CHAPTER - II

SOCIAL SECTOR

2.1 Introduction

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

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

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

(₹ in crore)

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

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

It can be seen from the table above that:

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

During 2020-22, an expenditure of ₹3,663.07 crore[8] (including funds pertaining to previous years audited during the year) of the State Government under Social sector

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

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

Performance Audit

MUNICIPAL AFFAIRS DEPARTMENT

2.2 Kohima Smart City Mission

The Kohima Smart City Development Limited (KSCDL) functions as a Special Purpose Vehicle (SPV) in implementation of the Smart City Mission (SCM) for Kohima. In accordance with the Smart City guidelines (SCG), KSCDL implements the mission within the area under Kohima Municipal Council (KMC) under Pan-City Development[9] and Area Based Development[10] (ABD) comprising of three Wards (Naga Bazar, Dak Lane, Kitsubozou) of Kohima. A Performance Audit was carried out covering the period 2016-21 to ascertain the effectiveness and efficacy of implementation of the Smart City Programme in Nagaland.

Highlights

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

(Paragraph 2.2.8)

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

(Paragraph 2.2.8.3)

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

(Paragraphs 2.2.9 and 2.2.9.1)

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

(Paragraph 2.2.10.5)

2.2.1 Introduction

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

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

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

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

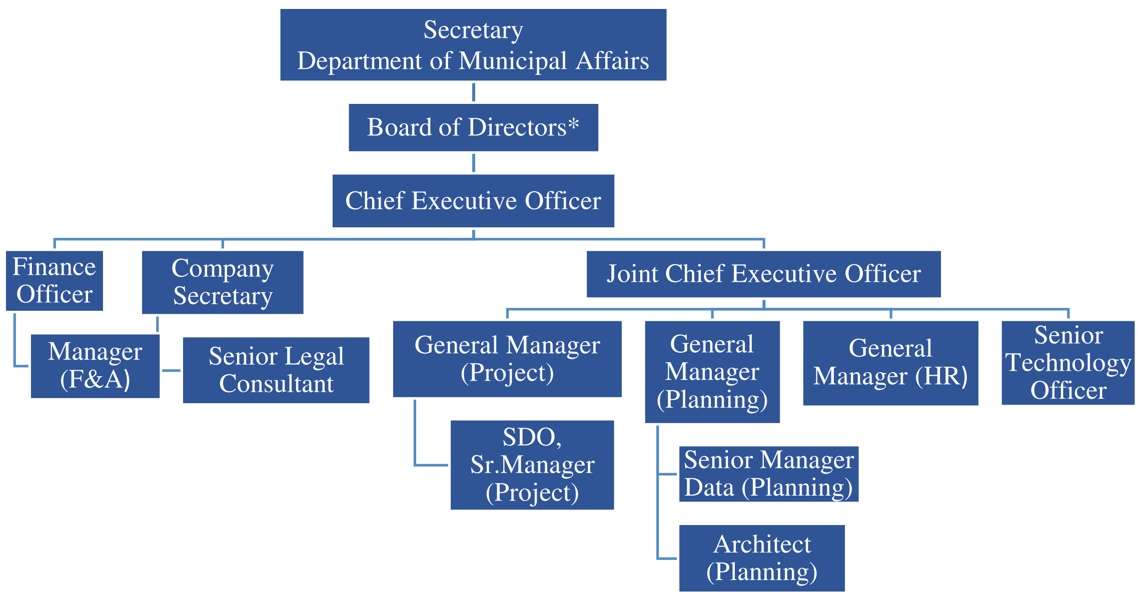
SCM envisioned developing 100 cities in the country as model areas based on an area development plan selected through a city challenge process which includes evaluation of Smart City Proposal (SCP) prepared by each city depicting the vision, plans for mobilisation of resources and intended outcomes.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

To implement the SCM of Kohima, KSCDL was registered under the Companies Act, 2013 *vide* Government of Nagaland (GoN) notification[11] as an SPV. GoI was to provide ₹200 crore to each selected City to create initial corpus and ₹100 crore every year for the three subsequent years. The State Government was required to contribute proportionately.

2.2.2 Organisational setup

The organisational setup of SCM Kohima is as under:

Chart 2.1: Organisational setup



Source: KSCDL Records

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

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

2.2.3 Scope of Audit

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

2.2.4 Audit Objectives

The audit objectives were to assess whether:

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

2.2.5 Audit Criteria

The findings of audit were benchmarked against the following criteria:

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

2.2.6 Audit Methodology

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

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

2.2.7 Acknowledgement

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

Audit Findings

The audit findings are discussed in the succeeding paragraphs:

2.2.8 Planning

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

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

2.2.8.1 Non-prioritisation of essential features

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

It was observed that the SPV had identified 54 projects under Kohima Smart City Mission (SCM) and prioritised 61 works in these 54 projects, to be completed by March 2021. Details of identified 54 projects are shown in ***Appendix-2.2.1*** **(A)**. Out of these prioritised works, only eight works were completed, another six works were ongoing beyond their scheduled date of completion while the remaining 47 works[12] had not yet been taken up (July 2022). Details of financial progress *vis-à-vis* physical progress are shown in ***Appendix 2.2.1*** **(B)**. Further scrutiny of the completed projects revealed that the projects were implemented without proper planning and evaluation and were beyond the scope of the SCP. As a result, none of the eight completed projects could provide the facilities featured as essential in the guidelines as well as in the SCP of Kohima Smart City. Moreover, delay in completion of the project denied the essential features as envisaged in the Guidelines.

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

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

2.2.8.2 Non-Convergence with other Government schemes

As per Paragraph 14 of the SCM Guidelines, the success of the Mission will depend upon the robustness of SPV's revenue model and benefit can be derived by seeking convergence with other Central and State Government Programs/Schemes. At the planning stage itself, cities should seek convergence in the SCP with AMRUT[13], JNNURM[14], Swachh Bharat Mission (SBM), Heritage City Development and Augmentation Yojana (HRIDAY), Digital India, Skill Development, Housing for All, Construction of Museums funded by the Culture Department and other programs connected to social infrastructure such as Health, Education and Culture in line with the SCM Guidelines.

It was observed that the SPV had projected 18 projects in its SCP under Convergence and Public Private Partnership (PPP) Mode for ₹388.69 crore[15]. KSCDL had entered into Memorandums of Understanding (MoU) with the concerned Line Departments and private companies during March-April 2016, with validity of one to five years to coordinate and collaborate in the implementation of the Mission. However, it was observed that during implementation no scheme with any line department was converged except for one project[16] which was implemented through convergence with Power Department under electricity supply. Further, KSCDL did not prepare a revenue model to attract private participation for any project. This had resulted in non-participation of private companies and other local organisations in implementation of the projects.

2.2.8.3 Improper planning resulted in infructuous expenditure

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

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

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13 Atal Mission for Rejuvenation and Urban Transformation

14 Jawaharlal Nehru National Urban Renewal Mission

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

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

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

(₹ in crore)

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

Source: KSCDL records

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

Table 2.2.2: Details of supply order issued to the dealers

(Amount in ₹ and inclusive of taxes)

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

Source: KSCDL records

It was observed that Kohima Chamber of Commerce and Industries (KCCI) was designated to arrange the operators (Business establishment) and location for setting up of the water ATMs in Kohima with the condition that the operation of the ATMs will be on revenue sharing model[17]. The dealer (M/s Libra International, Kohima) supplied and installed the water ATMs at five locations[18] as directed by KCCI and was paid (November 2019) ₹44.97 lakh. However, it was seen that none of the water ATMs was operational.

Further scrutiny of records and JPV showed the following:

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

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

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

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

ii. One of the vendors had requested KSCDL to cancel the contract for operation of Water ATM and remove the machine from their premises on the ground of supply of defective machine by the dealer.

iii. During JPV (June and September 2019), it was seen that the water tanker and water ATM, were kept unutilised after installation. One of the vendors had dumped the water ATM in the basement of their building (as shown in **Photograph 2.1 (B)** below) and another vendor stated that water dispensed from the machine was not clean and was unpotable.

Photograph 2.1 showing the status of Water ATMs

	
(A) Water ATM installed in M/s Home Makers (Electronic shop), near Razhu Point was utilised to display their washing machine on sale.	**(B)** Water ATM installed in Baskin Robbins near High School Junction was dumped on the basement of the building.

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

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

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

2.2.9 Financial Management

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

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

Table 2.2.3: Details of funds received and expenditure incurred

(₹ in crore)

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

Source: Figures of KSCDL

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

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

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

2.2.9.1 Delay in release of fund by the State Government

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

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

Table 2.2.4: Delay in release of Central fund

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

Source: KSCDL records

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

2.2.9.2 Non-deduction of TDS on income tax

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

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

Table 2.2.5: Details of companies engaged by KSCDL

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

Source: KSCDL records

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

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

2.2.9.3 Transfer of fund against advisory of the Ministry

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

(i) It was observed that the SPV had transferred ₹45.62 crore to DMA in three instalments[19] for construction of two Multi-Level Vehicle Parkings (MLVPs). It was also observed that the actual payments made by DMA to the contractor as per the progress of work of the two MLVPs were only 43 and 52 *per cent* against the completed work of 55 and 65 *per cent*. The transfer of fund to DMA was against the advisory of the Ministry. Further, KSCDL had to forgo interest which could have been earned from the unspent balance of the project fund.

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

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

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

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

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

Source: KSCDL records

KSCDL released ₹74.56 lakh[20] to EE, Kohima Electrical Division instead of disbursing directly to the contractor in violation of the advisory of the funding agency.

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

[20] *Vide* cheque No.641094 dated 23/05/2019

2.2.9.4 Non-adherence to Government order on digitisation of payment

As per Office Memorandum[21] of Ministry of Urban Development, GoI, all the SPVs were to reflect the expenditure incurred on Public Financial Management (PFMS). Accordingly, GoI directed (August 2019) all the 100 Smart Cities to roll out Expenditure, Advance and Transfer (EAT) modules of the PFMS not later than September 2019 under digitisation of Government's financial transactions to improve efficiency and timelines of payments, and also strengthen transparency and accountability in public expenditure.

Scrutiny of bank statements of KSCDL showed that the Management issued cheques amounting to ₹4.41crore[22] between 01 October 2019 to 31 March 2021 for various expenditure under A&OE and Projects heads in contravention of the directives of the Ministry as shown in **Table 2.2.7**.

Table 2.2.7: Details of expenditure made through cheque

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

Source: Bank Statement KSCDL

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

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

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

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

2.2.10 Implementation of Projects

2.2.10.1 Implementation of Multi-Level Vehicle Parking (MLVP)

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

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

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

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

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

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

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

(B) Execution of work without inviting tender

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) Deviation from the Scope of the Project

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

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

2.2.10.3 Wi-fi Project

With the objective to provide cheap internet access to the masses and accelerate delivery of e-Governance services while also generating revenue by advertisements and leasing, *etc*., the BoDs decided (October 2018) to implement Wi-fi project at the cost of ₹four crore. Accordingly, the Request for Proposal (RFP) and tender was floated (March 2019) by Information Technology & Communication (IT&C) Department, GoN for KSCDL. M/s Symbios Creations Pvt. Ltd. was awarded (July 2019) the work based on the assessment made by the techno-financial committee on the bid document. Following observations are made on implementation of Wi-fi project:

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

Rule144 (vii) of GFR 2017 states that the procuring authority should satisfy itself that the price is reasonable and consistent with the quality required. Paragraph 10.1 of Smart City guidelines specifically states that implementation of the Mission at City level will be done by a SPV created for the purpose. The SPV will plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Smart City development projects.

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

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

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

(B) Payment and transfer of ownership

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

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

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

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

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

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

(C) Non-Preparation of revenue generation model

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

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

(D) Avoidable expenditure on O&M

As per Paragraph 5.43 of the RFP for Kohima Wi-fi City Project Phase-I of SCM, the successful bidder shall provide and deploy skilled and experienced manpower on site for carrying out maintenance work. If the bidder does not deploy the required specified quantity and quality of manpower as per RFP, penalty per person per day would be deducted from the quarterly payment at the prescribed rate[23]. JPV (August 2021) revealed that against the target to install three computers for monitoring and functioning of Wi-fi project, only one was set up and the room allocated also could accommodate only one out of three technicians. Thus, payment for the services of other manpower should have been deducted as per the agreed terms. Non-deduction and payment for manpower whose services were not utilised had resulted in avoidable expenditure of ₹17.05 lakh for the period from April 2020 to September 2020.

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

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

Recommendations:

The State Government may-

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

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

(ii) ***initiate disciplinary action after investigating the matter against the defaulting officers for making payments to the contractor without invoices and without ensuring deployment of manpower by the contractor.***

(iii) ***take action against the contractor for claiming bills without producing invoices and without deploying manpower. Also, take steps to recover the excess amount from the contractor.***

(iv) ***ensure that the DPR is prepared after detailed survey to assess the feasibility of the project.***

2.2.10.4 Transport Sustainability

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

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

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

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

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

2.2.10.5 Construction of Multi Utility Duct without assessing its viability

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

BoDs approved (April 2018) the Project “Beautification work” as the First Phase of Beautification of Kohima Town under KSC Mission with the objective to provide proper and clean footpaths. The construction work involved ‘Widening of Road, construction of RCC Retaining Wall, Coursed Rubble Stone Masonry (CRSM) Retaining Wall, Road Side Drain, Multi Utility Ducts, Footpath, *etc.*' Multi Utility Duct was to house various cable lines to avoid blocking the pedestrian footpath. This would also obviate the need for frequent digging of roads for connections and repair of telephone cables.

Scrutiny of records revealed that the work for "Beautification of Kohima Town Phase-I" was approved at an estimated cost of ₹10.57 crore and awarded (November 2018) to M/s Viu Angami & Sons for ₹10.28 crore based on e-tender. However, the DPR for the work was revised[24] to ₹16.19 crore (May 2021) and in the revised DPR, the cost of Multi Utility Duct was estimated at ₹0.86 crore.

Photograph 2.2

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

It was also observed that KSCDL neither prepared feasibility report nor entered into any agreement with the end users (DoPN, Public Health Engineering Department (PHED), Telecom Companies, *etc.*) to utilise the duct. DoPN unequivocally objected to laying of underground power lines within the main town area and suggested that the funds under this component should be utilised for other developmental projects. Even after construction, overhead utility lines were neither removed nor digging of pits along the road for laying of pipelines prevented. Digging of pits for laying of pipelines instead of using the duct was noticed (October 2021) during JPV as shown in the photograph placed alongside.

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

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

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

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

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

2.2.10.6 Undue financial benefit to contractors

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

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

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

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

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

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

2.2.10.7 Inefficient managements in procurement of machineries

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

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

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

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

(₹ in crore)

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

Source: Kohima Smart City Mission SCP

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

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

(Amount in ₹)

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

Source: Management figures

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

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

JPV revealed that four AC Bus-20 seaters BS IV, two Mahindra Load King Optimo Tipper (Mini Trucks) and one Scooty were kept idle/ unutilised with the KMC since the date of procurement[25].

This indicated inefficient management in procuring machineries thereby rendering the expenditure of ₹1.12 crore[26] unproductive.

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

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

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

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

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

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

Table 2.2.10: Details of payment made for Bio-Toilets

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

Source: KSCDL records

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

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

Further scrutiny of records revealed the following irregularities:

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

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

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

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

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

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

(B) Execution of work without preparing Detailed Estimates

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

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

In reply, the Management stated (July 2022) that the civil work component under bio-toilet was taken up as ancillary works and the cost implication was site specific. The Management further added that wherever necessary, approvals were taken for the procurement of the main component "Bio-toilet units", however, execution of work was done without the need of preparing a detailed estimate due to urgency.

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

(C) Execution of work outside the ABD areas

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

Bio-toilets (Public Convenience) is a project under the component Sewage Infrastructure approved in SCP to be implemented in ABD areas. It was observed that nine[27] out of 10 Bio-toilets were installed outside the ABD[28] areas in contravention of the Scheme Guidelines, Advisory and SCP.

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

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

2.2.10.9 Execution of work beyond the scope and objective of KSCM

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

i. to converge funding (IPDS[29] and State Scheme) and timelines with SCM,
ii. technical support for procurement,
iii. delegation of power to SPV for supply and distribution of electricity and collection of user charges in ABD, and
iv. oversee execution of works on behalf of SPV.

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

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

[29] Integrated Power Development Scheme

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

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

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

The Management did not offer any comments on the issue.

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

2.2.11 Monitoring

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

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

2.2.11.1 Ineffective monitoring by PMC

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

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

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

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

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

It was observed that out of ₹10.19 crore[30] (Total cost of PMC), KSCDL incurred an expenditure of ₹3.95 crore for payment of PMC charges as shown in **Table 2.2.11**.

Table 2.2.11: Details of payment of PMC charges

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

Source: Management figures

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

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

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

2.2.11.2 Non-preparation of Accounts

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

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

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

2.2.11.3 Non-maintenance of records

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

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

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

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

In the absence of these records, the Controlling Officer could not exercise control over financial transactions as envisaged in the financial rules. Absence of financial propriety and internal controls over handling and management of cash and assets could led to misutilisation, diversion and even misappropriation of funds.

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

2.2.12 Outcome of the programme

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

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

2.2.13 Conclusion

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

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

The ICCC project was implemented without SOPs by executing MoU with the concerned key stakeholders and the line departments. The streetlights under ICCC project were fitted on the existing poles of DoPN without solar panel. KSCDL did not deduct payment for manpower whose services were not actually utilised which resulted in avoidable expenditure of ₹17.05 lakh. Non-assessment of viability of the project before its implementation resulted in infructuous expenditure of ₹85.57 lakh on Construction of Multi Utility Duct. Lack of planning and inefficient management in procuring machineries rendered the expenditure of ₹1.12 crore unproductive. Execution of works before ensuring land free from all encumbrances, installation of the Bio-toilets outside the ABD areas and non-preparation of feasibility report and DPR to assess the actual requirement resulted in idle and futile expenditure of ₹1.03 crore. Lackadaisical attitude of PMC coupled with injudicious utilisation of high-cost human resources in supervision and monitoring of the projects by the KSCDL resulted not only in delays in completion of the ongoing projects and preparation of DPRs but also rendered the expenditure of ₹3.95 crore to PMC unfruitful and unjustified.

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

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

2.2.14 Recommendations

The State Government may-

(i) ***formulate plans for infrastructure development as per the prevailing Smart City Mission Guidelines.***

(ii) ***ensure that the Detailed Project Reports are mandatorily prepared and got approved from the competent authority before taking up any project.***

(iii) ***follow the tendering procedure as laid down in the General Financial Rules/ manual of the Central Vigilance Commission for awarding the works at the most competitive rates.***

(iv) ***take initiative for convergence of the ongoing projects under the Smart City Mission with other similar Central/ State Government schemes to derive the maximum benefit in implementation of the Smart City Projects in the State.***

(v) ***fix responsibility for non-preparation of revenue model, execution of work without tendering, excess/ extra expenditure and deviation from the scope of project.***

(vi) ***take steps to recover the excess/extra expenditure incurred in execution of works.***

(vii) ***strengthen monitoring by instituting a robust reporting mechanism and conducting prescribed review meetings at various levels.***

(viii) ***identify measurable indices for assessing the performance of the contractors and conduct impact assessment of the Scheme.***

Compliance Audit Paragraphs

MUNICIPAL AFFAIRS DEPARTMENT

2.3 Idle investment

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

To set up a Modern Abattoir/Slaughter House[31] at Kohima, Government of Nagaland (GoN) submitted (October 2013) a Detailed Project Report (DPR) to the Ministry of Food Processing Industries (MFPI), GoI for ₹21.99 crore. The Scheme would be implemented under Public Private Partnership (PPP) mode with the involvement of local bodies (Municipal Corporations and Panchayats), *etc.* and will have flexibility for involvement of private investors/ exporters on a Build-Operate-Own (BOO)/ Build-Operate-Transfer (BOT)/ Joint Venture (JV) basis.

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

A Memorandum of Understanding (MoU) was signed[32] between Kohima Municipal Council (KMC) under Municipal Affairs Department (MAD), GoN and the Contractor, M/s CESCO[33], for establishment and operation of a Modern Abattoir at Kohima. As per the MoU, GoI would fund 75 *per cent* of the project cost and the Contractor would contribute the State Government share of 25 *per cent* of the fund and in lieu, the Contractor would operate and maintain the Modern Abattoir for 30 years.

Scrutiny (March 2020) of records revealed that MFPI released ₹14.50 crore out of the total Central share of ₹15 crore to KMC account in four instalments (between March 2016 and March 2019). Out of the fund released by GoI, KMC paid ₹14.40 crore[34] to the Contractor for value of works executed and measured and ₹10 lakh

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

32 Date of signing the MoU was not mentioned

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

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

was paid (April 2016) to M/s Max Technology, Project Management Consultant[35] for preparation of DPR. Against the agreed contribution of ₹6.99 crore by the Contractor, only ₹2.65 crore was deposited into KMC account in three instalments. Contravening the provisions provided in the MoU, the State Government released ₹2.65 crore (October 2018) to MAD as State share, out of which ₹2.57 crore[36] was paid (December 2018) to the Contractor without actual execution of works.

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

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

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

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

URBAN DEVELOPMENT DEPARTMENT

2.4 Unfruitful expenditure

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

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

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

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

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

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

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

The Department invited tender (January 2010) and the work was awarded (February 2010) to three contractors[37] for ₹12.86 crore after delay[38] of 12 months, stipulated to be completed within 24 months *i.e.* February 2012.

Further examination of records revealed that GoI released its entire share of ₹12.07 crore[39] to the State and GoN in turn released (between June 2010 to November 2018) ₹13.07 crore (GoI share ₹11.78 crore + GoN share ₹1.29 crore) to the Executive Engineer (EE), UDD, Kohima, Nagaland. The Department paid (November 2020) an amount of ₹9.01 crore to the contractors. Against GoI share of ₹12.07 crore released, GoN released only ₹11.78 crore resulting in short release of ₹0.29 crore. The State Government also did not release its share of ₹0.05 crore to the implementing Department.

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

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

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

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

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

(₹ in crore)

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

Source: Departmental records

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

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

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

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

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

Recommendations:

The State Government may-

(i) ***ensure that DPR is prepared after detailed survey and all requisite clearances obtained before award of work. Besides, responsibility may be fixed on the Departmental Officers for the faulty planning and survey.***

(ii) ***earmark resources to complete the balance portion of the incomplete work so that the objective of the project is fulfilled without further delay.***