all Government companies) in Nagaland as detailed below:

Table 4.1: Total number of PSUs as on 31 March 2019

Type of PSUs	Working PSUs	Non-working PSUs	Total
Government Companies ¹	5	1	6
Statutory Corporations	Nil	Nil	Nil
Total	5	1	6

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 2018-19, no new PSU was incorporated and no existing PSU was closed down.

4.1.2 Investment in PSUs

The investment in PSUs included 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 2019, total investment of the State Government and Others (capital, and long-term loans) in six PSUs was ₹ 115.50 crore² as per details given in **Table 4.2** below:

Table 4.2: Details of total investment in six PSUs as on 31 March 2019

(₹ in crore)

Particulars	Equity Capital	Long term Loans	Total
State Government	34.34	0.81	35.15
Others*	7.92	72.43	80.35
Total	42.26	73.24	115.50

(Source: Information as provided by PSUs);

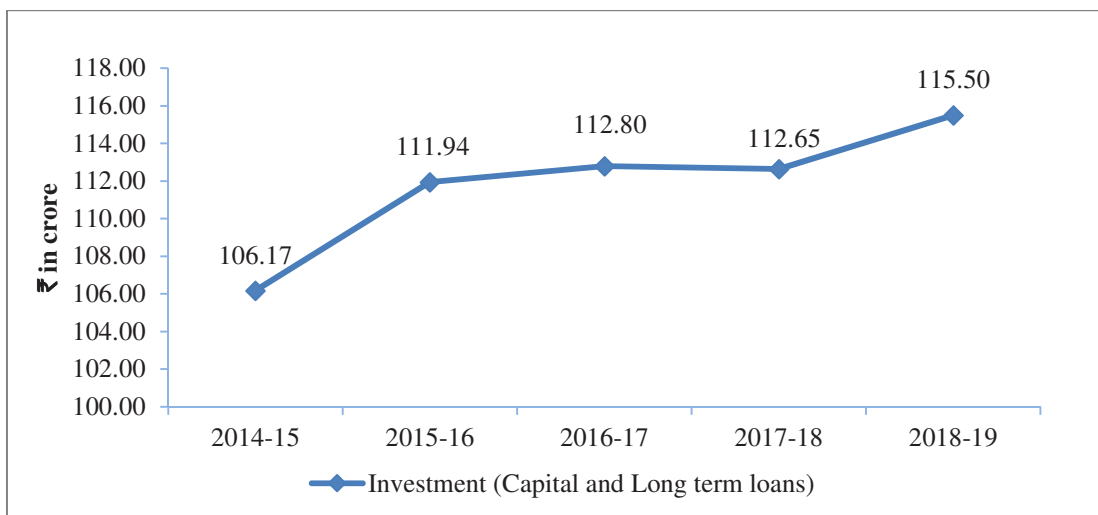
*Others included Central Government, holding companies, banks/FIs, etc.

¹ Government Companies include 'Other companies' referred to in Section 139(5) and 139(7) of the Companies Act 2013.

² Investment figures are provisional and as per the information provided by the PSUs, as none of the six PSUs has finalised accounts for 2018-19 as of September 2019.

The total investment consisted of 36.59 *per cent* towards capital and 63.41 *per cent* in long-term loans. The investment grew by 8.79 *per cent* from ₹ 106.17 crore in 2014-15 to ₹ 115.50 crore in 2018-19 as shown in **Chart 4.1** below:

Chart 4.1: Total investment in PSUs



The thrust of investment during five years was in Finance sector as discussed in detail below:

4.1.2.1 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 2015 and 31 March 2019 is given in **Table 4.3** below.

Table 4.3: Sector-wise investment in PSUs as on 31 March 2019
(₹ in crore)

Name of Sector	Year of investment	
	2014-15	2018-19
Finance	67.54	74.62
Manufacturing	6.60	10.68
Service	10.49	10.97
Miscellaneous	21.54	19.23
Total	106.17	115.50

As can be seen from the **Table** above, the thrust of PSU investment during 2014-15 and 2018-19 was in Finance sector³, which had increased by 10.49 *per cent* from ₹ 67.54 crore (2014-15) to ₹ 74.62 crore (2018-19). However, the share of this Sector in overall investment remained constant at around 64 *per cent* during 2014-15 (63.62 *per cent*) and 2018-19 (64.60 *per cent*).

³ Finance Sector included only one PSU (Nagaland Industrial Development Corporation Limited)

4.1.3 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 2019 is given in **Table 4.4** below:

Table 4.4: Variation between Finance Accounts and records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs ⁴	Difference
Equity	108.75	34.34	74.41
Loans	Not available ⁵	0.81	-
Guarantees	67.81	88.00	20.19

(Source: As per the State Finance Accounts, 2018-19 and information furnished by PSUs)

From the **Table** above, it can be noticed that there were unreconciled differences in the figures of equity (₹ 74.41 crore), and guarantees (₹ 20.19 crore) as per two sets of records. The differences for equity occurred in respect of all the PSUs while differences for guarantee relate to three PSUs⁶. As regards Loan figures, the Finance Department of GoN disburses the loans to various Departments of GoN for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective 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 appraised regularly about the differences impressing upon the need for early reconciliation, no significant progress was noticed in this regard.

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.

4.1.4 Accountability framework

The audit of the financial statements of a Company in respect of financial years commencing on or after 1 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 earlier than 1 April 2014 continued to be governed by the Companies Act, 1956. The new Act has brought about increased regulatory framework, wider management responsibility and higher professional accountability.

⁴ Information as provided by PSUs and includes only the investment made by State Government.

⁵ In the State Finance Accounts, 2018-19, the loan figures appear sector-wise and not PSU-wise, hence, the figures of State Government loans provided to PSUs are not available in Finance Accounts.

⁶ Serial no. A1, A4 and B6 of *Appendix 3.2*

4.1.4.1 Statutory Audit/Supplementary Audit

Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) audit the financial statements of a Government Company. In addition, CAG conducts the supplementary audit of these financial statements under the provisions of Section 143(6) of the Act.

4.1.4.2 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 CAG thereon are required to be placed before the Legislature under Section 394 of the Act.

4.1.5 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 September end 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.

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 4.5 below provides the details of progress made by the five working PSUs⁷ in finalisation of their annual accounts as on 30 September 2019.

Table 4.5: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Number of Working PSUs	5	5	5	5	5
2	Number of accounts finalised during the year	6	2	3	6	8
3	Number of accounts in arrears	17	20	22	21	18
4	Number of Working PSUs with arrears in accounts	5	5	5	5	5
5	Extent of arrears (numbers in years)	1 to 5	1 to 6	1 to 7	1 to 8	1 to 9

⁷ As on 30 September 2019, one PSU finalised accounts upto 2017-18 (*Nagaland Industrial Development Corporation Limited*); two PSUs finalised accounts upto 2016-17 (*Nagaland State Mineral Development Corporation Limited & Nagaland Industrial Raw Materials Supply Corporation Limited*); one PSU finalised accounts upto 2014-15 (*Nagaland Hotels Limited*) and one PSU finalised accounts upto 2009-10 (*Nagaland Handloom & Handicrafts Development Corporation Limited*).

As can be seen from the **Table** above, the situation has improved gradually after 2016-17 due to increase in the number of accounts finalised by the PSUs during subsequent years. During 2018-19⁸, four PSUs⁹ finalised total eight accounts, while the remaining one PSU (Nagaland Handloom & Handicrafts Development Corporation Limited) had not finalised any Annual Accounts after 2013-14.

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.

4.1.6 Investment by State Government in PSUs whose accounts are in arrears

The State Government had invested ₹ 5.12 crore in three PSUs {equity: ₹ 1.27 crore (two PSUs) and loan: ₹ 3.85 crore (one PSU)} during the years for which accounts were not finalised as detailed in **Appendix-3.1**. 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.

The Government may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of PSUs. Where there is lack of staff expertise, Government may consider outsourcing the work relating to preparation of accounts and take punitive action against Company Management responsible for arrears of accounts. Until the accounts are made as current as possible, Government may consider not giving further financial assistance to such companies.

4.1.7 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 ended 2018-19 are given in **Table 4.6** below:

⁸ October 2018 to 30 September 2019

⁹ Nagaland Hotels Limited (4 Accounts), Nagaland Industrial Raw Materials & Supply Corporation Limited (2 Accounts), Nagaland Industrial Development Corporation Limited (one year Accounts) and Nagaland State Mineral Development Corporation Limited (one year Accounts).

Table 4.6: Details of budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	0	0	1	0.42	0	0
2.	Loans given from budget	1	2.98	1	2.08	1	3.85
3.	Grants/Subsidy from budget	4	18.90	5	24.41	5	25.04
	Total Outgo (1+2+3)		21.88		26.91		28.89
4.	Guarantees issued	1	2.98	1	2.08	1	3.85
5.	Guarantee Commitment	1	15.00	1	2.25	1	15.00

(Source: Information as provided by the PSUs)

It can be seen from the **Table** above, the year-wise budgetary outgo to PSUs had shown an increasing trend during last three years (2016-19). During all three years under reference, the significant portion of budgetary support ranging between 86 *per cent* (2016-17) and 91 *per cent* (2017-18) 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. During 2018-19, State Government issued guarantees of ₹ 3.85 crore 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 2018-19 in absence of any demand from the State Government.

4.1.8 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-3.2. Table 4.7** below provides the comparative details of working PSU turnover and State GDP for five years ending 2018-19.

Table 4.7: Details of working PSUs turnover vis-a-vis State GDP

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover ¹⁰	6.26	6.23	6.61	6.48	6.70
State GDP	20,099	20,524	21,119	23,623	26,637
Percentage of Turnover to State GDP	0.03	0.03	0.03	0.03	0.03

A ratio of PSU-turnover to State GDP shows the extent of PSU activities in the State economy. It can be noticed from the **Table** above that during last five years (2014-19), the State GDP had grown by 32.53 *per cent* while the turnover of PSUs during the corresponding period had increased by 7.03 *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

¹⁰ Turnover of working PSUs as per the latest finalised accounts as on 30 September of respective year

GSDP, however, remained static at 0.03 *per cent* due to rounding off of percentage figures to two decimal points.

4.1.8.1 Key parameters

Some other key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective year are given in **Table 4.8** below.

Table 4.8: Key Parameters of PSUs

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt	65.26	70.12	70.96	67.20	70.05
Turnover ¹¹	6.26	6.23	6.61	6.48	6.70
Debt/Turnover Ratio	10.42:1	11.26:1	10.74:1	10.37:1	10.46:1
Interest Payments ¹²	1.93	1.97	2.38	2.06	2.08
Accumulated Profits/Losses	(51.84)	(49.28)	(73.80)	(78.50)	(66.38)

(Source: Annual Accounts and information submitted by the PSUs)

Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal of having too much of 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

During the period of five years, 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. The marginal growth in PSU-turnover after 2015-16 had correspondingly improved the DTR of PSUs.

Further, the high PSU debts had correspondingly increased the interest expenditure, which was also one of the factors contributing towards high accumulated losses of PSUs.

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 2018-19, one PSU (Nagaland State Mineral Development Corporation Limited) had earned profit (₹ 1.18 crore) as per its latest finalised accounts, which was not sufficient to wipe off its accumulated losses (₹ 8.11 crore). No dividend was declared by this profit making company during the year 2018-19.

¹¹ Turnover of working PSUs as per the latest finalised accounts as of 30 September of the respective year

¹² Interest payments of working PSUs as per the latest finalised accounts as of 30 September of the respective year

4.1.8.2 Erosion of capital due to losses

The paid-up capital and accumulated losses of five working PSUs as per their latest finalised accounts as on 30 September 2019 were ₹ 27.26 crore and ₹ 66.38 crore respectively (**Appendix 3.2**).

The accumulated losses (₹ 65.19 crore) of four out of these five working PSUs had completely eroded their paid-up capital (₹ 26.03 crore) as per their latest finalised accounts as detailed in the **Table 4.9** below:

Table 4.9: PSUs with erosion of paid up capital

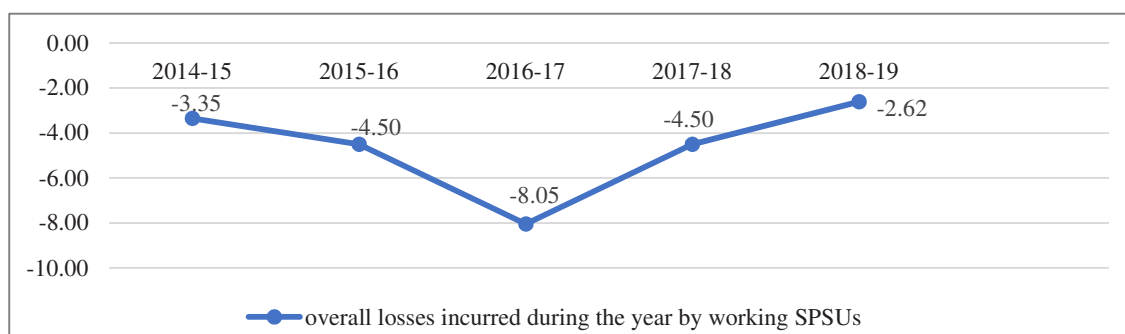
(₹ in crore)

Name of PSU	Latest finalised accounts	Paid up capital	Accumulated losses
Nagaland Industrial Development Corporation Limited	2017-18	23.20	39.27
Nagaland State Mineral Development Corporation Limited	2016-17	1.60	8.11
Nagaland Hotels Limited	2014-15	0.40	13.65
Nagaland Handloom & Handicrafts Development Corporation Limited	2009-10	0.83	4.16
Total		26.03	65.19

The Return on Equity (ROE)¹³ of these four PSUs was not workable due to complete erosion of their equity capital. ROE in respect of the remaining PSU (Nagaland Industrial Raw Materials Supply Corporation Limited) was also negative¹⁴ due to the net loss (₹ 0.05 crore) incurred as per its latest finalised accounts.

The overall position of the aggregate losses incurred by working PSUs during 2014-15 to 2018-19 are given below in **Chart 4.2**.

Chart 4.2: Losses of working PSUs



(Source: Latest finalised accounts of the PSUs as on 30 September of the respective year)

As can be noticed from the **Chart** above, the losses of working PSUs were at the peak during 2016-17 in last five years mainly due to deterioration in the operational results

¹³ 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.

¹⁴ (-) 125 per cent

of two PSUs¹⁵ on account of increase in ‘employee related expenses’ and reduction in ‘other income’. The overall losses of working PSUs had reduced during last two years (2017-18 and 2018-19) mainly due to gradual improvement in the operational results of one PSU¹⁶, which had positive impact of ₹ 4.24 crore (2017-18) and ₹ 1.22 crore (2018-19) on overall PSU losses.

4.1.9 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 2018-19, as per their latest finalised accounts out of five working PSUs where State Government had made direct investment, four PSUs incurred losses and only one PSU¹⁷ earned profit. On the basis of return on historical value, the State Government’s investment in PSUs had eroded by 1.07 *per cent* during 2018-19. As per the RORR where the PV of investment is considered, the State Government investment eroded by 0.52 *per cent* as shown in **Appendix-3.3**. This difference in the percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

4.1.10 Impact of Audit Comments on Annual Accounts of PSUs

During October 2017 to September 2018, four working Companies had forwarded their eight audited accounts to the Accountant General (Audit), Nagaland (AG). Of these, one year Accounts were selected for ‘supplementary audit’ while non-review certificates’ were issued in respect of the remaining seven Accounts. The Statutory Auditors had given unqualified certificates to four Accounts and qualified certificates to other four Accounts. The details of aggregate money value of comments of statutory auditors and CAG during last three years is given below:

¹⁵ During 2016-17, losses of one PSU (Nagaland State Mineral Development Corporation Limited) increased by ₹ 2.91 crore while profit of another PSU (Nagaland Industrial Raw Materials Supply Corporation Limited) reduced by ₹ 0.49 crore as per their latest accounts.

¹⁶ Nagaland State Mineral Development Corporation Limited

¹⁷ Sl. No. 2 of **Appendix 3.2**.

Table 4.10: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	Increase in loss	1	0.79	2	5.74	3	4.88
2	Decrease in profit	0	0	0	0	2	0.74
3	Errors of classification	1	0.29	0	0.29	1	3.19
Total		2	1.08	2	6.03	6	8.81

(Source: Comments issued to PSUs by statutory auditors and CAG)

From the above **Table 4.10**, it can be noticed that the money value of comments of statutory auditors and CAG has increased from ₹ 1.08 crore (2016-17) to ₹ 8.81 crore (2018-19) indicating deficiencies in complying with the requirements of ‘Generally Accepted Accounting Principles’ (GAAP) and Accounting Standards (AS) by the PSUs.

4.1.10.1 Gist of some of the important comments of the statutory auditors and CAG in respect of the accounts of the PSUs are as under:

Nagaland Hotels Limited (2013-14)

Share application money pending allotment

As per the provisions of the Companies Act, 2013, if shares are not issued within 60 days of receipt of application money, the share application money should be refunded. The Company received ₹ 1.53 crore as share application money from the State Government 15 years ago. The Company had neither issued shares against share application money nor refunded the same to State Government. The government have also not ensured action in this regard, as promoter of the Company.

Penalties against delayed payment of EPF liabilities

The Company had not provided for the liability of ₹ 0.79 crore towards penalty, interest on penalty, etc. due to delayed payment of Employee Provident Fund Contribution with Employee Provident Fund Organisation authorities. This resulted in understatement of ‘loss for the year’ and ‘current liabilities & provisions’ to that extent.

Nagaland Industrial Raw Material & Supply Corporation Limited (2015-16 & 2016-17)

Non-provisioning against doubtful debts

The Company had the ‘trade receivables’ of ₹ 1.05 crore, which were pending for recovery for more than a decade and should have been provided for. Non-provisioning

against ‘trade receivables’ doubtful of recovery resulted in overstatement of ‘current assets’ and understatement of ‘loss for the year’ by ₹ 1.05 crore each.

Long pending short term advances

The Company neither had provided satisfactory explanation nor made necessary provisions against long pending ‘short term loans and advance’ of ₹ 0.54 crore. This has resulted in overstatement of ‘current assets’ and understatement of ‘loss for the year’ by ₹ 0.54 crore each.

4.1.11 Follow up action on Audit Reports

4.1.11.1 Submission of Explanatory notes

The Report of the CAG 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 CAG 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 Reports¹⁸ for the years from 2013-14 to 2017-18 included two compliance audit paragraphs¹⁹ from PSU side in the PSUs Chapters of these Reports. As per the status available as on 30 September 2019, no explanatory notes were pending to be received from the Administrative Departments concerned against these compliance audit paragraphs.

4.1.11.2 Discussion of Audit Reports by COPU

The status as on 30 September 2019 of Performance Audits and paragraphs on the State PSUs that appeared in State Audit Reports and discussed by the Committee on Public Undertakings (COPU) was as under:

Table 4.11

Period of Audit Report	Number of reviews/paragraphs as on September 2018	
	Paragraphs appeared in Audit Report	Paragraphs discussed
2013-14	1	1
2014-15	0	-
2015-16	0	-
2016-17	1	Nil
2017-18	0	-
Total	2	1

¹⁸ 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.

¹⁹ One compliance audit paragraph appeared in each of the State Audit Report for the year 2013-14 and 2016-17.

During the period 2013-14 to 2017-18, two paragraphs relating to PSUs had appeared in the State Audit Reports against which one paragraph was pending for discussion by COPU (November 2019).

4.1.12 Reforms in power sector

As part of the power sector reforms, 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.

Compliance Audits

NAGALAND INDUSTRIAL DEVELOPMENT CORPORATION LTD

4.2 Irregular payment of advance to Chairman

The Company paid an irregular advance of ₹ 50 lakh to the Chairman of the Company by diverting Government Grants without approval of the competent authority and had not recovered the same

The Nagaland Industrial Development Corporation Limited (NIDC), a Company wholly owned by Government of Nagaland, was incorporated (26 March 1970) under the Companies Act, 1956 with the objective to promote, develop, establish and assist industries in the State. NIDC also acts as an agency of Industrial Development Bank of India (IDBI) for implementation of Capital Assistance Scheme or any Scheme which in opinion of NIDC shall contribute to the industrial and economic development of the State.

Examination of records (August 2019) of NIDC for the period from April 2017 to March 2019 revealed that NIDC received Grants-in-aid of ₹ 3.63 crore from Government of Nagaland (GoN) towards employee related payments (viz. gratuity, leave encashment, CPF & disbursement of Term Loans) (₹ 0.80 crore) and cost of repair and maintenance works (₹ 2.83 crore) relating to Agro Food Processing Special Economic Zone (AFSEZ).

Examination of records relating to utilisation of the above mentioned Grants-in aid revealed (August 2019) that NIDC irregularly extended (December 2017) an advance²⁰ of ₹ 50 lakh to the then Chairman²¹ of NIDC on the verbal instructions of the Managing

²⁰ vide cheque No.767766 dated 22.12.2017

²¹ Shri. Amenba Yaden (w.e.f 27.10.2017 to 21.03.2018)

Director, NIDC by diverting the said Grants without the approval of the competent authority. The advance so granted also did not have the approval of the Board.

Audit observed that although as per the records of NIDC, the advance was extended for the purpose of 'office work', the amount of advance was credited into the 'personal account' of the then Chairman. Audit further observed that while granting the advance, NIDC did not specify the terms and conditions on various important aspects (viz. the interest chargeable on the advance, schedule for recovery of advance and interest, rights of NIDC in case of default in repayment of advance, etc.), which was against the financial interests of NIDC. Though the NIDC had written to the then Chairman on several occasions (25 January 2018, 18 September 2018 & 29 July 2019) to settle the principal amount of the advance (₹ 50.00 lakh), the money had not been refunded by the then Chairman so far (September 2020).

Thus, NIDC paid an advance of ₹ 50 lakh to the then Chairman by irregularly diverting the Government Grants, without the approval of the competent authority, without recording any purpose for the grant given, which needs to be recovered from the Chairman along with interest of ₹ 10.98 lakh²².

In reply, NIDC confirmed the facts and stated (January 2020) that reminders were issued to the then Chairman several times but no response received. NIDC further assured to pursue the issue for recovery of the unauthorized payment.

The matter was reported (October 2019) to the Government; their replies had not been received (September 2020).

The recovery of advance needs to be pursued on priority.

²²Interest calculated at 8.5 per cent per annum as applicable on employees' loans for the period from January 2018 to July 2020 (31 months)

NAGALAND STATE MINERAL DEVELOPMENT CORPORATION LTD

4.3 Additional expenditure

The Company paid an additional cost of ₹ 20.72 crore as cost escalation on a bridge work contrary to the contract terms after settlement of contractor's dues and closure of work

Nagaland State Mineral Development Corporation Limited (NSMDC) was established and incorporated (May 1981) under the Companies Act, 1956. The main objective of the Company is to initiate commercial exploitation of limestone, coal and other mineral deposits and to promote, establish and develop economic activities in mines and mineral-based industries.

Compliance audit of the accounts of NSMDC for the period from April 2017 to March 2018 was conducted during August 2018.

The Ministry of Development of North Eastern Region (MoDONER), Government of India (GoI) accorded (December 2010) administrative and financial approval of ₹ 15.73 crore for construction of 100 metre long bridge over Tizu River at Nimi-Laluri road to mineral deposit areas under Non-Lapsable Central Pool of Resources (NLCPR) with a funding pattern of Central (90 *per cent*) and State share (10 *per cent*). Accordingly GoI released Central share of ₹ 14.16 crore in three instalments²³.

In response to Notice Inviting Tender issued (January 2011) by the Managing Director, NSMDC for the work, three firms participated in the tendering process. The tender committee recommended the agency, which had quoted the lowest rate at par with Schedule of Rate (SOR), 2010, and issued (February 2011) work order for a contract value of ₹ 15.43 crore.

Examination of records (August 2018) revealed that the work commenced in February 2011 and was completed in May 2015. Bills were passed for payment to contractors in four running account (RA) bills amounting ₹ 15.38 crore²⁴ which included State share of the project cost. Audit observed that after completion of work and release of payments under RA bills (July 2014), the Contractor submitted a representation (July 2015) for revision of rate/cost from ₹ 15.42 lakh per metre span of the bridge to ₹ 35.00 lakh stating that the approved rate was below the prevailing approved rates of the same type of bridge work located in better and advantageous locations. In the meantime, NSMDC issued (August 2016) completion certificate stating that the work has been completed.

²³ 1st instalment: ₹ 5.66 crore (December 2010), 2nd instalment: ₹ 5.65 crore (September 2011) and 3rd instalment: ₹ 2.85 crore (August 2013).

²⁴ Excluding Contingencies (3 *per cent*), Quality Control (1 *per cent*) and Work Charge Establishment (1.5 *per cent*).

Based on the representation submitted by the Contractor, High Level Technical Committee (HLTC)²⁵ approved (November 2016) the ‘general abstract of cost’ submitted by NSMDC wherein rate of SOR 2013 was considered with 32.80 *per cent* enhancement thereby the total cost of work was enhanced by ₹ 19.62 crore (excluding contingencies, etc.) from the actual cost of completion (₹ 15.38 crore) to ₹ 35.00 crore. Accordingly, the State Level Project Implementation Committee (SLPIC) approved (November 2016) the enhancement of the cost. Based on the recommendations of HLTC/SLPIC, the Finance Department, Government of Nagaland accorded sanction for ₹ 20.72 crore²⁶ under the State Plan. NSMDC prepared and passed fifth and sixth RA bills for payment of the additional fund²⁷ to the Contractor in two instalments (January and May 2017).

The action of accepting the cost enhancement of the bridge was not in order due to the following reasons:

- (i) During the process of bidding, the rate was quoted by the Contractor on his own volition and after applying his best judgement that the rate was reasonable and workable. No specific clause to allow enhancement of rate was incorporated in the work order or the contract deed agreement as per Rule 204 of General Financial Rules, 2005.
- (ii) The delay in completion of the work was not attributable to the Government at any stage.
- (iii) The work was certified as completed in May 2015 and the contractor was paid the full value of ₹ 15.38 crore in April 2016 for the works executed. The Contractor claimed (July 2015) for enhancement of rate only after completion of work (May 2015), which raised questions on the genuineness of the claim.
- (iv) Proposal for enhancement of rate was not based on technical calculation as stipulated in GFR and not accompanied by detail-revised estimate. Instead cost of project was proposed to be enhanced at ₹ 35.00 lakh per metre span of the bridge on lump sum basis as requested by the Contractor. Further, the cost of ₹ 4.78 crore allowed under revised cost of the project towards ‘extra item of works’ (River diversion works) was not included in original project estimates.
- (v) After allowing the enhancement of rate (32.80 *per cent* above SOR 2013), the Contractor did not stand at L1 position against the work tender

²⁵ HLTC comprised of Engineer in Chief, Nagaland PWD (Chairperson), Members-Chief Engineer, PWD (Housing), Addl. Chief Engineer (Transmission & Generation), Power Department, Superintendent Engineer (Distribution), Power Department, Chief Engineer, Roads & Bridges, Managing Director, NSMDC, Deputy Manager, NSMDC, Chief Engineer, Public Health Engineering Department and Deputy Chief Engineer, Public Health Engineering Department

²⁶ Including ₹ 1.09 crore towards Contingencies (₹ 0.59 crore), Quality Control (₹ 0.20 crore) and Work Charge Establishment (₹ 0.30 crore).

²⁷ The Company passed (February/March 2017) 5th and 6th RA bills of the Contractor for payment of ₹ 9.54 crore and ₹ 10.08 crore respectively. However, payment details of balance amount (₹ 1.09 crore) not found on record.

(January 2011); rather, the Contractor stood at L2 position next after the second bidder (M/s L. Pukhato Sohe) who had quoted at 10 *per cent* above SOR 2010.

Thus, the NSMDC had irregularly entertained a claim of cost enhancement after the work was completed and closed, resulting in additional avoidable expenditure of ₹ 20.72 crore. The juncture and the manner in which cost escalation was sanctioned/allowed was clearly violative of the GFRs.

In reply, Government stated (January 2020) that based on the representation of the Contractor and subsequent approval by the HLTC and SLPIC, additional revised cost was sanctioned.

The reply is not acceptable in view of the fact that the enhancement of rates was allowed despite non-existence of any enabling clause for price variation in the contract and that too after the work was closed. Further, NSMDC did not work out the price variations on a scientific basis duly considering the cost variation that had occurred between the base level and scheduled delivery date and instead allowed the additional cost as claimed by the Contractor.

The issue merits investigation by the State Government.

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 Government of Nagaland during 2018-19, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are given in table 5.1 below:

Table 5.1 showing trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Revenue raised by the State Government					
	• Tax revenue	388.60	427.10	510.75	638.28	846.43
	• Non-tax revenue	270.61	256.39	345.52	388.53	255.24
	Total	659.21	683.49	856.27	1026.81	1101.67
2	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	1062.69	2540.72	3032.63	3353.13	3792.41
	• Grants-in-aid	5929.04	4819.36	5553.38	6639.27	6543.33
	Total	6991.73	7360.08	8586.01	9992.40	10335.74
3	Total revenue receipts of the State Govt. (1 and 2)	7650.94	8043.57	9442.28	11019.21	11437.41
4	Percentage of 1 to 3	9	8	9	9	10

(Source: Finance Accounts)

The above table indicates that during the year 2018-19, the revenue raised by the State Government (₹ 1101.67 crore) was 10 per cent of its total revenue receipts. The balance 90 per cent of the receipts during 2018-19 was from the GOI.

The details of tax revenue raised against the Budget Estimate (BE) during the period 2014-19 are given in table 5.2 below:

Table 5.2 showing details of the tax revenue against the Budget Estimate (BE) raised during the period 2014-15 to 2018-19

(₹ in crore)

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19		Percentage of 2018-19 over 2017-18
		BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals	
1	SGST	0	0	0	0	0	0	0	187.57	250.00	469.64	150
2	Sales Tax/VAT	294.36	294.29	332.78	328.58	400.00	400.12	410.00	287.55	225.00	186.69	(-35)
3	Taxes on vehicle	46.00	46.46	46.00	53.09	57.63	57.39	58.00	101.52	105.00	126.22	24
4	Stamps and Registration Fees	1.67	1.93	1.98	2.04	2.14	2.05	2.31	2.62	2.40	2.53	(-) 3
5	State Excise	4.47	4.70	4.90	5.12	5.40	4.63	5.60	4.20	5.10	4.65	11
6	Taxes on Goods and Passengers	7.50	9.73	12.10	5.88	13.31	14.76	7.00	17.59	14.60	20.16	15
7	Land Revenue	0.81	0.74	0.89	0.75	0.98	0.82	1.08	0.90	0.65	1.13	26
8	Others ¹	31.97	30.76	35.81	31.64	35.85	30.98	32.16	36.33	37.81	35.41	(-3)
	Total (Own Tax Revenue)	386.78	388.61	434.46	427.10	515.31	510.75	516.15	638.28	640.56	846.43	33

(Source: Budget documents and Finance Accounts of the State)

The Departments did not furnish the reasons for variations in receipts from that of the previous year (2017-18). The GST collection of the State had increased by 150 *per cent* from ₹ 187.57 in 2017-18 to ₹ 469.64 crore in 2018-19. Taxes on vehicles and land revenue receipts increased by 24 and 26 *per cent* respectively over the previous year.

The details of the Non-tax revenue against the Budget Estimate (BE) raised during the period 2014-15 to 2018-19 are indicated in Table 5.3 below:-

¹ Other taxes on income and expenditure, taxes on duties and electricity, other taxes and duties on commodities and services

Table 5.3 showing details of the Non-tax revenue against the Budget Estimate (BE) raised during the period 2014-15 to 2018-19

(₹ in crore)

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19		Percentage of 2018-19 over 2017-18
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Police	4.30	1.45	4.73	1.68	5.11	31.54	2.00	2.70	2.50	1.86	(-) 31
2	Miscellaneous General Services	10.00	13.08	10.00	13.43	11.00	13.64	12.10	16.10	14.50	24.15	50
3	Education, Sports, Art and Culture	0.46	103.56	40.21	76.52	44.23	119.40	48.65	132.84	100.00	4.33	(-) 97
4	Power	125.00	98.91	100.00	111.1	125.00	114.58	156.25	127.89	158.00	147.97	16
5	Civil Aviation	8.80	1.43	9.68	1.04	10.64	20.77	11.71	2.09	20.00	6.70	221
6	Road Transport	15.69	12.97	17.26	10.81	18.12	9.00	9.03	7.35	11.00	8.74	19
7	Other Non-tax receipts	41.57	39.21	48.72	41.80	47.49	36.59	40.07	99.56	41.45	61.49	(-) 38
Total (Non-Tax Revenue)		205.82	270.61	230.6	256.38	261.59	345.52	279.81	388.53	347.45	255.24	(-) 34

(Source: Budget documents and Finance Accounts of the State)

The Department did not furnish the reasons for variation in receipts from that of the previous year (2017-18).

5.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 on some principal heads of revenue amounted to ₹ 9.75 crore out of which ₹ 2.20 crore was outstanding for more than five years, as detailed in Table 5.4 below:

Table 5.4 showing arrears of Revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2019	Amount outstanding for more than 5 years as on 31 March 2019	Replies of Department
1	Nagaland Value Added Tax	5.67	0.64	Reply not furnished
2	Petroleum Tax	2.91	0.60	
3	Central Sales Tax	0.70	0.61	
4	Purchase Tax	0	0	
5	Professional Tax	0.13	0.01	
6	Nagaland Sales Tax	0.34	0.34	
Total		9.75	2.20	

(Source: Departmental figures)

The entire arrears of ₹ 9.75 crore were pending with the departmental authorities of which recovery of ₹ 2.20 crore was pending for more than five years. 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 off 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 5.5 below:

Table 5.5 showing arrears in assessments

(₹ in crore)

Head of Revenue	Opening Balance of arrears in assessment as on 1st April 2018	New cases due for assessment during 2018-19	Total assessment due	Cases disposed-off during 2018-19	Balance at the end of the 31st March 2019	Percentage of cases disposed to the total assessment due
1	2	3	4	5	6	7 (5 to 4)
Taxes/ VAT on Sales, Trades, etc.	3651 ²	778	4429	2916	1513	66%

(Source: Departmental figures)

The arrears in assessment decreased from 3651 to 1513 cases with the addition of 778 cases, which became due for assessment during 2018-19 and 2916 cases were disposed during the year.

5.1.4 No case 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 (August 2019) from the Commissioner of Taxes Dimapur. The Commissioner of Taxes, Dimapur replied (November 2019) 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 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 CAG of India.

² Opening balance taken as per the figure furnished by the Department.

IRs issued upto March 2019 disclosed that 318 paragraphs involving ₹ 376.96 crore relating to 78 IRs remained outstanding. Such details along with the corresponding figures for the preceding two years are shown in the Table 5.6:

Table 5.6 showing details of outstanding audit observations

Particulars	March 2017	March 2018	March 2019
Number of outstanding IRs	70	71	78
Number of outstanding audit observations	309	324	318
Amount involved (₹ in crore)	344.73	404.63	376.96

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 2019 and the amount involved are given in the Table 5.7:

Table 5.7 statement showing department-wise details of the 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.	32	197	147.73
2	Finance	Miscellaneous General Services/Lottery	4	17	214.88
3	Transport	Taxes on Vehicles/ Taxes on Goods & Passengers	33	82	10.58
4	Forest & Environment	Forest & Wildlife	9	22	3.77
Total			78	318	376.96

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.

The Government may consider to have 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 Department concerned and attended by the officers concerned of the State Government and officers of the Accountant General (Audit). The Audit Committees need to meet regularly in order to expedite clearance of the outstanding audit observations.

During 2018-19, the Department did not convene any Audit Committee meeting to clear the outstanding audit observations.

The 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 Comptroller and Auditor General of India 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 CAG.

Three draft paragraphs were sent to the Principal Secretaries/Secretaries of the respective departments during November 2019 and December 2019. The reply in respect of the three draft paragraphs were received and incorporated with suitable comments.

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 Comptroller and Auditor General of India 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.

Eighteen paragraphs³ and two Performance Audits⁴ included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Nagaland for the years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 were placed before the State Legislative Assembly on 18 July 2013, 25 July 2014, 17 March 2015, 19 March 2016, 28 March 2017, 20 September 2018 and 15 February 2020 respectively.

PAC discussed nine paragraphs⁵ pertaining to the Reports of the years 2011-12 to 2014-15. The Departments did not furnish *Suo-moto* explanatory notes to Principal Accountant General (Audit) through Nagaland Legislative Assembly Secretariat in respect of paragraphs/reviews which appeared in the Audit Reports.

During 2018-19, one PAC meeting was held and one Action Taken Note⁶ 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 Inspection Reports/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.

³ During 2011-12 = 1 para, 2012-13 = 3 paras, 2013-14 = 2 paras, 2014-15 = 3 paras, 2015-16 = 3 paras, 2016-17 = 3 paras, 2017-18 = 3 paras.

⁴ During 2015-16 = 2 PAs.

⁵ During 2011-12 = 1 para, 2012-13 = 3 paras, 2013-14 = 2 paras and 2014-15 = 3 paras.

⁶ ATN on CAG Report 2011-12 (Report No. 119th)

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 2013-14 to 2017-18.

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 30 June 2019 are tabulated in the Table 5.8:

Table 5.8 showing 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
Upto												
2014-15	92	376	306.57	4	24	22.39	30	103	32.81	66	297	296.15
2015-16	66	297	296.15	2	27	26.58	7	48	9.47	61	276	313.26
2016-17	61	276	313.26	11	45	32.84	2	12	1.37	70	309	344.73
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

(Source: Inspection Reports of Revenue Sector)

It is evident from the above table that against 92 outstanding IRs with 376 paragraphs as on 1 April 2014, the number of outstanding IRs decreased to 78 with 318 paragraphs at the end of March 2019. 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 department

The position of paragraphs included in the CAG's Audit Reports of the last five years, those accepted by the Department and the amounts recovered are mentioned in the Table 5.9:

Table 5.9 showing 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 31.03.2018
2013-14	2	8.46	1	0.95	0.95	0.95
2014-15	3	1.64	3	0.25	0	0.95
2015-16	3	16.10	2	5.64	0	0.95
2016-17	3	25.59	1	11.47	0.12	1.07
2017-18	3	19.86	1	3.34	0.05	1.12
Total	14	71.65	8	21.65	1.12	

(Source: Previous CAG Reports)

From the above table, it may be seen that during the last five years the Department accepted paras with an amount of ₹ 21.65 crore as against which they recovered only ₹ 1.12 crore. Thus, it is evident that the progress of recovery even in accepted cases was very slow during the last five years.

Audit, thus, recommends that 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 Performance Audits (PAs) conducted by the Principal Accountant General (Audit) are forwarded to the departments concerned /Government to furnish their replies. These PAs are also discussed during exit conference and views of department/Government are taken into account while finalising PAs for inclusion in Audit Reports.

During 2014-15 to 2018-19, two PAs relating to Finance Department and Transport Department were included in the Audit Report. Nine recommendations were made in CAG's Report for consideration by the Government. Status of acceptance of these recommendations is given in the following Table 5.10:

Table 5.10 showing status of acceptance of audit recommendations made in PAs/Draft Paragraphs

Year of Audit Report	Name of the Performance Audits	Name of Administrative Department	No. of recommendations in PAs	No. of recommendations in Draft paragraphs	Status of acceptance of recommendations
2015-16	Nagaland State Lotteries	Finance	5	Nil	Not communicated
	Computerisation of Motor Vehicle Department	Transport and Communication	4		Not communicated
2016-17	Nil	Nil	Nil	Nil	--
2017-18	Nil	Nil	Nil	3	Not communicated

(Source: CAG's Audit Reports)

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 80 auditable units, 16 auditee units were planned for audit during 2018-19 and 11 units 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 11 offices during 2018-19 revealed under assessment/short

levy/loss of revenue/non-realisation of outstanding revenue/ evasion of tax *etc.*, in two offices aggregating ₹ 4.92 crore in 24 cases.

5.1.10 Coverage of this chapter

This chapter contains two compliance audit paragraphs (selected from the audit observations made during the local audit referred to above) and previous years involving financial effect of ₹ 21.01 crore. The Department in reply stated (March 2020) that show cause notices were issued (November 2019), and the assessees sought more time to respond.

Compliance Audits

5.2 Finance (Taxation) Department

5.2.1 Evasion of Tax due to concealment of sales turnover and incorrect assessment of tax

Two dealers concealed sales turnover and evaded tax of ₹ 5.24 crore and sixteen dealers concealed applicable taxable rate of interstate purchase and evaded tax of ₹ 14.41 crore

Section 28 of the Nagaland Value Added Tax (NVAT) Act, 2005 stipulated that every dealer registered under the act shall furnish Annual Returns containing information in respect of gross purchases including exemption, non-taxable purchases, gross sales including export sales, interstate sales and consignment transfers, total tax due including interest and penalty less tax credit during the assessment year and tax payable and paid.

Section 32 of the NVAT Act, 2005 provides that each and every return in relation to any tax period furnished by a dealer to whom notice has been issued by the Commissioner under Section 28 shall be subject to scrutiny by the Assessing Authority (AAs) to verify the correctness of calculation, application of correct rate of tax and interest and input tax credit claimed therein, and full payment of tax and interest by dealer during such period. Further, as per Rule 49 of the NVAT Rules 2005, if the dealer fails to pay the amount of tax by the due date interest at 2 *per cent* per month is payable on the balance amount of tax.

The rates of taxes are specified in the Schedules appended to the VAT Act, transfer on 'C' and 'F' form are at differential lower rates as specified from time to time (C Form-2 *per cent*, F Form-Nil). The office of the Deputy Commissioner of Taxes (DCT), Dimapur is divided into eight Wards, each headed by Superintendent of Taxes (ST). The STs are the Assessing Authorities (AA) and also the approving authority of all statutory forms to dealers who are in the business of manufacturing and resale of goods.

Compliance Audit on the accounts of the Deputy Commissioner of Taxes, Dimapur for the period from April 2017 to August 2019 was held during August and September 2019. Audit test checked five Superintendent of Taxes, (AAs for Ward A, B, C, D &

E) and as per records, 2286 out of 2920 dealers were assessed by the AAs for the assessment period of 2015-16, 2016-17 & 2017-18.

Evasion of Tax due to concealment of sales turnover

Examination of assessment records under the above Superintendent of Taxes (September 2019) revealed that the two dealers, viz., **M/S Gujarat Co-operative Milk Marketing Federation Ltd under Ward B** and **M/S Nestle India Ltd. of Ward C** declared a consolidated gross receipt of goods valued at ₹ 252.36 crore (**Appendix 4.1**) from outside the State during the period 2013-18 by utilizing F⁷ forms. The returns filed by these dealers were scrutinized and accepted by the AAs under sections 32 of the NVAT Act, 2005 with a tax liability of ₹ 29.34 crore on total sales turnover of ₹ 244.53 crore as detailed below:

(₹ in crore)

Name of dealers	Stock received	Sales declared	Total Tax paid
M/S Gujarat Co-operative Milk Marketing Federation Ltd.	102.16	104.56	10.61
M/S Nestle India Ltd	150.20	139.97	18.73
Total	252.36	244.53	29.34

(Source: Compiled from the records of the Department)

Cross examination of the Trading Accounts submitted by the dealers with the invoice details obtained from the TAX soft – VAT e-Filing System⁸ revealed that the stock transfer of goods⁹ through utilisation of “F” forms by the firms were taxable at 13.25/14.50 per cent¹⁰. However, the firms had declared sales as taxable at 14.50 per cent, 13.25 per cent, 4.75 per cent and 5 per cent and paid ₹ 29.34 crore only against the actual total tax liability of ₹ 34.58 crore (**Appendix 4.2**), resulting in short levy of tax amounting to ₹ 5.24 crore.

Hence, the dealers were liable to pay ₹ 5.24 crore and penal interest of ₹ 5.15 crore¹¹ in accordance with Rule 49 of the Nagaland Value Added Tax Rules, 2005.

The Department in reply stated (March & July 2020) that:

- a) Show cause notice was served (November 2019) to the two dealers against which, M/s Gujarat Co-operative Milk Marketing Federation Ltd. has requested more time for further consultation to give proper reply with facts and figures.

⁷ Form used for transfer of goods from one State to another without recognizing it as sale

⁸ Mission Mode Project under NeGP implemented by Government of Nagaland which aims to simplify tax administration & compliance through Information Communication & Technology intervention.

⁹ “Milk products including condensed milk, ghee, cheese, butter, oil, ice creams, margarine, whether or not bottled canned or packed

¹⁰ 13.25 per cent till 31/7/2015 and thereafter 14.5 per cent

¹¹ @ 2 per cent as per illustration shown under Rule 49 of NVAT

- b) The Department stated (October 2020) that in reply to the show cause notice issued, the dealer (M/s Nestle India Ltd.) stated that some of their best selling products fall under Schedule-IV, Sl. No. 36 taxable at 4.75 per cent up to 31 July 2015 and 5 per cent w.e.f 1 August 2015.

The reply of the Department regarding claim of lesser tax rates by M/s Nestle India Ltd. is not acceptable as records available with the Department (Tax soft-VAT e-filing system) disclosed that all the items imported by the dealer from outside the State were listed at Serial Number 104 of Schedule-V of NVAT Act¹² as Milk and allied products which are taxable at 13.25 per cent and 14.50 per cent up to 31 July 2015 and w.e.f 1 August 2015, respectively. The taxes avoided of ₹ 5.24 crore need to be recovered along with penal interest.

Evation of Tax due to incorrect assessment of tax

Examination of assessment records under the above Superintendent of Taxes (September 2019) revealed that 16 dealers¹³ declared consolidated gross purchases of ₹ 183.84 crore¹⁴ during the period 2015-18 by utilizing C¹⁵ and F¹⁶ forms. The returns filed by these dealers were scrutinised and accepted by the AAs under section 32 of the NVAT Act, 2005.

Examination of category-wise purchases/receipt of goods with the invoice details obtained from the TAX soft – VAT e-Filling System revealed that 16 dealers made interstate purchase of ₹ 183.84 crore under different tax rates against which tax payable is ₹ 25.88 crore (**Appendix 4.3**). However, trading accounts submitted by the dealers revealed that goods valuing ₹ 176.47 crore was purchased by the dealers and tax payable assessed by the AAs was ₹ 15.46 crore (**Appendix 4.4**) against which the dealers paid ₹ 11.47 crore with outstanding tax liability of ₹ 3.99 crore.

The omission on the part of Superintendent of Taxes in assessing the returns resulted in evasion of tax amounting to ₹ 10.42 crore¹⁷ by these dealers. The dealers were liable to pay ₹ 25.82 crore including concealed tax liability of ₹ 10.42 crore, previous tax liability of ₹ 3.99 crore and penal interest of ₹ 11.41 crore¹⁸ in accordance with Rule 49 of the Nagaland Value Added Tax Rules, 2005 (**Appendix 4.5**).

The Departmental reply (July 2020) is summarised in the table below with suitable audit remarks. A total amount of ₹ 26.89 lakh was realised by the Department at the instance of audit.

¹² Milk products including power milk, condensed milk, ghee, cheese, butter, oil, ice creams, margarine, whether or not bottled canned or packed

¹³ Appendix 4.2.2.1

¹⁴ Gross Purchases includes non-taxable items, capital goods, goods damaged/ expired/ returned.

¹⁵ Form used for Interstate purchase

¹⁶ Form used for transfer of goods to another State

¹⁷ ₹ 25.88 crore - ₹ 15.46 crore = ₹ 10.42 crore

¹⁸ @ 2 per cent as per illustration shown under Rule 49 of NVAT, calculated upto April 2020

Sl. No.	Department Reply	Audit Remarks
1.	In respect of 10 dealers, audit has calculated the tax liability amount by taking into account all purchases without taking the stock in hand, goods damaged and goods returned [Appendix 4.6(i)].	The Department did not produce statutory documents in support of damaged and returned goods viz. verification report and credit/debit note [Section 23(3) of NVAT Act 2005]. Therefore, claims for damaged and returned goods could not be accepted.
2.	In respect of five dealers (including three dealers in Sl. No. 3), certain commodities fall under lower tax rates than the rates calculated by audit. [Appendix 4.6(ii)].	Tax liability amount was determined as per commodities/items mentioned in C & F Forms utilised by the dealers and corresponding tax rates in Schedules of NVAT Act 2005. Therefore, Department's claim of lower tax rates is incorrect.
3.	Four dealers were re-assessed and total tax liability was realised from three dealers and one dealer was served with demand notice for outstanding amount [Appendix 4.6(iii)].	Documents in support of re-assessment of the dealers were not furnished. Total tax liability amount of one dealer was realised along with penal interest, and thus accepted.

Thus, the department may take steps to recover the taxes along with penal interest amounting to ₹ 25.82 crore.

Recommendation: (1) *The Department may collate the remaining tax returns assessed by them with the corresponding utilisation of statutory forms of the respective dealers to assess the correctness of the purchases declared by them and rates declared for appropriate collection of tax dues.*

(2) *It is recommended that the Government may look into all cases of utilization of C & F forms in the State and taxes evaded may be recovered before expiry of statutory period of five years.*

5.2.2 Short payment of entry tax on stock transfers

The Assessing Authority did not scrutinise the utilisation of statutory forms for import of goods into the State and also did not invoke the relevant provisions of Nagaland Entry Tax Act 2013 which resulted in short payment of entry tax of ₹ 1.37 crore

Section 3 (1) of Nagaland Entry Tax (NET) Act, 2013 stipulated that there shall be levied and collected an entry tax on the entry of specified goods into local area for consumption, use or sale therein, at the rates respectively specified against each item in the Schedule. The entry tax shall be leviable on the import value of the specified goods

and shall be paid by every importer of such goods provided that no entry tax shall be levied under this Section on the entry of specified goods into local area, if it is proved to the satisfaction of the Assessing Authority, in such manner as may be prescribed, that such goods have already been subjected to entry tax or that the entry tax has been paid by the importer or any other person under this bill in respect of the same goods.

As per Rule 12 of NET Rules, 2013, the relevant provision of the Nagaland Value Added Tax Rules, 2005 shall *mutatis mutandis* apply in respect of all such procedural and other matters incidental to carrying out the purposes of this Act for which no provision has been made in these Rules. Further, as per Rule 12 (5) of CST Rules, 1957, the declaration referred to in Sub-section 1 of Section 6-A shall be in Form ‘F’¹⁹ provided that, a single declaration may cover transfer of goods by a dealer, to any other place of his business or to his agent or principal, as the case may be, effected during a period of one calendar month. As per Section 49 of the NVAT Rules 2005, if a dealer fails to pay the amount of tax by the due date, interest at the rate of two *per cent* per month is payable on the balance amount of tax liable to be paid.

Examination of assessment records (September 2019) of 330 dealers out of 684 dealers with gross turnover of more than ₹ 1.00 crore under the five Superintendent of Taxes under Deputy Commissioner of Taxes, Dimapur revealed that M/s Reliance Jio Infocom Ltd. under Ward D of Deputy Commissioner of Taxes, Dimapur Zone submitted a zero sales turnover for the period from 2013-14 to 2015-16 in the quarterly/annual returns. It was also observed that the Assessing Authority of Ward D issued (January 2016) a show cause notice under Section 5 (iii) of the Nagaland Entry Tax Act 2013 for submission of the returns stating that the firm imported goods for ₹ 55.94 crore²⁰. However, the dealers did not comply with the show cause notice.

Cross verification of the returns submitted by the firm with the TAX soft – VAT e-Filling System²¹ revealed that the firm utilised thirty-three “F” forms valued for ₹ 61.52 crore as inter-state stock transfer of goods to the State of Nagaland from Assam, Manipur and Maharashtra. It was also observed that the goods received through stock transfer from outside the state through utilisation of “F” forms were not taxed under NVAT Act 2005, as such the value of goods imported into the State of Nagaland was taxable under Section 3 (1) of NET Act 2013 at 4 *per cent* as detailed below:

Year	Number of F forms	Number of Invoices	Stock Transfer (in ₹)	Taxable entry tax @4% (in ₹)	Tax paid (in ₹)	Tax due (in ₹)
2013-14	8	99	42846380	1713855	0	1713855
2014-15	12	536	166779447	6671178	0	6671178
2015-16	13	1412	405554577	16222183	10880331	5341852
Total	33	2047	615180404	24607216	10880331	13726885

¹⁹ “F” form is required for stock transfer to branches or consignment agents or vice-versa from one State to another without attracting charge of Central Sales Tax.

²⁰ 2013-14=₹ 4.54 crore; 2014-15=₹ 18.34 crore and 2015-16= ₹ 33.06 crore

²¹ Mission Mode Project under NeGP implemented by Government of Nagaland which aims to simplify tax administration & compliance through Information Communication & Technology intervention.

As could be seen from the above table, the firm did not pay the entry tax of ₹ 83.85 lakh for the assessment years of 2013 -14 (₹ 17.14 lakh) and 2014-15 (₹ 66.71 lakh) against twenty 'F' forms. Further, the firm had paid entry tax of ₹ 1.09 crore out of the payable amount of ₹ 1.62 crore during 2015-16 against thirteen 'F' forms on transfer of stock received from outside the State of Nagaland. This resulted in short payment of entry tax of ₹ 1.37 crore (₹ 0.84 crore + ₹ 0.53 crore). Besides the firm was liable to pay penal interest of ₹ 1.56 crore²² as interest on tax amount which had been evaded in accordance with Rule 49 of the Nagaland Value Added Tax Rules, 2005 (**Appendix 4.7**).

Thus, failure on the part of the Assessing Authority to scrutinise the statutory forms utilised and invoke the relevant provisions of the NET Act 2013, resulted in concealment of stock transfer and subsequent evasion of entry tax of ₹ 1.37 crore and penal interest of ₹ 1.56 crore for the due amount.

The department in reply stated (March 2020 & June 2020) that the firm had paid tax amount of ₹ 1.94 crore for three years²³ and the goods bought on stock transfer were capital goods and not for resale. The department also stated that it had allowed extension of time as requested by the dealer to prove the claim of exemption of entry tax.

The reply of the department is not acceptable since deposit challans for the year 2013-14 and 2014-15 were not furnished along with the reply. Further, the extension of time allowed by the department is not in accordance with Section 3 (1) of Nagaland Entry Tax (NET) Act, 2013 as entry tax of specified goods into local area for consumption, use or sale therein, at the specified rates against each item in the Schedule are to be compulsorily levied and collected.

Recommendation: The Department may initiate action to determine the tax payable and recover the same from the dealer along with penal interest.

²² @ 2 per cent as per illustration shown under Rule 49 of NVAT, calculated upto April 2020

²³ ₹ 17.12 lakh (2013-14); ₹ 67.82 lakh (2014-15); ₹ 108.80 lakh (2015-16)

CHAPTER-VI
FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER - VI

FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Response of the Departments to the recommendations of the Public Accounts Committee

The Public Accounts Committee 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 Public Accounts Committee 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 Public Accounts Committee to the Legislature.

As of December 2019, out of 1423 recommendations of the Public Accounts Committee made during the period from 1990-91 and 2018-19, 973 ATNs on the recommendations had been submitted to the Public Accounts Committee and discussed.

6.2 Monitoring

The State Level Audit and Accounts Committee was formed (June 2008) at the State level 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 2018-19, no State Level Audit and Accounts Committee meeting was convened.

6.3 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 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 irregularities are reported to the Heads of the departments and the Government.

As of December 2019, 1649 Inspection Reports 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.

Audit recommends the Government to 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.


6.4 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 2018-19, no audit committee meeting was convened to clear the outstanding audit observations. Government needs to ensure that such meetings are held at regular intervals to take necessary action.

Kohima
The 03 March 2021


(E. Mhonbemo Patton)
Principal Accountant General (Audit)
Nagaland

Countersigned

New Delhi
The 11 March 2021


(Girish Chandra Murmu)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1

Statement showing the details of proposals for constructions outside the purview of CSS guidelines i.e constructions of Court complex or accommodations to JOs at places with no sanctioned sub Divisional Court and at locations already in existence during 2014-19

(Paragraph reference: 2.2.8.1.1)

(₹ in crore)

Year	Sl. No.	Construction of Sub divisional Courts at places with no sanctioned Sub divisional Court	Location	Estimated cost	Reasons*
2017-18	1	Sub divisional Court complex at three places	Noklak, Tuli & Pfutsero	6.00	NP
	2	Residential quarters for JOs at three places	--do--	3.00	NP
Total				9.00	

Year	Sl. No.	Name of the Project proposed against already completed or ongoing projects	Location	Estimated cost	Reasons*
2014-15	1	Construction of Housing units for JO	Tuensang	2.21	AE
	2	Judicial court complex at Chumukedima	Dimapur	7.19	AE
2016-17	3	Judicial court complex at Chumukedima	Dimapur	3.59	AE
	4	Construction of Housing units	Tuensang	0.76	AE
	5	Construction of garage and official bungalow	Dimapur	1.20	AE
	6	Construction of Residence for D&SJ	Zunheboto	4.78	AE
	7	Site and services for court complex	Zunheboto	1.00	AE
	8	Construction of Residence for CJM	Kiphire	4.95	AE
	9	Construction of Residence for CJM	Mon	4.79	AE
	10	Construction of Residence for CJM	Wokha	4.39	AE
	11	Judicial court complex –Phase II	Peren	4.75	AE
	12	Construction of Residence for CJM	Peren	4.10	AE
	13	Construction of Housing units for JO	Longleng	5.33	AE
2017-18	14	Judicial court complex at Chumukedima	Dimapur	2.59	AE
	15	Construction of Housing units for JO	Tuensang	0.26	AE
	16	Construction of Residence for D&SJ	Zunheboto	1.50	AE
	17	Construction of Housing units for JO	Longleng	1.00	AE
2018-19	18	Judicial court complex –Phase II	Peren	2.00	AE
	19	Construction of Residence for CJM	Kiphire	2.00	AE
	20	Construction of Residence for CJM	Mon	2.00	AE
	21	Construction of Residence for CJM	Wokha	2.00	AE
	22	Construction of Residence for CJM	Peren	2.00	AE
Total				64.39	

*AE: Already Existing NP; Non Permissible

Appendix-1.2

Interest payable to State Disaster Response Fund

(Paragraph reference: 2.3.10.2)

(₹ in lakh)

Sl. No.	Date of release of GoI share	Name of fund	GoI share	GoN share	Date of transfer to MH-8121 by GoN	Delay beyond 15 days	RBI Bank rate %	Interest payable		
								GoI share	GoN share	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	27.05.2015	SDRF	450.00	50.00	19.08.2015	0	8.50	0.00	0.00	0.00
						69	8.25	7.02	0.78	7.80
2	05.01.2016	SDRF	450.00	50.00	24.02.2016	34	7.75	3.25	0.36	3.61
3	05.07.2016	SDRF	450.00	50.00	06.09.2016	48	7.00	4.14	0.46	4.60
4	09.01.2017	SDRF	450.00	50.00	21.03.2017	56	6.75	4.66	0.52	5.18
5	13.07.2017	SDRF	495.00	55.00	21.07.2017	0	6.50	0.00	0.00	0.00
6	03.08.2017	SDRF	495.00	55.00	28.09.2017	41	6.25	3.48	0.39	3.86
7	25.06.2018	SDRF	495.00	0	31.07.2018	21	6.50	1.85	0.00	1.85
			0	55.00	26.07.2018	16	6.50	0.00	0.16	0.16
8	14.08.2018	SDRF	495.00	55.00	13.09.2018	15	6.75	1.37	0.15	1.53
9	09.03.2016	NDRF	1511.00	0	25.05.2016	12	7.75	3.85	0.00	3.85
						50	7.00	14.49	0.00	14.49
10	29.04.2016	NDRF	96.00	0	20.07.2016	66	7.00	1.23	0.00	1.23
11	27.07.2017	NDRF	2501.00	0	11.08.2017	0	6.50/6.25	0.00	0.00	0.00
12	10.07.2018	NDRF	6526.00	0	01.08.2018	7	6.50	8.14	0.00	8.14
13	13.12.2018	NDRF	13073.00	0	19.12.2018	0	6.75	0.00	0.00	0.00
Total			27487.00	420.00				53.48	2.82	56.30

(Source: Sanction orders and RBI Bank Rate¹)

¹ RBI Bank Rates during 2014-19:

28.01.2014 to 14.01.2015: 9 per cent, 15.01.2015 to 03.03.2015: 8.75 per cent, 04.03.2015 to 01.06.2015: 8.50 per cent, 02.06.2015 to 28.09.2015: 8.25 per cent, 29.09.2015 to 04.04.2016: 7.75 per cent, 05.04.2016 to 03.10.2016: 7.00 per cent, 04.10.2016 to 05.04.2017: 6.75 per cent, 06.04.2017 to 01.08.2017: 6.50 per cent, 02.08.2017 to 05.06.2018: 6.25 per cent, 06.06.2018 to 31.07.2018: 6.50 per cent, 01.08.2018 to 06.02.2019: 6.75 per cent, 07.02.2019 to 03.04.2019: 6.50 per cent

Appendix- 1.3

Statement showing unexecuted works

[Paragraph reference:2.3.11.1 (ii)]

(Amount in ₹)

Sl. No.	Name of work	Date of issue of work order	Work order amount	Date of commencement	Date of completion	Actual expenditure	MB No./ Page No.	Amount paid to	Work claimed by the Department during joint inspection
1	Const. of CRSM Retaining wall at AghunatoMelaTizu-A, Zunheboto	13.09.2018	6250000	24.09.2018	28.11.2018	5625000	3 of p/ 180-181	Piyeto	landslide debris clearance
2	Const. of CRSM Retaining wall at AghunatoMelaTizu-B, Zunheboto	13.09.2018	6250000	24.09.2018	28.11.2018	5625000	3 of p/ 182-183	Piyeto	landslide debris clearance
3	Const. of Stone Masonry Retaining wall at Zunheboto via Longkhim	02.02.2019	25000000	04.02.2019	28.03.2019	25000000	5 of p/ 116-117	M/s T&P Enterprise (A/c No. 916020085333068)	landslide debris clearance
4	Const. of Stone Masonry Retaining wall at Aghunato-Mokokchung Road	02.02.2019	25000000	04.02.2019	28.03.2019	25000000	5 of p/ 114-115	M/s T&P Enterprise (A/c No. 916020085333068)	landslide debris clearance
5	Const. of CRSM Retaining wall at Peren Town to Peren Head Quarter, Peren	18.01.2018	5000000	25.01.2018	29.03.2018	4500000	3 of p/ 121-122	S Eunice Linyu (A/c No. 915010053645885)	Road diversion work
6	Const. of CRSM wall at Police Colony Dimapur	05.10.2018	2250000	17.10.2018	29.11.2018	2025000	4 of p/ 99-100	APR not furnished	opened drainage
7	Const. of RCC slab foot bridge at Burma Camp, Dimapur	06.09.2016	1300000	14.09.2016	14.10.2016	1170000	1 of p/ 142-145	APR not furnished	Hume Pipes laid across National Highway 29 at Burma Camp (Traffic Police) Junction
8	Clearance of landslide debris at Aradura, New Minister Hill, Kohima	21.11.2017	3000000	22.11.2017	20.12.2017	2700000	3 of p/ 76-77	Only signature in APR	CRSM Retaining walls (2 nos.)
9	Const. of CRSM Retaining wall at Para Medical Colony, Kohima	06.03.2017	500000	13.03.2017	23.03.2017	450000	2 of p/ 38-39	Drawn in favour of K. Tetso (NSDMA staff). APR not furnished.	opened drainage
			74550000			72095000			

(Source: Measurement Books and joint physical inspection reports)

Appendix-1.4

Statement showing NDRF civil works utilised for land development of private individuals

[Paragraph reference: 2.3.11.1 (iii)]

(Amount in ₹)

Sl. No	Name of work	Date of issue of work order	Work order amount	Date of commencement	Date of completion	Actual expenditure	MB No./ Page No.	Amount paid to	Joint inspection findings
1	Const. of RCC Drain below Assembly Complex, Kohima	03.10.2018	8921000	15.10.2018	29.11.2018	8921000	4 of p/ 139-140	APR not furnished	Fund was utilised towards land development (const. of retaining walls/ protection walls and CC pavement) of private property/ Individual.
2	Const. of CRSM Retaining wall below Assembly Complex, Kohima	16.08.2017	1700000	29.08.2017	09.10.2017	1700000	2 of p/ 76-77	APR not furnished	
3	Const. of CRSM Retaining wall at Assembly Complex site, Kohima	18.01.2018	2000000	25.01.2018	22.03.2018	1800000	3 of p /127-128	Transferred to A/c No. 30365027457	
4	Protection works at Assembly Complex, Kohima	06.02.2019	1000000	10.02.2019	25.02.2019	1000000	5 of p/ 92-93	Only signature in APR	
5	Const. of CRSM wall at Indira Gandhi (IG) Stadium, Kohima	02.02.2019	8500000	04.02.2019	05.04.2019	8500000	5 of p /142-143	ZapuotuoLhoungu (bank transfer)	
	Total		22121000			21921000			CRSM Retaining wall of under construction private residential building was shown as constructed under NDRF.

(Source: Measurement Books and joint physical inspection reports)

Appendix-1.5
Statement showing Department wise list of double/excess/fraudulent drawals
(Paragraph reference: 2.4)

(₹ in lakh)

Sl. No.	Department	No. of DDOs	Amount
1	School Education Department	7	96.03
2	Home Department (Police)	3	155.93
3	Home Department (Prisons)	1	9.79
4	Soil & Water Conservation	1	12.59
5	Employment, Skill Development & Entrepreneurship ²	3	31.15
6	Industries and Commerce ³	6	28.69
7	Art and Culture Department ⁴	1	7.32
8	Public Works Department (Mechanical)	1	8.00
9	Public Works Department (Road & Bridges)	1	15.42
10	Water Resources Department	1	23.81
11	Finance Department (Taxation)	1	3.43
12	Finance Department (Treasuries & Accounts)	2	21.84
13	Cooperation Department	1	15.73
14	Excise and Prohibition Department	3	19.67
15	Youth Resources and Sports ⁵	1	15.69
16	Department of Information and Public Relations ⁶	2	9.81
17	Motor Vehicles Department	1	2.27
18	Power Department	1	1.91

² Principal, Women Industrial Training Institute, Dimapur [Appendices 1.6 (Sl. No. 2) and 1.9 (Sl. No. 6)]

³ General Manager, District Industries Centre, Zunheboto [Appendices 1.6 (Sl. No. 1) and 1.10 (Sl. No. 5)]

⁴ District Cultural Officer, Tuensang [Appendices 1.9 (Sl. No. 7) and 1.10 (Sl. No. 7)]

⁵ District Sports Officer, Zunheboto [Appendices 1.7 (Sl. No. 4) and 1.8 (Sl. No. 8)]

⁶ District Public Relations Officer, Phek [Appendices 1.8 (Sl. No. 9) and 1.10 (Sl. No. 14)]

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19	Public Health Engineering Department (PHED)	1	11.99
20	Horticulture Department	1	1.62
21	Agriculture Department	2	3.24
22	Animal Husbandry & Veterinary Services	1	20.10
	Total	42	516.03

Appendix-1.6
Statement showing fraudulent drawal of pay & allowances and arrears against bogus employees
(Paragraph reference: 2.4.1)

(₹ in lakh)

Sl. No.	Name of DDO	Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
1	General Manager, District Industries Centre, Zunheboto	7.74	0	7.74	Fraudulent drawal of pay & allowances in respect of 24 bogus employees for the month of March 2018 vide Bill Nos. 84 & 85 of 27-03-2018. The DDO furnished (September 2019) treasury challan of ₹ 7.74 lakh as recovery. However, on verification of the challan, it was observed that the challan was not accounted in the monthly accounts of the treasury indicating that the challan was fake. Immediate action may be taken against the officer for furnishing of fake challan and steps may be taken to recover the amount at the earliest.
2	Principal, Women Industrial Training Institute, Dimapur	9.68	0	9.68	Fraudulent drawal of pay & allowances in respect of 20 bogus employees for the month of February 2018 vide Bill No. 79 of 12-03-2018, Bill Nos. 82 & 83 of 28-03-2018.
3	Executive Engineer, Water Resources Department, Mokokchung	23.81	3.00	20.81	Fraudulent drawal of pay & allowances in respect of 26 bogus employees for the month of September 2017 vide Bill No. 82 of 25-09-2017. The Government in reply (May 2020) stated that the then EE, Mokokchung Division drew the said amount to meet the expenditure incurred during emergency electrification in the EE's Office building due to short circuit, TA/TE for monitoring of project site and salvaging of damaged minor irrigation projects during monsoon season. The DDO had recovered ₹ 3.00 lakh and deposited into Government account and requested to allow him to recover the fraudulent drawal of money on instalment basis.
4	Superintendent of Excise & Prohibition, Mon	3.36	0	3.36	Fraudulently drawal of HRA arrears for three bogus employees and four other employees for the period January 2014 to December 2017 who were not entitled for HRA arrears vide TV No. 9 of 31-03-2018.

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5	Deputy Veterinary Pughoboto	Chief Officer,	20.10	1.68	18.42	Fraudulent drawal of HRA & less pay arrears vide STV Nos. 16 to 21 of 22-12-2017, STV Nos. 8 to 12 of 09-01-2018, STV No. 9 of 22-02-2018, STV Nos. 9, 16 to 25 of 31-03-2018 in respect of 46 employees for the period from January 2016 to February 2018. Five employees had been drawing HRA in their regular monthly pay bill and names of 41 employees were not found in the regular monthly pay bills indicating that amount was drawn against bogus employees. The DDO deposited (March 2019) ₹ 1.68 lakh and remaining amount of ₹ 18.42 lakh is yet to be deposited.
Total			64.69	4.68	60.01	

Appendix-1.7
Statement showing excess drawal by inflating the net total of pay bills
(Paragraph reference: 2.4.2)

(₹ in lakh)

Sl. No.	Name of DDO	Admissible Amount	Amount Drawn	Excess Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
1	District Employment Officer, Tuensang	8.21	9.80	1.59	0	1.59	Monthly pay bills of March 2017 (Bill No. 2), April 2017 (Bill No. 6) & May 2017 (Bill No. 10).
2	General Manager, District Industries Centre, Tuensang	30.94	33.17	2.23	0	2.23	Monthly pay bills vide TV Nos. 4 & 6 (March 2017), TV Nos. 3 & 6 (April 2017) & TV Nos. 6 & 7 (May 2017).
3	Superintendent of Excise & Prohibition, Dimapur	72.47	77.02	4.55	0.40	4.15	Pay bills for 13 months for the period from April 2017 to April 2018. An amount of ₹ 0.40 lakh was recovered and deposited (June 2019) into Government account through treasury challan.
4	District Sports Officer, Zunheboto	23.95	33.26	9.31	0	9.31	Pay bills for 16 months for the period from December 2016 to March 2018.
	Total	135.57	153.25	17.68	0.40	17.28	

Appendix-1.8
Statement showing double drawal of pay & allowances including arrears
(Paragraph reference: 2.4.2)

(₹ in lakh)

Sl. No.	Name of DDO	Double Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
1	Sub-Divisional Education Officer, Changtongya and District Education Officer, Mokokchung	8.06	0	8.06	Double drawal of pay & allowances in respect of 19 employees for the month of June 2017 vide Bill No. 85 of 22-06-2017 which was already drawn by DEO, Mokokchung vide Bill No. 66 of 21-06-2017.
		0.67	0	0.67	Drawal of DA arrears for the period from January to May 2017 in respect of 19 employees vide Bill No. 90 of 22-06-2017 which was already drawn by DEO, Mokokchung vide Bill No. 78 of 21-06-2017.
		27.27	0	27.27	Double drawal of pay & allowances of 19 employees for the months of October, November & December 2017 vide Bill Nos. 184 of 23-10-2017, 230 of 23-11-2017 & 200 of 23-11-2017 which was already drawn by SDEO, Changtongya in respect of 12 employees vide Bill Nos. 173 of 23-10-2017, 219 & 208 of 23-11-2017 and DEO, Mokokchung in respect of seven employees vide Bill Nos. 171 & 195 of 20-11-2017; TV No. 34 of 02-11-2017.
2	Sub-Divisional Education Officer, Tuensang	27.97	0	27.97	Double drawal of pay & allowances in respect of 76 teachers for the month of February 2017 vide Bill Nos. 303, 304 & 305 of 22-03-2017 which was already drawn vide Bill No. 296 of 24-02-2017.
3	Sub-Divisional Education Officer, Mokokchung	7.45	0	7.45	Double drawal of pay & allowances in respect of 12 teachers for the month of July 2017 vide Bill No. 33 of 08-12-2017 which was already drawn vide Bill No. 57 of 17-07-2017.
4	Sub-Divisional Education Officer, Mangkolemba and District Education Officer, Mokokchung	15.31	0	15.31	Double drawal of pay & allowances in respect of 14 employees for the month of July 2017 vide Bill No. 134 of 24-07-2017 which was already drawn by SDEO Mangkolemba vide Bill Nos. 117 & 133 of 24-07-2017 and by DEO Mokokchung vide Bill No. 85 of 21-07-2017. Similarly, there was double drawal of pay & allowances in respect of 13 employees for the month of November 2017 vide Bill No. 233 of 23-11-2017 which was already drawn vide Bill No. 227 of 23-11-2017.
5	General Manager, District Industries Centre, Dimapur	2.07	0	2.07	Double drawal of DA arrears in respect of 26 employees for the period from January to December 2016 vide Bill Nos. 113 & 115 of 14-12-2017 which was already drawn vide Bill Nos. 108, 109 & 110 of 15-12-2016.

Sl. No.	Name of DDO	Double Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
6	General Manager, District Industries Centre, Peren	2.32	0	2.32	Double drawal of pay & allowances in respect of five employees for August & September 2017 vide TV No. 21 & 22 of 31-03-2018 which was already drawn vide Bill Nos. 49 of 24-08-2017 (Aug 2017), Bill No. 57 of 24-09-2017 (Sept 2017).
7	Functional Manager, Sub-District Industries Centre, Meluri	1.37	0	1.37	Double drawal of DA arrears in respect of seven employees for the period from January to November 2017 vide TV Nos. 32 & 33 of December 2017 which was already drawn vide TV Nos. 1, 2, 3 & 4 of July 2017, TV Nos. 29, 30 & 31 of November 2017
8	District Sports Officer, Zunheboto	6.38	0	6.38	Double drawal of pay & allowances of 11 employees for the months of December 2016 (TV No. 3 of 23-03-17), January 2018 (TV No. 2 of 15-02-18) and February 2018 (TV No. 9 of 12-03-18) which was already drawn vide TV No. 3 of 09-01-17 (Dec 2016), TV Nos. 3, 4 & 5 of 15-02-18 (Jan 2018) and TV Nos. 4, 5, 6 & 7 of 12-03-18 (Feb 2018).
9	District Public Relation Officer (DPRO), Phek	1.74	0	1.74	Double drawal of DA arrears in respect of 41 employees for the period from January to November 2017 vide Bill Nos. 151 to 156 dated Nil (March 2018) which was already drawn vide Bill Nos. 104 to 111 dated Nil (December 2017)
	Total	100.61	0	100.61	

Appendix-1.9
Statement showing excess drawal by inflating basic pay in pay bills and arrear bills
(Paragraph reference: 2.4.2)

(₹ in lakh)

Sl. No.	Name of DDO	Admissible amount	Amount Drawn	Excess Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
1	Sub-Divisional Education Officer, Dimapur	6.90	10.58	3.68	0	3.68	Excess drawal of DA arrear for the period from January to June 2016 by inflating basic pay of 165 teachers and double drawal of DA arrear in respect of four teachers vide Bill No. 26 of 11-04-2017 which was already drawn by DEO, Dimapur vide Bill No. 414 of 10-04-2017.
2	Sub-Divisional Education Officer, Chozuba	0.68	4.03	3.35	0	3.35	Excess drawal of DA arrear for the period from January to April 2017 by inflating the basic pay of 40 teachers vide Bill No. 186 of 09-08-2017.
3	Commandant, 8th NAP Bn., Naltoqa, Zunheboto	2839.42	2955.69	116.27	0	116.27	Excess drawal by inflating the basic pay of police personnel in the monthly pay bills for March 2017 to February 2018.
4	Superintendent of Police (NPTO), Mokokchung	20.84	22.88	2.04	0	2.04	Excess drawal by inflating the basic pay of 22 police personnel in the monthly pay bills of February 2017 vide Bill No. 74 dated 19-02-2017, March 2017 vide Bill No. 3 dated 28-03-2017 and April 2017 vide Bill No. 7 dated 26-04-2017.
5	Commandant, 3rd NAP Bn., Tuensang	1103.39	1141.01	37.62	0	37.62	Excess drawal by inflating the basic pay of police personnel in monthly pay bills for March to November 2017.
6	Principal, Women Industrial Training Institute, Dimapur	7.68	10.47	2.79	0	2.79	Excess drawal by inflating the basic pay in respect of 21 employees in the monthly pay bill of February 2018 vide Bill No. 77 of 06-03-2018.
7	District Cultural Officer, Tuensang	29.23	32.27	3.04	0	3.04	Excess drawal by inflating the basic pay August 2016 (Bill No. 34), September 2016 (Bill No. 39), October 2016 (Bill No. 43) November 2016 (Bill No. 49), January 2017 (Bill No. 58), March 2017 (Bill No. 2) & April 2017 (Bill No. 7)

Sl. No.	Name of DDO	Admissible amount	Amount Drawn	Excess Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
8	Mechanical Engineer, PWD, Mechanical Division, Tuensang	26.13	34.13	8.00	0	8.00	Excess drawal by inflating the basic pay in monthly pay bills vide Bill Nos. 21 & 22 of 07-08-2017 (July 2017); Bill No. 26 of 31-08-2017 (August 2017); Bill No. 28-09-2017 (September 2017). The DDO accepted the fact (August 2019) and stated that the amount was utilised for repair of Division and Sub-Division Office building and furnished a treasury challan of ₹ 0.50 lakh only along with the reply. However, actual deposit of the amount into Government account could not be verified since the major head was not indicated in the treasury challan.
9	Executive Engineer, PWD (R&B), Atoizu	645.82	661.24	15.42	0	15.42	Excess drawal by inflating the basic pay in the monthly pay bills for the period from July 2016 to June 2017 as detailed below: The Government accepted (June 2020) the fact and stated that there was excess drawal of ₹ 13.84 lakh due to the wrong pay fixation of basic pay of the employees and that will be recovered from the employees on instalment w.e.f the pay of February 2020. However, recovery challans were not furnished till date (June 2020).
	Total	4680.09	4872.3	192.21	0	192.21	

Appendix-1.10
Statement showing fraudulent/inadmissible drawal of pay & allowances including arrears
(Paragraph reference: 2.4.2)

(₹ in lakh)

Sl. No.	Name of DDO	Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
1	Sub-Divisional Education Officer, Wokha	2.27	0	2.27	Inadmissible drawal of DA arrears in respect of 63 fixed paid employees for the period from January to June 2017 vide Bill No. 95 dated Nil (TV No. 91 of 18-07-2017).
2	Superintendent, District Jail, Mon	9.79	9.76	0.03	Fraudulent drawal of less pay arrears in respect of 29 employees for the period from December 2011 to November 2017 vide TV No. 11, 12 & 13 of 28-03-2018 on the basis of fictitious due & drawn statement. The Government in reply (March 2020) stated that ₹ 9.76 lakh was recovered and deposited into Government account and furnish the challan.
3	District Soil Conservation Officer, Wokha	12.59	0	12.59	Fraudulent drawal of less pay arrears in respect of 83 employees for the period from December 2017 to March 2018 on the basis of fictitious due & drawn statement vide TV Nos. 9 & 10 of 21-12-2017, TV Nos. 8, 9, & 10 of 29-01-2018, TV Nos. 5, 6, 7, 8, & 9 of 13-02-2018, TV No. 4 & 5 of 08-03-2018, TV No. 6 of 22-03-2018, TV No. 10, 11, 12 & 14 of 27-03-2018, TV No. 17 & 19 of 31-03-2018.
4	District Employment Officer, Mon	17.09	0	17.09	Fraudulent drawal of less pay arrears in respect of three employees for the period from December 2015 to August 2017 on the basis of fictitious due & drawn statement vide TV Nos. 10 of 05-10-2017, 4 of 06-02-2018, 15, 16 & 17 of 27-03-2018.
5	General Manager, District Industries Centre, Zunheboto	9.33	0	9.33	Fraudulent drawal of pay arrears in respect of 11 employees for the period from July to November 2017 vide Bill No. 56 of 05-12-2017 & Bill No. 61 of 15-01-2018 but the employees were drawing the entitlement through the following regular monthly bills: Bill No. 24 of 31-07-2017 (July 2017); Bill No. 30 & 35 of 30-08-2017 (August 2017); Bill Nos. 36 & 40 of 06-10-2017 (September 2017); Bill Nos. 43, 46 & 47 of 01-11-2017 (October 2017); Bill Nos. 51 & 53 of 05-12-2017 (November 2017).

Sl. No.	Name of DDO	Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
6	Functional Manager, Sub-District Industries Centre, Aghunato	3.63	0	3.63	Fraudulent drawal of pay arrear in respect of seven staffs (October & November 2017) and one staff (December 2017) vide TV Nos. 35, 37 & 38 of 27-03-2018 which was already drawn vide TV No. 7 & 8 of 03-11-2017 (Oct 2017), TV Nos. 11 & 12 of 07-12-2017 (Nov 2017), TV No. 1 of 09-01-2018 (December 2017).
7	District Cultural Officer, Tuensang	4.28	0	4.28	Fraudulent drawal of pay for three months vide TV No. 1 of 06-04-2017 in respect of two employees who have been drawing their entitlement in regular monthly paybills and not entitled for arrears. The DDO replied (January 2020) that the previous cashier of the office could be drawing from the salary and other allowances without the knowledge of DDO. However, no recovery was made for depositing into the Government account.
8	Superintendent of Taxes, Mon	3.43	0	3.43	Fraudulent drawal of pay arrears in respect of five employees for the period from December 2015 to December 2017 on the basis of fictitious due & drawn statement vide TV Nos. 7 & 8 of 27-03-2018
9	Sub-Treasury Officer, Changtongya	2.70	1.70	1.00	Fraudulent drawal of pay arrears in respect of seven employees for the period from June to December 2017 vide STV Nos. 8, 9 & 10 of 31-03-2018 on the statement prepared against revised pay structure of 7th Revision of Pay (ROP) 2017. Para 1(b) of ROP Rules 2017 stated that actual payment on the basis of revised pay structure would be effective from 1st January 2018 and no arrears of salary or pension shall be payable for the period prior to 1st January 2018. The DDO deposited (September 2019) ₹ 1.70 lakh into Government account and the remaining amount of ₹ 1.00 lakh is yet to be recovered.
10	Senior Treasury Officer (STO), Wokha	15.54	0	15.54	Fraudulent drawal of pay arrears in respect of 33 employees in 22 bills for the period from May 2017 to March 2018 on the basis of fictitious due & drawn statement. The DDO in reply stated (November 2019) that the drawal was done during his predecessors period and has served two reminders to him but did not receive any response.
		3.60	3.60	0	Fraudulent drawal of pay arrears in respect of 17 employees for the period from January to March 2018 vide TV No. 36 of 31-03-2018 on the basis of fictitious due & drawn statement. The DDO deposited (June 2019) ₹ 3.60 lakh into Government account vide treasury challan No. 1 dated 07-06-2019.

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Sl. No.	Name of DDO	Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
11	Registrar of Co-operative Societies, Nagaland, Kohima	15.73	0	15.73	Fraudulent drawal of increment arrears in respect of 32 junior/senior inspectors on account of regularization of withheld annual increment on the basis of fictitious due and drawn statement vide TV Nos. 52 & 53 of 23-03-2018, TV Nos. 65 & 70 of 27-03-2018, TV No. 23 of 16-03-2018, TV No. 50 of 21-03-2018 & TV No. 27 of 20-03-2018.
12	Superintendent of Excise & Prohibition, Mokokchung	11.76	0	11.76	Fraudulent drawal of pay arrears in respect of eight employees for the period from August to November 2017 vide TV Nos. 7 & 8 of 29-03-2018 who had already drawn their monthly pay & allowances through the following monthly paybills: TV No. 5 & 7 01-09-2017 (Aug 2017), TV No. 4 & 5 of 06-10-2017 (Sept 2017), TV No. 5 & 6 of 02-11-2017 (Oct 2017), TV No. 2 & 3 of 04-12-2017 (Nov 2017).
13	District Public Relation Officer, Mon	2.29	0	2.29	Fraudulent drawal on the basis of fictitious due & drawn statement vide TV No. 9 of 29-01-2018 in respect of one employee for the period from December 2011 to December 2016. The DDO replied (August 2019) that there was less pay arrear from December 2011 to December 2016 in respect of one employee. However, verification of copy of service book furnished by the DDO along with the reply revealed that the basic pay recorded in the service book did not tally with the basic pay mentioned in the arrear bill. Therefore, the amount still stand recoverable.
14	District Public Relation Officer (DPRO), Phek	5.78	0	5.78	Fraudulent drawal of wages arrears in respect of eight employees for the period from December 2011 to December 2017 vide Bill Nos. 167 & 157 dated Nil (March 2018) which was already drawn vide TV No. 5 of 17-03-2017 (November 2016 to February 2017) & TV No. 27 of 24-03-2017 (December 2011 to July 2012).
15	District Transport Officer, Mon	2.27	2.27	0	Fraudulent drawal of HRA arrears vide TV No. 10 of 31-03-2018 in respect of 14 employees for the period from April 2017 to February 2018 as all 14 employees were drawing their HRA in monthly pay bills as per entitlement. The Government in reply (March 2020) stated that ₹ 2.27 lakh was recovered and deposited into Government account.
16	Superintending Engineer, Mokokchung Electrical Circle	1.91	0	1.91	Fraudulent drawal on the basis of fictitious due & drawn vide TV No. 56 & 57 of 29-03-2018 in respect of two employees for the period from October 2013 to November 2017.

Sl. No.	Name of DDO	Amount Drawn	Recovered Amount	Outstanding Amount	Remarks
17	Executive Engineer, PHED, Urban Division, Kohima	11.99	0	11.99	Fraudulent drawal of pay arrears vide TV No. 26 of 14-12-2017 in respect of 63 employees on the basis of fictitious due & drawn statement for the period from January 2015 to October 2016. Names of 10 employees were also not found in any of regular monthly pay bills indicating that they were bogus names.
18	District Horticulture Officer, Mon	1.62	0	1.62	Fraudulent drawal of pay arrears vide TV No. 25 of 27-03-2018 in respect of seven employees on the basis of fictitious due & drawn statement for the period from March 2016 to March 2017.
19	Agronomist, State Seed Farm, Merapani, Wokha	1.45	0	1.45	Fraudulent drawal of pay arrears in respect of 11 employees vide Bill No. 46 to 51 of 05-10-2017 on the basis of fictitious due & drawn statement for the period from January to August 2017. The DDO replied (January 2020) that the amount was utilised to compensate damages caused to the farm due to incessant and unprecedented rainfall during the monsoon season. However, the DDO did not recover and deposit the amount in the Government account.
20	Sub-Divisional Agriculture Officer, Aboi	1.79	0	1.79	Fraudulent drawal of pay arrears in respect of 12 employees for the period from March 2013 to November 2014 vide STV No. 5 of 12-12-2017, STV Nos. 6 & 7 of 31-03-2018 on the basis of fictitious due & drawn statement.
	Total	140.84	17.33	123.51	

Appendix-1.11
Statement showing details of similar cases highlighted in last five year Audit Reports
(Paragraph reference: 2.4.2)

Sl. No.	Year of Audit Report	Paragraph Reference	Particulars	Money Value (₹ in crore)
1	Audit Report for the Year ended 31 March 2018	5.4	Fraudulent/double/excess drawal by 28 DDOs	7.36
2	Audit Report for the Year ended 31 March 2017	5.4	Fraudulent/excess drawal by 12 DDOs	1.72
3	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 autorisation 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	1.96
4	Audit Report for the Year ended 31 March 2015	5.3	Fraudulent/excess drawal by 41 DDOs	2.81
5	Audit Report for the Year ended 31 March 2014	2.5	Fraudulent Drawal	0.79

Appendix: 2.1
Statement showing projects where there was price escalation
(Paragraph reference: 3.2.8.2)

(₹ in lakh)

Sl. No.	Name of the project	Name of the implementing Division	Original approved cost	NPWD SOR	Revised cost	NPWD SOR	Date of issue of original work order	Date of issue of revised work order	Status of work	Difference	Reason for escalation
1	2	3	4	5	6	7	8	9	10	11	12
1	Construction of Staff Quarters at DwarkaPh-II	EE PWD (H) Estate Division	3291.00	Item rate basis	5409.00	Item rate basis	3.8.2007	-	Ongoing	2118.00	Due to delay in handing over of site to the contractor.
2	Construction of Multi level vehicle Parking at Old Medical Directorate under Smart City Kohima, Nagaland	EE, Municipal Affairs Cell	1386.44	as per SOR 2008	3121.90	as per SOR 2016	30.3.2010	10.10.2018	Ongoing	1735.46	Delay in handing and taking over of site. Intrusion of landowner and discontinuation of JnNURM,
3	Construction of Multi Parking at NST under Smart City Kohima, Nagaland	EE, Municipal Affairs Cell	1035.41	as per SOR 2008	2046.32	as per SOR 2016	12.4.2010	10.10.2018	Ongoing	1010.91	Non-handing over of the site to the contractor due to non availability of alternative location for accommodation of NST department and discontinuation of JnNURM.
4	Construction of PWD Office Complex at Dimapur	EE PWD (H) Dimapur Division	743.47	as per SOR 2010	868.38	as per SOR 2013	7.3.2011	11.2.2017	Completed (Nov 2017)	124.91	Due to delay in handing over of site to the contractor. Further, there was change in items of works.
5	Construction of Social Welfare Directorate Office Building at New Capital Complex	EE PWD (H) Division-II (Social Welfare &	749.00	as per SOR 2008	1769.75	as per SOR 2016	8.2.2011		Ongoing	1020.75	Delay in allotment of site because of land owner issues. Increase of plinth area

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Sl. No.	Name of the project	Name of the implementing Division	Original approved cost	NPWD SOR	Revised cost	NPWD SOR	Date of issue of original work order	Date of issue of revised work order	Status of work	Difference	Reason for escalation
1	2	3	4	5	6	7	8	9	10	11	12
		Women Development) Division									from 4th to 5th storey, change of specification, inclusion of non-scheduled items.
6	Reconstruction of Kohima Super Market	EE, Municipal Affairs Cell	885.50		1199.98			8.8.2012	Completed but not handed over	314.48	Intervention by private party.
7	Construction of New Directorate Office Building for Economics and Statistics	EE, PWD (H), Division – I, Kohima	494.00	as per SOR 2010	678.81	as per SOR 2013	22.9.2010		Completed	184.81	Due to absence of approach road.
8	Construction of RCC triple storied rental housing unit (Type-B) Phase-III (3 Blocks) near stadium at Dimapur	EE PWD (H) Dimapur Division	450.50	as per SOR 2010	474.30	as per SOR 2013	8.3.2013	7.4.2015	Ongoing	23.80	Due to land dispute within the construction site, the site could not be handed over to the contractor for execution of the work.
9	Construction of Information & Technology (IT) complex, Kohima, Nagaland	Executive Engineer, PWD (Housing), New Capital Complex Division	2134.57	2010	3552.97	Tendered rate and SOR 2013/2016	31.7.2012	6.6.2018	Completed but not handed over	1418.40	Due to complete changes in Architectural drawing, increase in plinth area, change in specification due to site condition, and addition of new items of works and Site development

Sl. No.	Name of the project	Name of the implementing Division	Original approved cost	NPWD SOR	Revised cost	NPWD SOR	Date of issue of original work order	Date of issue of revised work order	Status of work	Difference	Reason for escalation
1	2	3	4	5	6	7	8	9	10	11	12
10	Construction of Directorate of Veterinary & Animal Husbandry, Kohima, Nagaland.	EE, PWD (H), V&AH	2935.95	2010	3670.21	Item rate basis	15.1.2013	Not yet approved	Ongoing	734.26	Due to complete changes in Architectural drawing, increase in plinth area, change in specification due to site condition, and addition of new items of works
11	Chief Minister's Residential Complex	Executive Engineer, PWD (H), Central Division	1957.07	175 % above SOR 1995	4907.00	Item rate basis	-	-	Completed after completion of audit	2949.93	Due to award of work before settlement of the land which resulted in delay in completion of work and escalation in cost of the project.
12	11 Minister's Quarter	Executive Engineer, PWD (H), Central Division	3482.16	As per SOR 2010	4059.84	22.5 % above SOR 2010	4.9.2013	Not yet approved	Ongoing	577.68	Due to delay in handing over the site to the contractor.
13	City Shopping Mall-cum-Parking Complex at New Market, Dimapur	Executive Engineer, PWD (H) Urban Division	2235.00	As per SOR 2008	3086.09	As per SOR 2016	15.10.2018	18.7.2019	Ongoing	851.09	Due to delay in handing over the site to the contractor.
Grand Total			21780.07		34844.55					13064.48	

(Source: Detailed Project Reports)

Appendix: 2.2
Statement showing delay in release of Central Share
(Paragraph reference: 3.2.9.1)

(₹ in lakh)

Name of the project	Implementing Department	CSS	Total Project cost	Releases	From GOI	Date of receipt from GoI	CD	Release from Finance Department	Date of release to executing Department	Delay in release of fund
Construction of Working Women hostel at Dimapur	MAC	10% lumpsum	968.46	1st instalment	277.08	30-03-2016		277.08	25-11-2016	8 months
				2nd instalment	277.08	21-02-2019		277.08	10-05-2019	3 months
City Center at Medziphema	MAC	10% lumpsum	1584.98	1st instalment	427.94	09-02-2017		427.94	13-03-2018	13 months
				2nd instalment	570.59			570.59	24-01-2019	
Construction of Nirbhaya Shelter Home at Kohima	Social Welfare Department	Nirbhaya fund		1st instalment	255.6	29-08-2017				
Housing for Urban Poor under RAY at Medziphema	MAC	80:10:10	1973.87	1st instalment	560	04-08-2014		560	15-02-2016	1 Year 6 months
				2nd instalment	437.22	28-04-2017		218.61	17-08-2017	
								218.16	13-03-2018	11 months
Housing for Urban Poor under RAY at Tseminyu	MAC	80:10:10	1805.21	1st instalment	512	04-08-2014	Kept in CD vide. challan No. 84 dt. 31/3/15	512	13-10-2015	14 months
Housing for Urban Poor under RAY at Chumukidema	MAC	80:10:10	1859.95	1st instalment	551.1	04-08-2014		551.1	07-10-2015	1 Year 2 months
				2nd instalment	413.32	28-04-2017		413.32	05-10-2017	6 months

Name of the project	Implementing Department	CSS	Total Project cost	Releases	From GOI	Date of receipt from GoI	CD	Release from Finance Department	Date of release to executing Department	Delay in release of fund		
Construction of Guest/Rest House at Chen	Urban Development	10% Lumpsum	145.45	1 st instalment	43.63	29-03-2008		21.81	26-02-2010	22 months		
								21.82	29-03-2010	24 months		
				2 nd instalment	43.63	20-08-2010		43.63	01-03-2011	6 months		
				3 rd & Final Instalment	43.63	27-11-2012		43.63	16-03-2016	39 months		
Construction of City Shopping Mall cum Car Parking Complex at New Market, Dimapur	Urban Development	10% Lumpsum	2232	1 st instalment	669.6	29-03-2008		255.88	03-11-2009	19 months		
						29-03-2008		413.72	02-03-2012	47 months		
				2 nd instalment	669.6	08-06-2016				Not released		
Construction of Urban Recreational & Resource Centre at Kohima	Youth Resource Department	NEC	1037.43	1 st instalment	415	03-05-2016		285.5	01-07-2016	1 month		
						03-05-2016		129.5	14-12-2016	7 months		
Construction of Outdoor Stadium in Pughoboto Sub Divisional Headquarter	Youth Resource Department	NEC	619.82	1 st instalment	223.14	17-12-2014		223.14	29-03-2015	3 months		
						2 nd instalment	150	26-02-2016		150	12-12-2016	9 months
						3 rd instalment	184	27-09-2017		184	06-03-2018	5 months

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Name of the project	Implementing Department	CSS	Total Project cost	Releases	From GOI	Date of receipt from GoI	CD	Release from Finance Department	Date of release to executing Department	Delay in release of fund
Construction of Multipurpose Hall at MLA Hostel, Kohima, Nagaland	Youth Resource Department	NEC	6.47	1 st instalment	233.11	25-02-2016		233.11	01-07-2016	4 months
				2 nd instalment	233	14-09-2017		115.27	29-03-2018	6 months
						14-09-2017		114.86	06-05-2019	19 months
Construction of Integrated Housing & Slum Development at Kezocha Town.	Urban Development	10% Lumpsum	4.99	1 st instalment	124.73	29-12-2010		62.36	12-01-2014	36 months
						29-12-2010		62.36	30-03-2015	51 months
				2 nd instalment	124.73	23-06-2017		124.73	12-01-2018	6 months
Housing for Urban Poor IHSDP JNNURM Dimapur	Urban Development	JNNURM	5876.62	1st instalment	963.16	31-03-2007		880.80	07-08-2007	4 months
								82.35	21-12-2007	8 months
				2 nd instalment	1243.87	26-06-2007		54.65	30-03-2008	9 months
								47.06	29-03-2008	9 months
								400.00	10-03-2008	8 months
								410.00	04-11-2008	16 months
								300.00	04-11-2008	16 months
			3 rd instalment	725.01	29-07-2009		641.59	21-12-2009	4 months	
			4 th instalment	1137.92	23-12-2014		1137.92	13-10-2015	9 months	

(Source: Sanction orders of GoI, Releases by Finance Department, GoN)

Appendix 2.3
Statement showing unexecuted and short executed items of work
(Paragraph reference: 3.2.11.2)

(Amount in ₹)

Sl. No.	Name of the project	Unexecuted items	Amount	Short executed items	Amount	Remarks
1	Construction of Directorate of Social Welfare, Kohima	24	1151838.71	1	240343.13	including 7.5% above SOR
2	Construction of Training Center cum dormitory with VIP suite, pantry, rostrum etc. at Dimapur, Nagaland	9	5229991.85	8	2072421.85	including 15% above SOR
3	Construction of Training Center cum dormitory with VIP suite, pantry, rostrum etc. at Dimapur, Nagaland - (Construction of chowkidar's quarter)	3	50409.85	0	0	including 15% above SOR
4	Construction of Training Center cum dormitory with VIP suite, pantry, rostrum etc. at Dimapur, Nagaland - (Construction of Rostrum)	13	70650.54	12	112903.92	including 15% above SOR
5	Construction of Training Center cum dormitory with VIP suite, pantry, rostrum etc. at Dimapur, Nagaland - (Earth filling works)	2	2104575.12	0	0	
6	Construction of Land Records & Survey office Building at New H.Q Peren	7	200586.68	1	278150.35	including 15% above SOR
7	Construction of Labour Commissioner Office, Labour Welfare Center & Employment Exchange, Dimapur	0	0	1	88672.14	
8	Construction of Multi purpose hall at NPSC, Kohima	22	2650708.94	10	492849.3	including 22.5% above SOR
9	Construction of Rental Housing, Chumukidema	42	12931679.95	0	0	
10	Construction of Working Women Hostel at Dimapur, Nagaland	39	8891981.55	0	0	
11	Construction of Women Resources Center, Peren	7	128689.38	1	262377.54	
12	Construction of PWD Office Complex at Dimapur	1	175000	2	185729.52	
13	Construction of Women Resources Center, Peren (Water Tank)	0	0	15	87732.83	
14	Construction of Disabled Park at Kohima	22	4202006.53	2	616637.21	
15	Construction of Disabled Park at Kohima - (Construction of Footsteps and Ramps)	1	558307	0	0	
16	Construction of Disabled Park at Kohima - (Construction of Retaining wall)	0	0	2	8211347.85	
17	Construction of RCC Triple Storey Rental Housing building (Type-B) Phase-III Three blocks near Stadium at PWD Colony, Dimapur - (Construction of Brick boundary wall fencing)	0	0	1	63440	
18	Construction of RCC triple storey Rental Housing building Type-IV at Dimapur	27	2675010.77		0	

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Sl. No.	Name of the project	Unexecuted items	Amount	Short executed items	Amount	Remarks
19	Proposed remodelling and additional construction works of Planning and Coordination Rest House along with construction of 3 vehicles garage at Dimapur, Nagaland	6	1221270.55	2	4899078.52	
20	Construction of Nirbhaya Shelter Home at Kohima	2	106734.31	0	0	
21	Construction of City Center, Medziphema, Dimapur District	10	10157134.36	0	0	including 7.5% above SOR
22	Construction of B.Ed College, Yimyu, Mokokchung	2	1375945.7	0	0	
23	Construction of Class room for Science stream at Dimapur college	1	187889.05	0	0	
24	Construction of Multipurpose Hall at MLA Hostel, Kohima, Nagaland	2	1484630.18	1	288898.35	including 22.5% above SOR
25	Construction of Directorate of Veterinary & Animal Husbandry, Kohima, Nagaland.	1	3402600.5	0	0	
26	Construction of Office Complex for Divisions (G + 2) at Kohima.	2	1757425	0	0	
27	Major repairing and renovation of Directorate of printing and stationary building, Phase-1 at Kohima	0	0	1	225823.2	
28	Construction of Annex Building cum Govt. Panel Advocate Chamber at High Court Kohima (Phase-1): Nagaland.	1	217498.08	0	0	
29	Construction of 2 bedded (6 units) staff quarters flat type at Peren College, Peren, Nagaland.	2	385181.87	0	0	including 22.5% above SOR
30	Campus Development at Mokokchung college of Teachers Education, Mokokchung, Nagaland.	2	1757825.63	2	741116.35	including 7.5% above SOR
31	Up gradation of Administrative Building at State College of Teacher Education, Kohima, Nagaland	2	462904.12	0	0	
32	Construction of Commerce Building at Fazl Ali College, Mokokchung, Nagaland	4	1950605.14	0	0	including 15% above SOR
33	Upgradation of Hostel at Mt. Tiyi College, Wokha	0	0	1	960562.03	
34	Infrastructure Development at Mayangnokcha GHSS, Mokokchung	3	9659775	0	0	
35	Govt. High School, Tamlu, Longleng	12	889935.06	0	0	
36	Infrastructure development for J.N Aier School & Hostel Building	1	449290	0	0	
37	Construction of Veterinary College, Jalukie, Peren, Nagaland	4	1216097.54	7	1407335.88	
38	Construction of Chief Information Commissioner (CIC)	1	2672268.7		0	
39	Construction of Multipurpose Hall at Longleng, Nagaland	16	918044.25	2	4775564.18	
40	Construction of Emporium at Kohima, Nagaland	22	9649278.43	0	0	
	Total	315	90943770.34	72	26010984.15	

Appendix-2.4
Statement showing excess payment due to deviation from approved items of works
(Paragraph reference:3.2.11.2)

(Amount in ₹)

Sl. No.	Name of the Project	Items of the work	As per DPR/MB/Voucher			As per joint inspection			Difference	Remarks
			Qty (cum/sqm/kg)	Rate	Amount	Qty	Rate	Amount		
1	Construction of Land Records & Survey office Building at New H.Q Peren	Providing woodwork in frames of doors and windows.	0.7775	45201.32	35144.03	0.7775	42107.57	32738.64	2405.39	The woodwork were of second class wood.
		Providing and fixing panelled shutter for doors	39	3021.8	117850.20	39	2138.36	83396.04	34454.16	The woodwork were of second class wood.
		Add 15% above SOR 2013 as per approved DPR			22949.13				5528.93	
2	Proposed remodelling and additional construction works of Planning and Coordination Rest House along with construction of 3 vehicles garage at Dimapur, Nagaland	(i)Teakwood for door frames : 24 Nos. Masonite doors and 48 Nos. of Teakwookdoor frames.		53863.8	64097.92	0	53863.8	0.00	64097.92	Plywood doors were provided
		(ii) NS item - Supplying and installation of AC	1 ton = 8 Nos., 1.5 ton = 12 Nos.	1 ton = 48000	384000.00	4 nos.	1 ton = 48000	192000.00	192000.00	1 ton = 4 Nos., 1.5 ton = 8 Nos.
				1.5 ton = 60000	720000.00	8 nos.	1.5 ton = 60000	480000.00	240000.00	
		Add 15% above NPWD SOR 2013 items (sl. no. i, ii)			9614.69				9614.69	
3	Construction of Disabled Park at Kohima	Flooring : Marble stone flooring with 18mm thick marble stone	274.15	4452.85	1220748.83	274.15	2710.11	742976.66	477772.17	The flooring was of tiles with 9 mm thickness.
4	Construction of Training Center cum dormitory with VIP suite, pantry, rostrum etc. at Dimapur, Nagaland - Construction of chowkidar's quarter)	Roofing : Roof slab	8.77	6085.48	53369.66	0	6085.48	0.00	53369.66	CGI Sheet roofing
		Roofing: 12 mm thick cement plastering in ceiling.	87.71	137.02	12018.02	0	137.02	0.00	12018.02	Not carried out.
		Parapet : Extra brickwork 1:4 in superstructure walls	6.42	4819.2	30939.26	0	4819.2	0.00	30939.26	Not constructed
		Add 15 % above NPWD SOR 2010			14449.04				14449.04	

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Sl. No.	Name of the Project	Items of the work	As per DPR/MB/Voucher			As per joint inspection			Difference	Remarks
			Qty (cum/sqm/kg)	Rate	Amount	Qty	Rate	Amount		
5	Sub- Center at Riphym, Wokha District	RCC work in roof beam and Slab	2046.78	96.69	197903.16	2046.78	0	0.00	197903.16	Roofing is of hill type. No slab roofing provided.
		RCC works in roof beam and Slab	30.11	10291.39	309873.75	30.11	0	0.00	309873.75	Roofing is of hill type. No slab roofing provided.
6	Construction of Directorate of Socail Welfare, Kohima	Providing Marble stone flooring Ground Floor	190.08	3852.42	732267.99	190.08	2710.11	515137.71	217130.28	Instead of marble flooring, vitrified tiles were provided. (Items rate not specified in SOR 2008 & 2010. Thus, comparison was done with respect to rate as per NPWD SOR 2013)
		Providing Marble stone flooring First Floor	251.28	3852.42	968036.10	251.28	2710.11	680996.44	287039.66	
		Providing Marble stone flooring Second Floor	285.84	3852.42	1101175.73	285.84	2710.11	774657.84	326517.89	
		Providing Marble stone flooring Third Floor	324.72	3852.42	1250957.82	324.72	2710.11	880026.92	370930.90	
7	Construction of Guest House at Chen Town, Mon District	Marble stone flooring with 18mm thick marble stone	480.42	3890.94	1869285.39	480.42	371.07	178269.45	1691015.95	Cement flooring was constructed
8	Construction of PWD Office Complex at Mokokchung	18mm thick marble stone flooring	3970.19	4565.13	17124410.00	3970.19	2788.83	11072184.98	6052225.02	Vitrified tiles flooring
9	Construction of Urban Recreational & Resource Centre Kohima, Nagaland.	Providing trapezoidal Profiled Sheet DYNA roofing 0.80 mm Thickness	355.85	2213.66	787730.91	168	1801.57	302663.76	485067.15	0.45 mm thickness Dyna Roofing found.
10	Construction of Office Complex for Divisions (G + 2) at Kohima.	Providing trapezoidal Profiled Sheet DYNA roofing complete . 0.80 mm Thickness	285	2213.66	630893.10	285	1801.57	513447.45	117445.65	0.45 mm thickness Dyna Roofing found.
11	Major repairing and renovation of Directorate of printing and stationary building, Phase-1 at Kohima	Providing trapezoidal Profiled SheeDYNA roofing complete . 0.80 mm Thickness	718.45	1938.93	1393024.26	718	1802	1293836.00	99188.26	0.45 mm thickness Dyna Roofing found.

Sl. No.	Name of the Project	Items of the work	As per DPR/MB/Voucher			As per joint inspection			Difference	Remarks
			Qty (cum/sqm/kg)	Rate	Amount	Qty	Rate	Amount		
12	Construction of Annex Building cum Govt. Panel Advocate Chamber at High Court Kohima (Phase-1); Nagaland.	Marble stone flooring with 18mm thick	271.8	4537.11	1233186.50	141.67	2769.87	392407.48	840779.02	Vitrified tiles flooring
13	Construction of 2 bedded (6 units) staff quarters flat type at Peren College, peren, Nagaland.	Providing trapezoidal Profiled Sheet DYNA roofing complete 0.60 mm Thickness	246	1633	401718.00	246	1266	311436.00	90282.00	0.45 mm thickness Dyna Roofing found.
		Kota stone flooring (25 mm)	644.58	1404.1	905054.78	645	1039	669447.90	235606.88	Vitrified tiles flooring
		Add 22.5 % escalation			294023.88				73325.00	
14	Construction of Directorate of School Education Office Building at Kohima, Nagaland.	Marble flooring (25 mm thick) on the walkways/ corridor and stairs	4396.81	4800	21104688.00	4396.81	3051.35	13416206.19	7688481.81	Marble flooring (18 mm thick) on the walkways/ corridor and stairs
		Add 52 % escalation			10974437.76				3998010.54	
Grand Total					63963847.92				24217472.17	

(Source: Detailed Project Reports, Measurement books, joint physical verification reports)

Appendix 3.1

Statement showing Investments by State Government in State Public Sectors Undertakings whose accounts are in arrears
(Paragraph reference: 4.1.6)

(₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government	
					Equity	Loans
1	2	3	4	5	6	7
A	Working Government Companies					
1	Nagaland Industrial Development Corporation Limited	2017-18	23.20	2018-19	0	3.85
2	Nagaland State Mineral Development Corporation Limited	2016-17	1.60	2017-18 to 2018-19	0	0
3	Nagaland Hotels Limited	2014-15	0.40	2015-16 to 2018-19	0.42	0
4	Nagaland Handloom & Handicraft Development Corporation Limited	2009-10	0.83	2010-11 to 2018-19	0.85	0
5	Nagaland Industrial Raw Materials & Supply Corporation Limited	2016-17	1.23	2017-18 to 2018-19	0	0
	Total A (Working Government Companies)		27.26		1.27	3.85
B	Non-working Government Companies					
6	Nagaland Sugar Mills Company Ltd	2001-02	5.89	2002-03 to 2018-19	0	0
	Total B (Non-working Government companies)		5.89			
Grand Total (A+B)			33.15		1.27	3.85

Appendix-3.2
Statement showing summarised financial results of Government Companies for the latest year for which accounts are finalised as
on 30 September 2019
(Paragraph reference: 4.1.8)

(₹ in crore)

Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalized	Earnings before interest and taxes (EBIT)	Net Profit/ Loss	Turnover	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)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A. Working Government Companies														
FINANCE														
1	Nagaland Industrial Development Corporation Ltd, Dimapur	2017-18	2019-20	0.21	-1.69	1.97	-	23.20	-39.27	0	48.59	78.15	0.21	0.27
Sector-wise total				0.21	-1.69	1.97	-	23.20	-39.27	0	48.59	78.15	0.21	0.27
MANUFACTURING														
2	Nagaland State Mineral Development Corporation Ltd., Kohima	2016-17	2019-20	1.20	1.18	0.45	-	1.60	-8.11	0	0	10.90	1.20	11.00
Sector-wise total				1.20	1.18	0.45	-	1.60	-8.11	0	0	10.91	1.20	11.00
SERVICES														
3	Nagaland Hotels Ltd, Dimapur	2014-15	2019-20	-1.92	-1.92	4.00	-	0.40	-13.65	0	8.39	8.14	-1.92	-23.58
Sector-wise total				-1.92	-1.92	4.00	-	0.40	-13.65	0	8.39	8.14	-1.92	-23.58
MISCELLANEOUS														
4	Nagaland Handloom & Handicrafts Development Corporation., Ltd	2009-10	2013-14	0.02	-0.14	0.28	-	0.83	-4.16	0	10.61	21.11	0.02	0.09
5	Nagaland Industrial Raw Materials Supply Corporation Ltd., Dimapur	2016-17	2019-20	-0.05	-0.05	0.00	-	1.23	-1.19	0	0.05	0.09	-0.05	-55.55

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Sl. No.	Sector & Name of the Company	Period of accounts	Year in which finalized	Earnings before interest and taxes (EBIT)	Net Profit/ Loss	Turnover	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)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Sector-wise total			-0.03	-0.19	0.28	-	2.06	-5.35	0	10.66	21.20	-0.03	-0.14
	Total A (All sector wise working Government Companies)			-0.54	-2.62	6.70	-	27.26	-66.38	0	67.64	118.40	-0.54	-0.46
B.. Non-working Companies														
MANUFACTURING														
6	Nagaland Sugar Mills Company Ltd., Dimapur	2001-02	2017-18	-0.08	-0.08	0	0	5.89	-15.10	0	6.08	-2.76	-0.08	-
	Sector-wise total			-0.08	-0.08	0	0	5.89	-15.10	0	6.08	-2.76	-0.08	-
	Total B (All sector wise non-working Government Companies)			-0.08	-0.08	0	0	5.89	-15.10	0	6.08	-2.76	-0.08	-
	Grand Total (A+B)			-0.62	-2.70	6.70	0	33.15	-81.48	0	73.72	115.64	-0.62	-0.54

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.

Appendix – 3.3
Statement showing Rate of Real Return on Government Investment
(Paragraph reference: 4.1.9)

(₹ 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 x (1+J)	L L= I*J/100	M
		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
		34.34	0.00	0.81	210.94		246.09	2295.29				

* worked out in respect of 15 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
2018-19	-2.62	246.09	-1.07	510.65	-0.52

Appendix 4.1
Statement showing stock receipt and sales as per Trading account
(Paragraph reference: 5.2.1)

(Amount in ₹)

Name	Year	Stock received	Sales Declared in Trading Account				Total sales
			Sales @ 4.75 per cent	Sales @ 5 per cent	Sales @ 13.25 per cent	Sales @ 14.50 per cent	
M/S Gujarat Co-operative Milk Marketing Federation Ltd.	2013-14	247464345	89888967		171802046		261691013
	2014-15	243206194	94926916		159062922		253989838
	2015-16	268934632		135837875		135972030	271809905
	2016-17	261942703		103036744		155077897	258114641
Sub total		1021547874	184815883	238874619	330864968	291049927	1045605397
M/S Nestle India Ltd	2015-16	623575694	18485995	45598335	167144378	356081795	587310503
	2016-17	706066487		65028953		580761381	645790334
	2017-18	172369075		13299594		153287801	166587395
Sub total		1502011256	18485995	123926882	167144378	1090130977	1399688232
Grand Total		2523559130	203301878	362801501	498009346	1381180904	2445293629

Appendix 4.2
Statement showing total tax liability including penal interest
(Paragraph reference: 5.2.1)

(Amount in ₹)

Name	Year	Sales			Tax liability			Tax paid	Short Payment of Tax	Interest per month @ 2 per cent	No of months*	Total interest	Total tax payable
		Sales @ 13.25 per cent	Sales @ 14.50 per cent	Total sales	Tax liability @ 13.25 per cent	Tax liability @ 14.50 per cent	Total tax liability						
M/S Gujarat Co-operative Milk Marketing Federation Ltd.	2013-14	261691013		261691013	34674059	0	34674059	27033497	7640562	152811	72	11002392	18642954
	2014-15	253989838		253989838	33653654	0	33653654	25584866	8068788	161376	60	9682560	17751348
	2015-16		271809905	271809905	0	39412436	39412436	25815458	13596978	271940	48	13053120	26650098
	2016-17		258114641	258114641	0	37426623	37426623	27638134	9788489	195770	36	7047720	16836209
Sub total		515680851	529924546	1045605397	68327713	76839059	145166772	106071955	39094817	781896	216	40785792	79880609
M/S Nestle India Ltd	2015-16	185630373	401680130	587310503	24596024	58243619	82839643	76936492	5903151	118063	48	5667024	11570175
	2016-17		645790334	645790334	0	93639598	93639598	87461847	6177751	123555	36	4447980	10625731
	2017-18		166587395	166587395	0	24155172	24155172	22891711	1263461	25269	24	606456	1869917
Sub total		185630373	1214057859	1399688232	24596024	176038390	200634414	187290050	13344364	266887.3	108	10721460	24065823
Grand total		701311224	1743982405	2445293629	92923737	252877449	345801186	293362005	52439181	1048784	324	51507252	103946432

*May 2014 to April 2020 =72 months; May 2015 to April 2020 =60 months; May 2016 to April 2020 =48 months; May 2017 to April 2020 =36 months, May 2018 to April 2020 = 24

Appendix 4.3

Statement showing purchase by dealers as per invoice details available in TAXSoft – VAT e-Filing System and tax payable thereof

(Paragraph reference: 5.2.1)

(Amount in ₹)

Sl. No.	Name of the dealer	Year (Tax period)	Interstate C form and F form of purchases at different tax rates							Tax payable on C form and F form of purchases at different tax rates						Tax payable
			4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	Total	4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	
1	M/S Deo Traders	2016-17		0		20644800		194900348	215545148	0	0	0	2993496	0	48725087	51718583
2	M/S Agency Centre	2015-16	26794597		128843943				155638540	1272743	0	17071822	0	0	0	18344565
	M/S Agency Centre	2016-17		29268001		170062362			199330363	0	1463400	0	24659042	0	0	26122442
3	M/S Gonmei Store	2015-16			33606345	68351533			101957878	0	0	4452841	9910972	0	0	14363813
	M/S Gonmei Store	2016-17		886686		107395187			108281873	0	44334	0	15572302	0	0	15616636
4	M/S Daniel Sumi Agencies	2016-17		174060823		43353105			217413928	0	8703041	0	6286200	0	0	14989241
	M/S Daniel Sumi Agencies	2017-18		11109679		13829440			24939119	0	555484	0	2005269	0	0	2560753
5	M/S R S Entrepreneur	2016-17		823529		56757323			57580852	0	41176	0	8229812	0	0	8270988
6	M/S Awomi Enterprises	2016-17		1608982		38865711			40474693	0	80449	0	5635528	0	0	5715977
7	M/S Satender Gupta Popular Store	2015-16					9332342	7954282	17286624	0	0	0	0	1679822	1988571	3668393
	M/S Satender Gupta Popular Store	2016-17						32929686	32929686	0	0	0	0	0	8232422	8232422
8	M/S Jain Hardware	2015-16			32895215				32895215	0	0	4358616	0	0	0	4358616
	M/S Jain Hardware	2016-17		4893264		31432948			36326212	0	244663	0	4557777	0	0	4802440
9	M/S Mandia Trade & Agency	2015-16			118191165				118191165	0	0	15660329	0	0	0	15660329
	M/S Mandia Trade & Agency	2016-17				178977350			178977350	0	0	0	25951716	0	0	25951716
10	M/S Uday General Store	2015-16			13066825	17559285			30626110	0	0	1731354	2546096	0	0	4277450
	M/S Uday General Store	2016-17				15753747			15753747	0	0	0	2284293	0	0	2284293

Sl. No.	Name of the dealer	Year (Tax period)	Interstate C form and F form of purchases at different tax rates							Tax payable on C form and F form of purchases at different tax rates						Tax payable
			4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	Total	4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	
11	M/S Kiran Enterprises	2016-17		5582602		9961599			15544201	0	279130	0	1444432	0	0	1723562
12	M/S Kamal & Company	2015-16			5449613	11970036			17419649	0	0	722074	1735655	0	0	2457729
13	M/S InderchandKanhaiyalal	2015-16	3861017		2431662	4279939			10572618	183398	0	322195	620591	0	0	1126184
14	M/S Vikash Agencies	2015-16	119417	717569	19451011	49625577			69913574	5672	35878	2577259	7195709	0	0	9814518
	M/S Vikash Agencies	2016-17		670083		84533739			85203822	0	33504	0	12257392	0	0	12290896
15	M/S Jagdish Electricals	2015-16	946232	2065872	2036379	6288467			11336950	44946	103294	269820	911828	0	0	1329888
	M/S Jagdish Electricals	2016-17		3641322		9292849			12934171	0	182066	0	1347463	0	0	1529529
16	M/S Mamta Medicals	2016-17		31320525					31320525	0	1566026	0	0	0	0	1566026
	Total		31721263	266648937	355972158	938934997	9332342	235784316	1838394013	1506759	13332447	47166310	136145573	1679822	58946080	258776991

Appendix 4.4
Statement showing purchase by dealers as per trading account and tax payable thereof
(Paragraph reference: 5.2.1)

(Amount in ₹)

Sl. No.	Name of the dealer	Year (Tax period)	As per Trading account							Tax payable as per trading account of purchases						
			4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	Total	4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	Total
1	M/S Deo Traders	2016-17		107693114		75047957		32804047	215545118	0	5384656	0	10881954	0	8201012	24467622
2	M/S Agency Centre	2015-16	41031307	69445294	13815243	22621424			146913268	1948987	3472265	1830520	3280106	0	0	10531878
	M/S Agency Centre	2016-17		118640453		82471179			201111632	0	5932023	0	11958321	0	0	17890344
3	M/S Gonmei Store	2015-16	32881940	55384339	6624405	9146425			104037109	1561892	2769217	877734	1326232	0	0	6535075
	M/S Gonmei Store	2016-17		76861603		35804220			112665823	0	3843080	0	5191612	0	0	9034692
4	M/S Daniel Sumi Agencies	2016-17		210207710		7206218			217413928	0	10510386	0	1044902	0	0	11555288
	M/S Daniel Sumi Agencies	2017-18		24777010		162109			24939119	0	1238851	0	23506	0	0	1262357
5	M/S RsEntrepreneur	2016-17		31166045		26350856			57516901	0	1558302	0	3820874	0	0	5379176
6	M/S Awomi Enterprises	2016-17		20114825		19959868			40074693	0	1005741	0	2894181	0	0	3899922
7	M/S Satender Gupta Popular Store	2015-16	7506780	5806424			1202316	2771104	17286624	356572	290321	0	0	216417	692776	1556086
	M/S Satender Gupta Popular Store	2016-17		7328698		9512592		16088396	32929686	0	366435	0	1379326	0	4022099	5767860
8	M/S Jain Hardware	2015-16	2908697	6536042	5671732	17778774			32895245	138163	326802	751504	2577922	0	0	3794391
	M/S Jain Hardware	2016-17		15462045		20864167			36326212	0	773102	0	3025304	0	0	3798406
9	M/S Mandia Trade & Agency	2015-16	5745284	51479090	1781567	26253921			85259862	272901	2573955	236058	3806819	0	0	6889733
	M/S Mandia Trade & Agency	2016-17		112364067		30103162			142467229	0	5618203	0	4364958	0	0	9983161
10	M/S Uday General Store	2015-16	6935453	8824088	6299276	8853168			30911985	329434	441204	834654	1283709	0	0	2889001
	M/S Uday General Store	2016-17		7311433		8470608			15782041	0	365572	0	1228238	0	0	1593810

Sl. No.	Name of the dealer	Year (Tax period)	As per Trading account							Tax payable as per trading account of purchases						
			4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	Total	4.75 %	5 %	13.25 %	14.5 %	18 %	25 %	Total
11	M/S Kiran Enterprises	2016-17		7861873		7700042			15561915	0	393094	0	1116506	0	0	1509600
12	M/S Kamal & Company	2015-16	3172955	9340445	1305800	3501889			17321089	150715	467022	173019	507774	0	0	1298530
13	M/S Inderchandkanhaiyalal	2015-16	6266732	4865899	226435	3395			11362461	297670	243295	30003	492	0	0	571460
14	M/S Vikash Agencies	2015-16	406699	9456298	19126385	40317229			69306611	19318	472815	2534246	5845998	0	0	8872377
	M/S Vikash Agencies	2016-17		4282733		80882735			85165468	0	214137	0	11727997	0	0	11942134
15	M/S Jagdish Electricals	2015-16	1498234	7035865	912277	1890574			11336950	71166	351793	120877	274133	0	0	817969
	M/S Jagdish Electricals	2016-17		5464854		7469317			12934171	0	273243	0	1083051	0	0	1356294
16	M/S Mamta Medicals	2016-17		27589036					27589036	0	1379452	0	0	0	0	1379452
Total			108354081	1005299283	55763120	542371829	1202316	51663547	1764654176	5146818	50264966	7388615	78643915	216417	12915887	154576618

Appendix 4.5
Statement showing tax liability amount including penal interest
(Paragraph reference: 5.2.1)

(Amount in ₹)

Sl. No.	Name of the dealer	Year (Tax period)	Tax payable on C & F form purchases	As per trading account tax payable declared	Tax liability concealed	Tax paid	Tax evaded	Interest 2 per cent of tax due	No of month*	Total interest due	Total tax evaded
1	2	3	4	5	6 (4-5)	7	8 (4-7)	9	10	11	12 (9+11)
1	M/S Agency Centre	2015-16	18344566	10531878	7812688	9947560	8397006	167940	48	8061120	16458126
		2016-17	26122443	17890344	8232099	17994008	8128435	162569	36	5852484	13980919
2	M/S Awomi Enterprises	2016-17	5715977	3899922	1816055	1900000	3815977	76320	36	2747520	6563497
3	M/S Daniel Sumi Agencies	2016-17	14989241	11555287	3433954	11282008	3707233	74145	36	2669220	6376453
		2017-18	2560753	1262356	1298397	0	2560753	51215	24	1229160	3789913
4	M/S Deo Traders	2016-17	51718583	24467621	27250962	23595050	28123533	562471	36	20248956	48372489
5	M/S Gonmei Store	2015-16	14363813	6535074	7828739	2564500	11799313	235986	48	11327328	23126641
		2016-17	15616636	9034692	6581944	4200000	11416636	228333	36	8219988	19636624
6	M/S Inderchand Kanhaiyalal	2015-16	1126185	571460	554725	555064	571121	11422	48	548256	1119377
7	M/S Jagdish Electricals	2015-16	1329888	817969	511919	200000	1129888	22598	48	1084704	2214592
		2016-17	1529529	1356294	173235	300000	1229529	24591	36	885276	2114805
8	M/S Jain Hardware	2016-17	4802440	3798406	1004035	1900170	2902271	58045	36	2089620	4991891
		2015-16	4358616	3794392	564224	1400000	2958616	59172	48	2840256	5798872
9	M/S Kamal & Company	2015-16	2457729	1298530	1159199	1030000	1427729	28555	36	1027980	2455709
10	M/S Kiran Enterprises	2016-17	1723562	1509600	213962	388384	1335178	26704	36	961344	2296522
11	M/S Mamta Medicals	2016-17	1566026	1379452	186574	1049060	516966	10339	36	372204	889170
12	M/S Mandia Trade & Agency	2015-16	15660329	6889732	8770597	0	15660329	313207	48	15033936	30694265
		2016-17	25951716	9983162	15968554	0	25951716	519034	36	18685224	44636940
13	M/S RS	2016-17	8270988	5379176	2891812	4745176	3525812	70516	36	2538576	6064388

Sl. No.	Name of the dealer	Year (Tax period)	Tax payable on C & F form purchases	As per trading account tax payable declared	Tax liability concealed	Tax paid	Tax evaded	Interest 2 per cent of tax due	No of month*	Total interest due	Total tax evaded
1	2	3	4	5	6 (4-5)	7	8 (4-7)	9	10	11	12 (9+11)
	Entrepreneur										
14	M/S Satender Gupta Popular Store	2015-16	3668392	1556086	2112306	1629480	2038912	40778	48	1957344	3996256
		2016-17	8232422	5767860	2464562	5874800	2357622	47152	36	1697472	4055094
15	M/S Uday General Store	2015-16	4277451	2889002	1388449	1800000	2477451	49549	48	2378352	4855803
		2016-17	2284293	1593810	690483	1586399	697894	13958	36	502488	1200382
16	M/S Vikash Agencies	2015-16	9814518	8872377	942141	8776928	1037590	20752	48	996096	2033686
		2016-17	12290896	11942133	348763	12025000	265896	5318	36	191448	457344
Total			258776993	154576615	104200378	114743587	144033406	2880669		114146352	258179758

*May 2016 to April 2020 = 48 months, May 2017 to April 2020 =36 months and May 2018 to April 2020=24 months.

Appendix 4.6
Statement showing details of reply furnished by Department
(Paragraph reference: 5.2.1)

(Amount in ₹)

Sl. No.	Name of Dealer	Year	Additional amount realised
(i) Claim of Tax deduction on account of stock in hand, damaged and returned goods			
1	M/S Awomi Enterprises	2016-17	0
2	M/S Daniel Sumi Agencies	2016-17	0
		2017-18	0
3	M/S Deo Traders	2016-17	0
4	M/S Gonmei Store	2015-16	232000
		2016-17	0
5	M/S Kamal & Company	2015-16	72387
6	M/S Kiran Enterprises	2016-17	0
7	M/S R S Entrepreneur	2016-17	727185
8	M/S Satender Gupta Popular Store	2015-16	0
		2016-17	0
9	M/S Uday General Store	2015-16	0
		2016-17	0
10	M/S Vikash Agencies	2015-16	416755
		2016-17	70256
		Total	1518583
(ii) Claim of lower tax rates on certain commodities			
1	M/S Gonmei Store	2015-16	Already accounted above
		2016-17	0
2	M/S Kamal & Company	2015-16	Already accounted above
3	M/S R S Entrepreneur	2016-17	Already accounted above
4	M/S Inderchand Kanhaiyalal	2015-16	0
5	M/S Jagdish Electricals	2015-16	0
		2016-17	0
		Total	0
(iii) Tax re-assessed by Department			
1	M/S Agency Centre	2015-16	0
		2016-17	0
2	M/S Jain Hardware	2015-16	211611
		2016-17	117533
3	M/S Mandia Trade & Agency	2015-16	250000
		2016-17	250000
4	M/S Mamta Medicals	2016-17	341190
		Total	1170334
Total tax realised at the instance of audit (i+ii+iii)			2688917

Appendix 4.7
Statement showing tax liability amount including penal interest
(Paragraph reference:5.2.2)

(Amount in ₹)

Year	Number of F forms	Number of Invoices	Stock Transfer (in ₹)	Taxable entry tax @4% (in ₹)	Tax paid (in ₹)	Tax due (in ₹)	Interest per month @ 2 per cent	No of months*	Total interest	Total tax payable
1	2	3	4	5	6	7 (5-6)	8	9	10 (8x9)	11 (7+10)
2013-14	8	99	42846380	1713855	0	1713855	34277.10	72	2467951.20	4181806.20
2014-15	12	536	166779447	6671178	0	6671178	133423.56	60	8005413.60	14676591.60
2015-16	13	1412	405554577	16222183	10880331	5341852	106837.04	48	5128177.92	10470029.92
Total	33	2047	615180404	24607216	10880331	13726885	274537.70	180	15601542.72	29328427.72

**May 2014 to April 2020 = 72 months; May 2015 to April 2020 = 60 months; May 2016 to April 2020 = 48 months*

GLOSSARY

Glossary

1.	A&E	Accounts & Entitlements
2.	AA	Assessing Authority
3.	AAP	Annual Action Plan
4.	AC	Air Conditioner
5.	AFSEZ	Agro Food Processing Special Economic Zone
6.	AG	Accountant General
7.	ATN	Action Taken Note
8.	BE	Budget Estimate
9.	BOQ	Bill of Quantities
10.	BSNL	Bharat Sanchar Nigam Limited
11.	C&AG	Comptroller and Auditor General of India
12.	CA	Compliance Audit
13.	CAWD	Civil Administrative Works Department
14.	CC	Cement Concrete
15.	CD & HG	Civil Defence and Home Guards
16.	CE	Chief Engineer
17.	CFC	Central Filing Centre
18.	CGI	Corrugated Galvanised Iron
19.	CIS	Case Information Software
20.	COPU	Committee on Public Undertakings
21.	CPC	Central Project Coordinator
22.	CPF	Contributory Provident Fund
23.	CPU	Central Processing Unit
24.	CPWD	Central Public Works Department
25.	CRSM	Coarse Rubble Stone Masonry
26.	CSR	Computer Server Room
27.	CSS	Centrally Sponsored Schemes
28.	CST	Central Sales Tax
29.	CTR	Central Treasury Rules
30.	DAA	Dearness Allowance Arrear
31.	DCCC	District Court Computer Committee
32.	DCT	Deputy Commissioner of Taxes
33.	DDA	Delhi Development Authority
34.	DDMA	District Disaster Management Authority
35.	DDMF	District Disaster Mitigation Fund
36.	DDMOs	District Disaster Management Officers
37.	DDMP	District Disaster Management Plan
38.	DDO	Drawing and Disbursing Officer
39.	DDRF	District Disaster Response Fund
40.	DEF	District Executive Force
41.	DEOC	District Emergency Operation Centre

42.	DEOCs	District Emergency Operation Centres
43.	DEPwD	Department of Empowerment of Persons with Disabilities
44.	DH	District Hospital
45.	DLSA	District Legal Service Authority
46.	DM	Disaster Management
47.	DMP	Disaster Management Plan
48.	DoJ	Department of Justice
49.	DPAs	District Project Associates
50.	DPR	Detailed Project Report
51.	DTR	Debt-to-Turnover Ratio
52.	DUDA	Department of Under Developed Areas
53.	DUs	Dwelling Units
54.	EBBs	Educationally Backward Blocks
55.	EBIT	Earnings Before Interest and Taxes
56.	EE	Executive Engineer
57.	EOCs	Emergency Operation Centres
58.	FIR	First Information Report
59.	G.H.S	Government High School
60.	GDP	Gross Domestic Product
61.	GFR	General Financial Rules
62.	GHC	Gauhati High Court
63.	GHCKB	Gauhati High Court, Kohima Bench
64.	GoI	Government of India
65.	GoN	Government of Nagaland
66.	GSDP	Gross State Domestic Product
67.	HCCC	High Court Computer Committee
68.	HCKB	High Court Kohima Bench
69.	HLTC	High Level Technical Committee
70.	HRA	House Rent Allowance
71.	HRM	Human Resource Management
72.	HUDCO	Housing and Urban Development Corporation Limited
73.	I/O	Input/Output
74.	ICT	Information Communication Technology
75.	ICU	Intensive Care Unit
76.	IDBI	Industrial Development Bank of India
77.	IDRN	India Disaster Resource Network
78.	IRs	Inspection Reports
79.	IS	Indian Standard
80.	IT	Information Technology
81.	JCB	Joseph Cyril Bamford
82.	JMFC	Judicial Magistrate First Class

83.	JnNURM-UIG	Jawaharlal Nehru National Urban Renewal Mission – Urban Infrastructure and Governance
84.	JOs	Judicial Officers
85.	JSC	Judicial Service Centres
86.	KVA	Kilovolt Ampere
87.	LAN	Local Area Network
88.	MAC	Municipal Affairs Cell
89.	MB	Measurement Book
90.	Mbps	Megabits Per Second
91.	MHA	Ministry of Home Affairs
92.	MHRD	Ministry of Human Resource Development
93.	MME	Management Monitoring & Evaluation
94.	MoDONER	Ministry of Development of North Eastern Region
95.	MoJ	Ministry of Justice
96.	MOU	Memorandum of Understanding
97.	NBBL	Nagaland Building Bye-Laws
98.	NDMA	National Disaster Management Authority
99.	NDMG	National Disaster Management Guidelines
100.	NDRF	National Disaster Response Fund
101.	NeGP	National e-Governance Project
102.	NET	Nagaland Entry Tax
103.	NGOs	Non Government Organisations
104.	NHHDC	Nagaland Handloom & Handicrafts Development Corporation Ltd.
105.	NHL	Nagaland Hotels Limited
106.	NIC	National Informatics Centre
107.	NIDC	Nagaland Industrial Development Corporation Ltd.
108.	NIRMSC	Nagaland Industrial Raw Materials & Supply Corporation Ltd.
109.	NLCPR	Non-lapsable Central Pool of Resources
110.	NPWD	Nagaland Public Works Department
111.	NSDM	Nagaland State Disaster Management
112.	NSDMA	Nagaland State Disaster Management Authority
113.	NSLSA	Nagaland State Legal Services Authority
114.	NSMC	Nagaland Sugar Mills Company Ltd.
115.	NSMDC	Nagaland State Mineral Development Corporation Ltd.
116.	NST	Nagaland State Transport
117.	NVAT	Nagaland Value Added Tax
118.	OFC	Optical Fibre Cable
119.	P&AR	Personnel and Administrative Reforms
120.	PA	Performance Audit
121.	PAC	Public Accounts Committee
122.	PAT	Profit After Tax

123.	PPSWOR	Probability Proportionate to Size Without Replacement
124.	PSUs	Public Sector Undertakings
125.	PV	Present Value
126.	PWD	Public Works Department
127.	PWD (H)	Public Works Department (Housing)
128.	PwDs	Persons with Disabilities
129.	R&B	Roads & Bridges
130.	RA	Running Account
131.	RAY	Rajiv Awas Yojana
132.	RCC	Reinforced Cement Concrete
133.	RND	Responding to Natural Disasters
134.	RoCE	Return on Capital Employed
135.	RoRR	Rate of Real Return
136.	ROW	Right of Way
137.	RUSA	Rashtriya Uchcharat Shiksha Abhiyan
138.	SD	Security Deposit
139.	SDC	State Data Centre
140.	SDDMA	Sub-Divisional Disaster Management Authority
141.	SDMF	State Disaster Mitigation Fund
142.	SDMP	State Disaster Management Plan
143.	SDP	Sub-Divisional Plan
144.	SDRF	State Disaster Response Force
145.	SDRF	State Disaster Response Fund
146.	SE	Superintending Engineer
147.	SEC	State Executive Committee
148.	SEOC	State Emergency Operation Centre
149.	SIPDA	Scheme for Implementation of Persons with Disabilities Act
150.	SLMC	State Level Monitoring Committee
151.	SLPIC	State Level Programme Implementing Committee
152.	SOP	Standard Operating Procedure
153.	SOR	Schedule of Rates
154.	SPA	Special Plan Assistance
155.	sq. ft.	Square Feet
156.	sqm	Square Metre
157.	SS	Station Superintendent
158.	SSRS	Stratified Simple Random Sampling
159.	ST	Superintendent of Taxes
160.	STF	Special Task Force
161.	TA	Travelling Allowance
162.	TB	Terabyte
163.	TDP	Tribunal for Disciplinary Proceedings
164.	TOs	Treasury Officers
165.	ToT	Training of Trainers

166.	UPS	Uninterruptible Power Supply
167.	USB	Universal Serial Bus
168.	VA	Volt Ampere
169.	VAT	Value Added Tax
170.	VC	Video Conference
171.	VDMA	Village Disaster Management Authority
172.	VDMP	Village Disaster Management Plan
173.	VIP	Very Important Person
174.	VSAT	Very Small Aperture Terminal
175.	VTC	Vocational Training Centre
176.	WAN	Wide Area Network
177.	WC	Water Closet

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