

CHAPTER-IV
GENERAL SECTOR

CHAPTER - IV

GENERAL SECTOR

4.1 Introduction

This chapter of the Audit Report for the year ended 31 March 2023 deals with the audit observations relating to the State Government Departments under General Sector.

During 2022-23, total budget allocation of the State Government in the Departments under General Sector was ₹3,572.44 crore against which actual expenditure incurred was ₹3,355.68 crore (94 per cent). The Department-wise details of Budget Allocations and Expenditure incurred are shown in **Table 4.1.1**.

Table 4.1.1: Details of Department-wise Budget Allocation and Expenditure

(₹ in crore)

Sl. No.	Name of the Departments	Budget Allocation			Expenditure			Percentage of expenditure
		Revenue	Capital	Total	Revenue	Capital	Total	
1.	Administrative Training Institute	6.82	0.75	7.57	5.20	0.75	5.95	79
2.	Civil Administrative Works	10.14	37.73	47.87	9.87	37.73	47.60	99
3.	Civil Secretariat	359.60	92.30	451.90	240.63	66.42	307.05	68
4.	Council of Ministers	13.73	0.00	13.73	13.70	0.00	13.70	100
5.	District Administration	200.30	0.00	200.30	183.82	0.00	183.82	92
6.	Election	61.06	3.64	64.70	60.73	3.64	64.37	99
7.	Fire & Emergency Services	44.58	11.85	56.43	41.97	7.85	49.82	88
8.	Head of State	9.26	0.00	9.26	8.95	0.00	8.95	97
9.	Home Guards	39.14	2.00	41.14	37.84	2.00	39.84	97
10.	Law & Justice	47.33	41.41	88.74	45.75	26.41	72.16	81
11.	Legal Metrology & Consumer Protection	11.83	1.00	12.83	11.14	2.00	13.14	102
12.	Lokayukta	11.34	0.00	11.34	10.92	0.00	10.92	96
13.	Mechanical Engineering	55.13	4.00	59.13	55.07	4.00	59.07	100
14.	Parliamentary Affairs	2.04	0.00	2.04	2.04	0.00	2.04	100
15.	Police	1,805.66	0.00	1,805.66	1,764.99	0.00	1,764.99	98
16.	Police Engineering Project	24.33	62.83	87.16	23.45	123.75	147.20	169
17.	Printing & Stationery	32.33	1.00	33.33	29.72	1.00	30.72	92
18.	Prison	73.27	5.00	78.27	71.24	5.00	76.24	97

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Sl. No.	Name of the Departments	Budget Allocation			Expenditure			Percentage of expenditure
		Revenue	Capital	Total	Revenue	Capital	Total	
19.	Public Service Commission	9.26	0.00	9.26	9.13	0.00	9.13	99
20.	Public Works (Housing)	164.63	41.52	206.15	154.99	38.30	193.29	94
21.	Rajya Sainik Board	4.19	0.00	4.19	3.78	0.00	3.78	90
22.	Relief & Rehabilitation	4.11	0.00	4.11	3.88	0.00	3.88	94
23.	State Guest Houses	26.01	2.31	28.32	25.14	2.31	27.45	97
24.	State Information Commission	2.75	0.00	2.75	2.56	0.00	2.56	93
25.	State Legislature	63.27	8.39	71.66	61.89	8.39	70.28	98
26.	Statistics	50.27	2.85	53.12	49.93	2.85	52.78	99
27.	Treasuries & Accounts	65.74	2.12	67.86	40.00	2.12	42.12	62
28.	Village Guards	52.12	1.50	53.62	51.33	1.50	52.83	99
Total		3,250.24	322.20	3,572.44	3,019.66	336.02	3,355.68	94

Source: Appropriation Accounts, 2022-23

It can be seen from the table above that:

- The Legal Metrology & Consumer Protection Department had utilised ₹0.31 crore over the budgeted allocation. Similarly, the Police Engineering Project Department had utilised ₹60.04 crore over the budgeted allocation during 2022-23.
- Out of 28 Departments in General Sector, 23 Departments incurred more than 90 per cent of total budget allocation viz. Police Engineering Project (169 per cent), Legal Metrology & Consumer Protection (102 per cent), Council of Ministers (100 per cent), Mechanical Engineering (100 per cent), Parliamentary Affairs (100 per cent), Civil Administrative Works (99 per cent), Election (99 per cent), Public Service Commission (99 per cent), Statistics (99 per cent), Village Guards (99 per cent), Police (98 per cent), State Legislature (98 per cent), Head of State (97 per cent), Home Guards (97 per cent), Prison (97 per cent), State Guest Houses (97 per cent), Lokayukta (96 per cent), Public Works (Housing) (94 per cent), Relief & Rehabilitation (94 per cent), State Information Commission (93 per cent), Printing & Stationery (92 per cent), District Administration (92 per cent) and Rajya Sainik Board (90 per cent) Departments.
- The Revenue expenditure in the sector was ₹3,019.66 crore (90 per cent of the total expenditure).
- The Capital expenditure in the sector was ₹336.02 crore (10 per cent of the total expenditure).

Audit was conducted in 58 units of nine Departments involving an expenditure of ₹5,792.65 crore (including expenditure of previous years audited during the year) during 2022-23 under the General Sector.

This chapter contains the audit observations in respect of Performance Audit on “Modernisation of Police Forces” and two compliance audit paragraphs.

Performance Audit

HOME (POLICE) DEPARTMENT

4.2 Modernisation of Police Force

As per the VII Schedule to the Constitution of India, Public Order and Police fall under the category of subjects in the domain of the States. Thus, the principal responsibility for managing these subjects lies with the State Governments. An efficient police force is essential for maintenance of law and order and to ensure effective check and control on crimes, protect life and dignity of the citizens, property, internal security, prevent and control terrorist activities, register and investigate all cognizable offences. The duties of the Police also involve controlling and regulating traffic on roads, highways and trains. However, as the State Governments were not able to fully modernise and equip their police forces up to the desired level due to financial constraints, the Ministry of Home Affairs (MHA), Government of India (GoI) has, from time to time since 1969-70, been supplementing the efforts and resources of the States, by implementing the Scheme for Modernisation of State Police Forces (MPF). With a view to examining the effectiveness and efficiency of the Police Force after implementation of the Modernisation scheme, a Performance Audit was taken up for the period covering 2017-18 to 2022-23.

Highlights

The Annual State Action Plans were prepared without baseline assessment of the ground situation or a review of the State Strategic Plan.

(Paragraph 4.2.8.1)

During 2017-18 to 2022-23, GoI released ₹65.58 crore (69 per cent) against the allocation of ₹94.36 crore, while GoN released ₹2.38 crore (26 per cent) against its due share of ₹9.20 crore resulting in combined short release of ₹35.60 crore (GoI Share: ₹28.78 crore and GoN share: ₹6.82 crore).

(Paragraph 4.2.9.2)

The Department drew 20 Abstract Contingent (AC) bills amounting to ₹71.12 crore under MPF Scheme, of which, seven AC bills amounting to ₹25.50 crore remained unadjusted.

(Paragraph 4.2.9.5)

The Department procured training and equipment worth ₹9.65 crore that were not originally projected in the SAP as required by various field units. Out of these, eight

items of training equipment and three security equipment amounting to ₹0.37 crore and ₹1.31 crore respectively were procured in excess of the actual requirement.

(Paragraph 4.2.10.2)

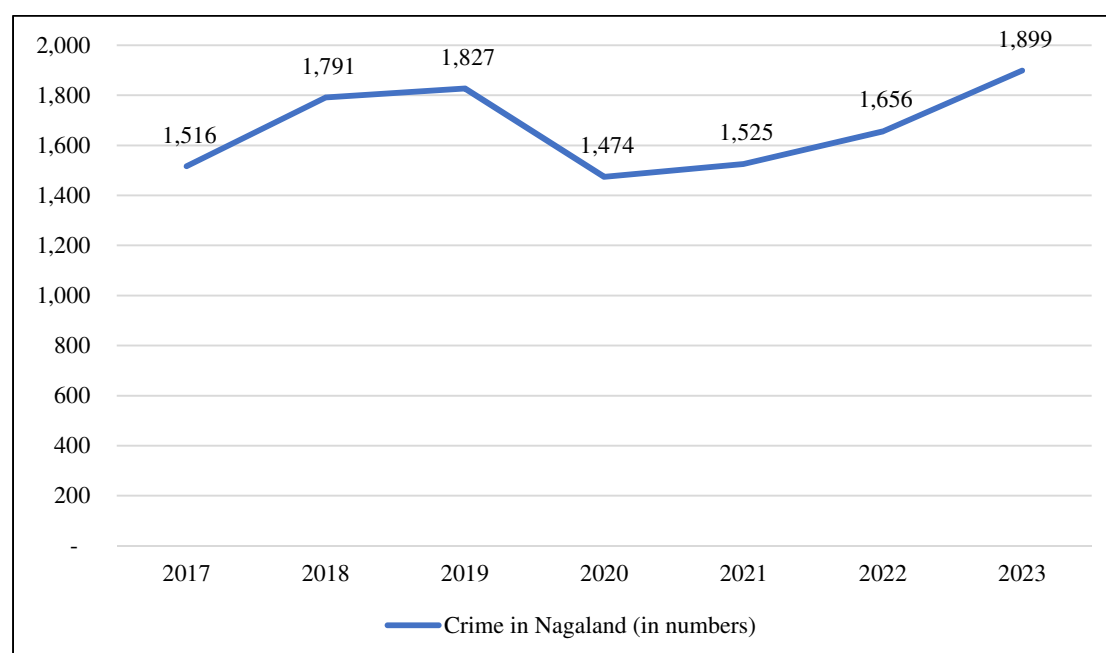
The Resource Management System and Beat Patrolling system installed in all sampled districts with an expenditure of ₹7.12 crore remained unutilised rendering the expenditure unfruitful.

(Paragraphs 4.2.10.8 (II) and 4.2.11)

4.2.1 Introduction

The Government of India (GoI) approved (September 2017) the continuation of the scheme for Modernisation of Police Forces with the new name ‘Assistance to States for Modernisation of Police’ under the umbrella scheme of Modernisation of Police Forces (MPF) for a period of three years from 2017-18 to 2019-20. This scheme was further extended (August 2022) to 2025-26. The objective of the scheme was to gradually reduce the dependence of the State Governments on the Army and the Central Armed Police Forces to control internal security and law & order situations by equipping the State Police Forces adequately through development of infrastructure. The focus of the scheme is to strengthen Police infrastructure at cutting edge level by equipping the Police Stations with the required mobility, modern weaponry, communication equipment and forensic set-up in all the States and construction of Police infrastructure including housing in specific areas. From 2017 to 2023, the reported incidents of various crimes under both the Indian Penal Code and Special and Local Laws in Nagaland increased from 1,516 to 1,899 cases as shown in **Chart 4.2.1** below:

Chart 4.2.1: Crime Statistics of Nagaland under IPC and under Special & Local Law



Source: Departmental records

4.2.2 Organisational Structure

The Administrative Head of the Nagaland Police is the Home Commissioner who is assisted by the Special Secretary (Home). The Police Department is headed by an officer of the rank of Director General of Police. The organogram of the Department is shown in **Chart 4.2.2 (a) and (b)**.

Chart 4.2.2 (a): Organogram of Police Department at the Government level:

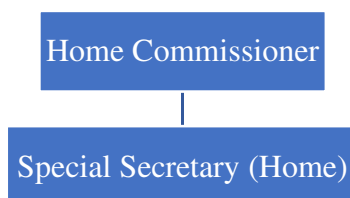
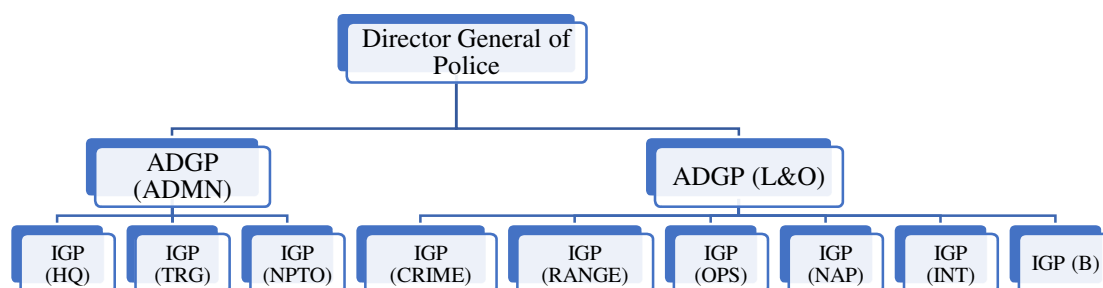


Chart 4.2.2 (b): Organogram of the Department



Source: Departmental records

At the operational level, there is one Commissioner of Police (Dimapur) assisted by three Deputy Commissioners of Police for three districts¹ and 13 Superintendents of Police (SP) for the remaining 13 districts². Further, there are eight NAP Battalions and seven IR Battalions. There are 87 police stations across the State. The detailed organisation chart of the Department is shown in **Appendix 4.2.1**.

4.2.3 Audit Objectives

The Performance Audit was conducted to ascertain whether:

- Planning for Modernisation of Police Force was based on realistic assessment of the requirement;
- Financial management was efficient and funds were utilised optimally and economically for the intended purposes;
- The Department effectively implemented the scheme to equip the police force to handle threats of civil disturbance in maintenance of law and order in the State; and
- Control and monitoring mechanisms were adequate and effective.

¹ Dimapur, Niuland and Chümoukedima.

² Kohima, Wokha, Zunheboto, Phek, Tseminyu, Peren, Mokokchung, Tuensang, Mon, Kiphire, Longleng, Noklak, and Shamator.

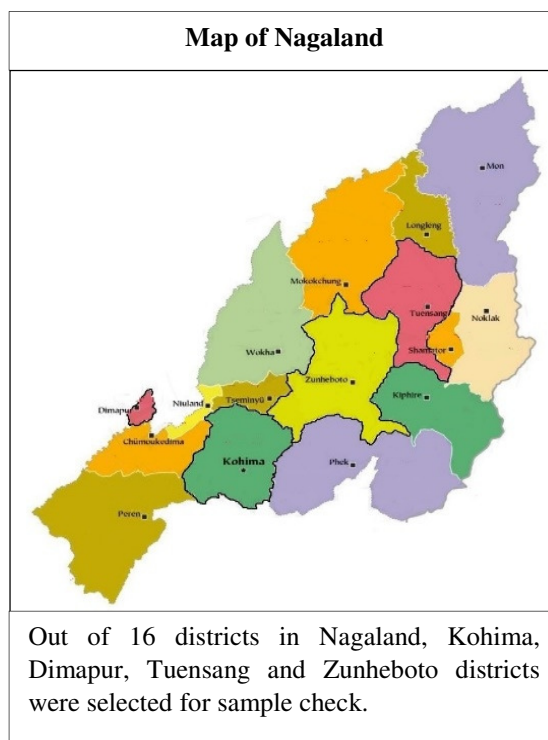
4.2.4 Audit Criteria

The following audit criteria were adopted for the Performance Audit:

- MPF Scheme Guidelines, orders and circulars issued by MHA, GoI;
- State Annual Action Plans approved by MHA, GoI;
- Circulars/Instructions/Government Orders issued by the Home Department, Government of Nagaland (GoN) and GoI; and
- General Financial Rules 2017.

4.2.5 Audit Scope

The Performance Audit (PA) covered the implementation of the scheme for the period from 2017-18 to 2022-23. As of April 2024, Nagaland comprises 16 Districts. Among them, Kohima district, serving as the State capital and Dimapur district, functioning as the lone Commissionerate of Police, were mandatorily chosen for Audit. Two other Districts (Tuensang and Zunheboto), were selected by random sampling. Out of these 16 Districts, four districts do not have SP offices. Further, out of 87 Police Stations (PS) in the State, three State Level PS and 18 out of 34 PS in the selected four Districts were selected by random sampling. Details of selected units for audit are shown in



Appendix 4.2.2. In these selected units, six³ out of eight components under the scheme of Assistance to States for Modernisation of Police were selected for detailed audit. In addition, the Beat Patrolling System which was sanctioned outside the annual State Action Plan (SAP) was also selected for audit.

4.2.6 Audit Methodology

The PA commenced with an Entry Conference on 27 July 2022 with the Special Secretary (Home) and Officers from the Police Headquarters (PHQ) wherein the audit methodology, scope, objectives and criteria were discussed. The audit methodology involved scrutiny of records, collection and analysis of data, issue of audit queries, joint physical verifications and collection of photographic evidences. The findings of audit were discussed in the Exit Conference held on 13 June 2023 with the Special Secretary (Home) and Officers from the PHQ. The replies and comments of the State Government/Department were duly incorporated in this Report.

³ Mobility, Operational Equipment, Weaponry, Training Equipment, Modern Communication System and Security/BDDS/Anti-Riot/Traffic equipment.

4.2.7 Acknowledgement

Audit acknowledges the co-operation extended by the Officers and Staff of Home Department, PHQ, various field units and Police Stations of test-checked districts during the course of audit.

AUDIT FINDINGS

4.2.8 Planning

Efficient planning is essential for successful implementation of any programme for achievement of intended objectives. Under the MPF Scheme, the Department has to prepare baseline assessment of the ground situation and State Strategic Plan after conducting an analysis of local needs.

4.2.8.1 Non preparation of Tentative Plan and State Strategic Plan

As per paragraphs 8(i) & (iii) of the Scheme Guidelines, the State Government was required to submit tentative plan for the subsequent year while submitting the SAP of the current year to MHA for approval. The annual SAPs were to be formulated by the State Governments after making a baseline assessment of the ground situation, identification of gaps and deficiencies noticed over a time-horizon of at least three years apart from reviewing the previous year plan, the State Strategic Plan and after conducting an analysis of local needs and goals to see how they fit in with the strategic priorities of the State.

The State Government prepared and submitted annual SAPs to MHA during the period 2017-23. Scrutiny of the SAPs revealed that the State Government did not include the requisite tentative plan along with the annual SAPs. Scrutiny of records made available showed that the SAPs were also not based on a baseline assessment of the ground situation or a review of the State Strategic Plan and there was no identification of gaps and deficiencies noticed over a time-horizon of at least three years apart from reviewing the previous year plan. Non-submission of the tentative plan and SAPs based on a baseline assessment and strategic review was primarily due to the non-preparation of these documents. The absence of these crucial components resulted in the creation of flawed SAPs, leading to procurement of equipment outside of proposed requirements and the retention of idle stock as discussed in **Paragraphs 4.2.10.2 and 4.2.10.6.**

While admitting that tentative plan was not prepared, the Department stated (August 2022) that baseline assessment of the ground situation and identification of gaps, deficiencies and analysis of local needs were conducted. However, no records were made available to substantiate the claim about conduct of baseline assessment. The Department further stated (May 2023) that SAP was earlier prepared on need basis but that henceforth, SAP will be prepared taking into consideration the need for the next five years.

Recommendation: *The Department may ensure preparation of Tentative and State Strategic Plans on the basis of baseline assessment so that realistic SAPs are submitted to MHA.*

4.2.9 Financial Management

The objective of the MPF Scheme is to provide adequate and modern equipment, vehicles and arms and ammunition to the State Police Forces. Under the Scheme, the States have been grouped into two categories viz. 'Category A' and 'Category B'. States in 'Category A', will receive financial assistance on 90:10 (Centre: State) sharing basis while States in 'Category B', will receive financial assistance on 60:40 (Centre: State) sharing basis. Nagaland is in 'Category A' and the MPF Scheme fund in Nagaland State was routed through Grant No. 28 of the State budget. However, during the year 2017-18 and 2018-19, in addition to the normal allocation of fund by GoI, the Department received ₹0.08 crore and ₹0.46 crore (State share) through banker cheque from the Planning Department for Student Police Cadet (SPC) and Mobility/Communication equipment. Funds for Weaponry were released directly to the Ordnance Factory Board (OFB) by MHA during the year 2017-18 and 2018-19.

4.2.9.1 Financial Outlay

Details of funds provisioned and released by Centre/State Government, and expenditure incurred during 2017-23 under MPF scheme is shown in **Table 4.2.1**.

Table 4.2.1: Fund allocation, receipt and expenditure⁴

(₹ in crore)

Year	Previous year balance	MHA release		State release to Department		Total Fund received	Fund available including previous balance	Expenditure	Balance
		To State	To OFB	Central share	State share				
2017-18	-	14.41	1.47	11.65	0.00	11.65	11.65	4.33	7.32
2018-19	7.32	19.96	1.45	16.21	0.00	16.21	23.53	17.43	6.10
2019-20	6.10	17.29	0.00	14.56	0.08	14.64	20.74	17.87	2.87
2020-21	2.87	0.00	0.00	9.24	2.89	12.13	15.00	7.91	7.09
2021-22	7.09	17.03	0.00	0.00	0.00	0.00	7.09	2.69	4.40
2022-23	4.40	0	0	17.03	0	17.03	21.43	18.20	3.24
Total	-	68.69	2.92	68.69	2.97	71.66	-	68.42	-

Source: Departmental figures

As seen from **Table 4.2.1** above, out of the total available fund of ₹71.66 crore (including State share of ₹2.97 crore), the Department incurred an expenditure of ₹68.42 crore with an unspent balance of ₹3.24 crore as of March 2023.

4.2.9.2 Short release and delay in release of funds

As per Paragraph 8(viii) of the Scheme Guidelines, after passing of the Union budget, final State wise allocation will be conveyed to the States. Further, Paragraphs 10 (ii & iii) of the Scheme Guidelines stipulate that the State Governments will ensure contribution of State share, as is due, from their own budget. The State Governments

⁴ Including funds sanctioned outside SAP for Beat Patrolling project and Student Police Cadet.

will follow the prescribed administrative and financial rules/regulations and procedures of budgeting, and accounting in releasing of funds under the scheme. The status of share due, funds released and short release of funds by GoI and GoN are shown in **Table 4.2.2**.

Table 4.2.2: Short release of funds against approved SAP⁵

(₹ in crore)

Year	SAP approved by MHA			Amount actually released			Short released		
	Central	State	Total	Central	State	Total	Central	State	Total
2017-18	15.74	1.46	17.20	13.12	0.00	13.12	2.62	1.46	4.08
2018-19	18.14	1.75	19.89	18.14	0.46	18.60	0.00	1.29	1.29
2019-20	19.47	2.13	21.60	17.29	1.92	19.21	2.18	0.21	2.39
2020-21	15.04	1.67	16.71	0.00	0.00	0.00	15.04	1.67	16.71
2021-22	21.33	1.67	23.00	17.03	0.00	17.03	4.30	1.67	5.97
2022-23	4.64	0.52	5.16	0.00	0.00	0.00	4.64	0.52	5.16
Total	94.36	9.20	103.56	65.58	2.38	67.96	28.78	6.82	35.60

Source: Departmental figures

As can be seen from **Table 4.2.2** above, during 2017-18 to 2022-23, GoI released ₹65.58 crore (69 per cent) against the allocation of ₹94.36 crore, while GoN released ₹2.38 crore (26 per cent) against its due share of ₹9.20 crore resulting in overall short release of ₹35.60⁶ crore. Audit observed that GoN did not allocate funds in the budget/supplementary budget for State share against the Central release except during 2018-19 and 2019-20. It was further observed that the State Government released funds received from GoI, to the Department with delays ranging from 01 to 08 months. There were also instances of delay in release of State share ranging from 07 to 67 months as detailed in **Appendix 4.2.3**. Reasons for delay and short release of funds by GoI and GoN were neither on record nor furnished by the Department. Short release and delay in release of funds to the Department deprived the State Police of availing modernised facilities in absence of vehicles, weaponry and equipment. The Government and the Department did not offer any reply for delay and short release of funds.

Recommendation: The Department may take up with GoI and GoN for timely release of approved funds.

4.2.9.3 Under-utilisation of scheme funds

As per Paragraph 10 (vi) of the Scheme Guidelines, funds released by MHA are to be utilised for the intended purpose and parking of funds should be avoided. Status of funds received and utilised during the respective financial years against the actual

⁵ Excluding funds sanctioned outside SAP for Beat Patrolling project and Student Police Cadet but including funds released to OFB directly by MHA for weaponry during 2017-18 and 2018-19.

⁶ GoI Share: ₹28.78 crore and GoN share: ₹6.82 crore.

receipt of funds, including the fund received outside the SAP viz. Student Police Cadet and beat patrolling project is depicted in **Table 4.2.3** and **Chart 4.2.3**.

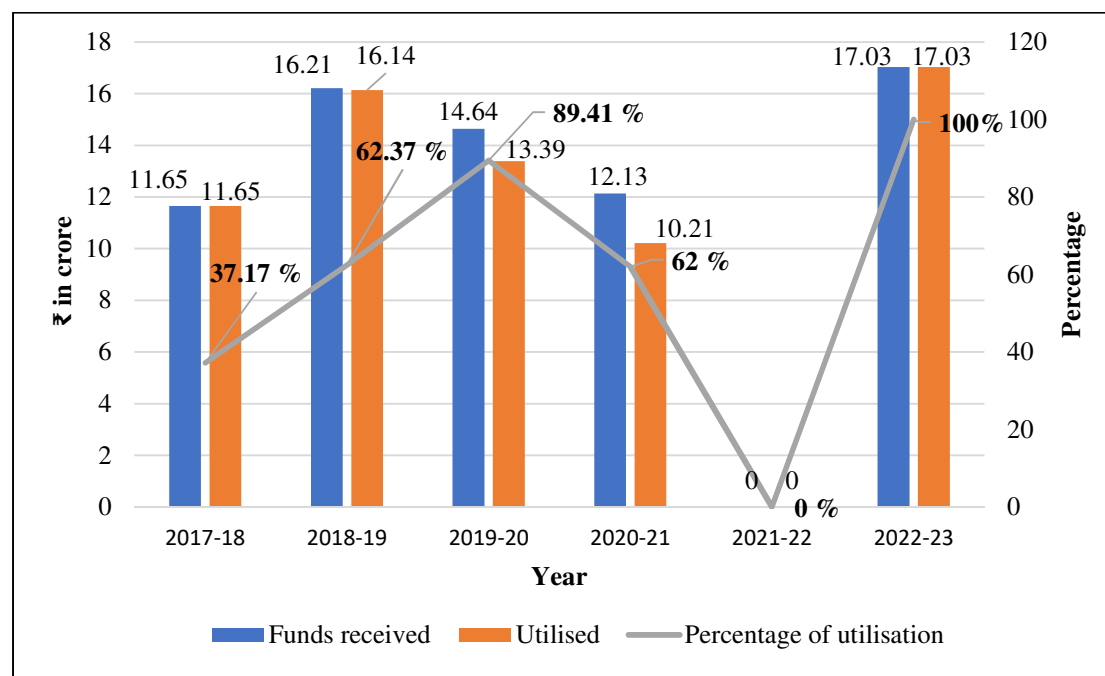
Table 4.2.3: Table showing year-wise utilisation of scheme funds

(₹ in crore)

Year	Receipt	Year-wise expenditure as per main cash book							Balance
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total	
2017-18	11.65	4.33	7.32	-	-	-	-	11.65	0
2018-19	16.21	-	10.11	4.77	0.09	0	1.17	16.14	0.07
2019-20	14.64	-	-	13.09	0.30	-	-	13.39	1.25
2020-21	12.13	-	-	0	7.52	2.69	0	10.21	1.92
2021-22	0	-	-	-	-	-	-	0	0
2022-23	17.03	-	-	-	-	-	17.03	17.03	0
Total	71.66	4.33	17.43	17.86	7.91	2.69	18.20	68.42	3.24

Source: Departmental records

Chart 4.2.3: Chart showing details of funds received and utilised



Source: Departmental records

As can be seen from **Table 4.2.3** and **Chart 4.2.3** above, during 2017-23, the Department was unable to fully utilise the allotted funds by GoI and the GoN except for 2022-23. Unutilised funds during this period ranged from 0.43 to 15.83 per cent. Audit further observed that the unutilised funds at the close of the respective financial years were parked by the Department in a Current Account⁷ in violation of the Scheme Guideline. Under-utilisation of funds resulted in delayed implementation of the scheme while parking of fund in Current Account is fraught with the risk of financial irregularity. While accepting the observation, the Department stated (May 2023) that fund for undergoing works were kept in the current account for making payment on completion of work. The Government in reply (July 2023) stated

⁷ SBI Current Account No. XXXXX5732 (SBI Lerie Branch, Kohima), Account Holder Name: DGP, Nagaland

that funds were received late resulting in delay of implementation of works programme within the financial year, thereby, resulting in parking of funds in current account till completion of the targeted works.

4.2.9.4 Submission of Utilisation Certificate

Paragraph 9 of the Scheme Guidelines envisages that funds will be released to the States where Utilisation Certificate (UC) in respect of funds released during previous year of the last financial year is submitted to the Ministry by the State Governments. Details of UCs submitted by GoN in respect of funds released by GoI during 2017-18 to 2022-23 are shown in **Table 4.2.4**:

Table 4.2.4: Utilisation Certificate submitted by GoN⁸

(₹ in crore)

Year	Date of submission of UC	Fund released by GoI	Utilisation as per UC		Actual utilisation as per main cash book	
			Utilised	Balance	Utilised	Balance
Funds received against approved SAP						
2017-18	27/06/2019	11.65	11.65	0.00	4.33	7.32
2018-19	27/06/2019	16.69	15.98	0.71	10.11	6.58
2019-20	19/10/2020	17.29	15.84	1.45	6.58	10.71
2020-21	-	0.00	0.00	0.00	0.00	0.00
2021-22	-	17.03	0.00	0.00	0.00	17.03
2022-23		0.00	0.00	0.00	0.00	0.00
Funds received outside approved SAP						
2017-18	-	2.76	-	-	2.24	0.52
2018-19	-	3.27	-	-	2.62	0.65

Source: Departmental figures

It can be seen from **Table 4.2.4** above that:

- Though the Department was unable to utilise the entire funds released by the GoI during 2017-18 to 2019-20 and 2021-22 against the approved SAP, the GoN submitted UCs for the period from 2017-18 to 2019-20 to the MHA showing amounts which were more than the actual utilisation. Submission of inflated UCs tantamount to misleading the MHA so as to obtain subsequent instalments of the Scheme fund.
- The Department did not submit UC for the funds received during 2021-22 against approved SAP. Audit further observed that GoN did not submit UC for an amount of ₹6.03 crore which was received outside the SAP⁹ during 2017-18 and 2018-19. Non-submission of UC by the Department is in violation of the Scheme Guidelines resulting in delay in release of further Scheme funds by GoI.

Reasons for submission of inflated UCs and non-submission of UC were neither found on records nor stated by the Department. The delay in UC submission is

⁸ Excluding funds released directly to OFB by MHA, Beat Patrolling and Student Police Cadet.

⁹ ₹0.76 crore (2017-18) and ₹0.74 crore (2018-19) against SPC, ₹2.00 crore (2017-18) and ₹2.53 crore (2018-19) against Beat Patrolling.

primarily attributable to the delayed release of funds by GoN in alignment with the funds released by GoI as discussed in **Paragraph 4.2.9.2**. In reply, the Department stated (May 2023) that UCs for Student Police Cadet (SPC) (₹1.50 crore) and beat patrolling (₹4.53 crore) have been submitted to MHA through the State Government. However, the Department did not submit UC for the funds received during 2021-22. The Government in reply (July 2023) stated that UC for the year 2021-22 amounting to ₹17.03 crore was submitted (March 2023 and May 2023) to MHA. However, the UC amount was inflated for the years 2017-18, 2018-19 and 2019-20 and UC for 2021-22 was submitted after a delay of more than one year.

Recommendation: *The Government may ensure submission of correct UCs depicting the actual utilisation of funds and submit due UCs without delay.*

4.2.9.5 Outstanding Abstract Contingent Bills

As per Rule 118 of the Receipt and Payments Rules 1983, a certificate shall be attached to every Abstract Contingent (AC) bill to the effect that the Detailed Countersigned Contingent (DCC) bills have been submitted to the controlling officer in respect of AC bills drawn during the month previous to that in which the bill in question is presented for payment. On no account may an AC bill be cashed without this certificate. Status of AC bills drawn and adjusted during the period 2017-18 to 2022-23 is shown in **Table 4.2.5**.

Table 4.2.5: Status of AC bills adjusted with DCC bills

(₹ in crore)

Year	AC bill drawn		AC bill adjusted with DCC		Outstanding AC bill	
	No.	Amount	No.	Amount	No.	Amount
2017-18	2	11.65	2	11.65	0	0
2018-19	5	16.21	5	16.21	0	0
2019-20	4	14.56	4	14.56	0	0
2020-21	6	11.67	2	3.20	4	8.47
2021-22	0	0.00	0	0.00	0	0.00
2022-23	3	17.03	0	0.00	3	17.03
Total	20	71.12	13	45.62	7	25.50

Source: Departmental figures

It can be seen from the table above that during the period 2017-23, the Department had drawn 20 AC bills amounting to ₹71.12 crore under MPF Scheme, of which only 13 AC bills amounting to ₹45.62 crore were adjusted as of March 2023 while seven AC bills amounting to ₹25.50 crore remain unadjusted.

While passing the bills, the Drawing and Disbursing Officer and the Treasury Officer did not exercise their checks to ensure that the required certificates were endorsed with the bills. Therefore, the Department continued to draw AC bills without submission of DCC bills and enclosing the required certificate as per rules stated above. In the absence of DCC bills, Audit cannot ascertain whether the amount drawn through AC bills was incurred for the intended purpose.

While accepting the audit observation, the Department stated (May 2023) that the delay in supply of equipment and Actual Payment Receipts led to pending submission

of DCC bills. The Government in reply (July 2023) stated that DCC bills against the three AC bills amounting ₹17.03 crore have been submitted and remaining four AC bills¹⁰ amounting to ₹8.47 crore remained outstanding.

Recommendation: *The Department may ensure compliance to relevant Financial Rules relating to timely submission of DCC bills. The Drawing & Disbursing Officer and the Treasury Officer may ensure that a certificate be attached to every AC bill to the effect that the DCC bills have been submitted to the controlling officer in respect of AC bills drawn during the month previous to that.*

4.2.10 Implementation of the scheme

As per Paragraph 5 of the Scheme Guidelines, expenditure is permissible for all items relating to Police, subject to scrutiny by the High-Powered Committee. The items funded under the Scheme by MHA during 2017-23 are: i) Mobility, ii) Operational equipment, iii) Weaponry, iv) Training equipment, v) Modern communication system, vi) Security/Traffic/Anti-riot equipment, vii) FSL equipment, and viii) Home Guards. Funds provided by MHA to the State Government for the above eight components along with seven additional components *vis-à-vis* expenditure incurred during 2017-23 are detailed in **Table 4.2.6**.

Table 4.2.6: Component-wise funds received *vis-à-vis* expenditure incurred during 2017-23¹¹

(₹ in lakh)

Sl. No.	Component	Description	Fund received	Expenditure incurred	Balance (as on 31 March 2023)
1.	Mobility	Procurement of motor cycles, light vehicles, medium vehicles, heavy vehicles	1,780.04	1,734.10	45.94
2.	Operational equipment	Procurement of water tanker	223.60	223.60	0.00
3.	Weaponry	Procurement of rifles and accessories	588.87	588.87	0.00
4.	Training equipment	Procurement of various materials and equipment for police training institutes	309.42	306.81	2.61
5.	Modern communication system	Procurement of digital handheld transceiver, digital static/mobile transceiver, digital repeater transceiver, antenna, batteries and accessories.	696.13	579.53	116.60
6.	Security equipment/BDDS equipment/anti-riot equipment	Procurement of bomb disposal equipment, explosive test kits, remote operative vehicle, door frame metal detector, multi-shell launcher <i>etc.</i>	1,980.19	1,902.39	77.80
7.	FSL equipment	Procurement of Forensic Science Laboratory equipment	313.88	313.88	0.00
8.	Home guard	Assistance to Home Guards Department	224.07	224.07	0.00
9.	Setting up of investigation room in 12 districts	Sanctioned under Performance incentive scheme 2019-20	192.02	192.02	0.00
10.	Investigation facility for one centre in Kohima		37.88	37.88	0.00
11.	Implementation of resource management system		207.50	207.50	0.00

¹⁰ (1) Bill No. 361 dated 20 July 2020, Performance incentives ₹6.55 crore; (2) Bill No. 405 dated 20 August 2020, State share main plan 2019-20, ₹0.89 crore; (3) Bill No. 702 dated 04 November 2020, State share main plan 2019-20, ₹0.30 crore; (4) Bill No. 702 dated 04 November 2020 State share Performance incentives ₹0.73 crore.

¹¹ Including both Central and State share and funds paid directly to OFB for weaponry.

Sl. No.	Component	Description	Fund received	Expenditure incurred	Balance (as on 31 March 2023)
12.	Automatic finger print system		72.78	0.00	72.78
13.	Beat patrolling	Strengthening of Beat Patrolling System in Nagaland	503.75	503.75	0.00
14.	Student Police Cadet	Student Police Cadet programme under MHA	158.09	149.91	8.18
15.	Crime and Criminal Tracking Network & Systems (CCTNS)	Crime and Criminal Tracking Network & Systems (CCTNS)	169.89	169.89	0.00
Total			7,458.11	7,134.20	323.91

Source: Departmental figures

The procurements for the above components were made centrally by PHQ and distributed to various Police field units for utilisation. Examination of records relating to implementation of the Scheme revealed deficiencies which are discussed in the succeeding paragraphs.

4.2.10.1 Procurement without Notice Inviting Tender

As per Rule 149 of GFR 2017, the procurement of goods and services by Ministries or Departments shall mandatorily be made through Government e-Marketplace (GeM). Further, Rule 158 of GFR 2017 states that except in cases covered under Rule 154, 155 and 156 (1), Ministries or Departments shall procure goods under their powers by following the standard method of obtaining bids such as Advertised Tender Enquiry, Limited Tender Enquiry and Two-Stage Bidding. As per the Manual of Procurement Clause 4.1 (Modes of Procurement), offers from prospective bidders in public procurement must be invited according to a procedure that achieves a balance between the need for the widest competition, on one hand, and complexity of the procedure, on the other hand. Further, the Nagaland e-Procurement and Tendering Policy, 2017 notified by the GoN in July 2017, applies to all tenders for construction/civil works worth ₹one crore and above and supply works worth ₹20 lakh and above.

Audit observed that supply orders¹² for procurement of equipment¹³ during 2017-23 amounting to ₹31.63 crore were issued on the basis of the Administrative Approval of the GoN without inviting tenders. Details of these procurements are shown in **Appendix 4.2.4**. Audit further observed that the reason for not inviting tenders by the Department was due to the fact that the Administrative Approvals issued by GoN, contained therein the name of the suppliers from whom the items are to be procured. Non-adoption of laid down rules for procurement resulted in violation of the provisions of GFR which emphasise high standards of financial propriety and strict economy for expenditure from public money. While accepting (July 2023) the audit observation, the Government stated that administrative approvals are issued indicating names of firms for works to be executed.

¹² 20 supply orders.

¹³ Training equipment, FSL Equipment, Security/traffic/riot control equipment, Communication equipment and Beat patrolling/investigation room/resource management system.

Recommendation: *The Government may mandate competitive tendering for all procurements, clarifying that names in administrative approvals are indicative and do not override GFR provisions.*

4.2.10.2 Procurement of Equipment not included in proposal

As per Paragraph 8 (iii) of the Scheme Guidelines, SAP should be formulated by the State Government after making a baseline assessment of the ground situation, identification of gaps and deficiencies and time horizon of at least three years apart from reviewing the previous year plan and after conducting an analysis of local needs and goals to see how they fit with the State's strategic priorities. Further, Paragraph 10 (vii) of the Scheme Guideline states that funds released for any particular item in the approved SAP will not be diverted for any other item without obtaining specific approval to the effect from the State Level Empowered Committee (SLEC) and the MHA.

Audit, however, observed that:

- Twelve items of training equipment and 53 items of Security equipment amounting to ₹0.24 crore and ₹7.73 crore respectively were procured during 2019-20 by the Department, which were neither proposed by the training units nor by the field units.
- Eight items of training equipment and three security equipment amounting to ₹0.37 crore and ₹1.31 crore respectively were procured during 2017-20, in excess of the actual requirement.

Details of these equipment purchased are shown in **Appendix 4.2.5**. The Department procured these items totaling ₹9.65 crore, even though they were not part of the proposals from field units. While accepting the audit observation, the Government and the Department stated (May 2023 and July 2023) that procurements were made on need basis after approval by the Planning Board (PHQ) due to urgent requirement. However, the reply did not address the fundamental issue of the Department procuring equipment worth ₹9.65 crore that were not originally projected in the SAP as required by various field units. Therefore, while the assertion of procurement being based on urgent need and approved by the Planning Board is noted, it does not justify the absence of prior inclusion in field unit proposals.

Recommendation: *The Department may ensure that procurement is made only for equipment included in the SAP.*

4.2.10.3 Shortage of weapons and communication system

The focus of MPF scheme is to strengthen Police infrastructure at cutting-edge level by equipping the police stations with the required mobility, modern weaponry, communication equipment and forensic set-up. Funds are accordingly allocated for procurement of weapons and modern communication system as approved in SAP. Audit observed :

- **Shortage of weapons:** During the conduct of Audit (August 2022), against the actual requirement of 5,616 rifle arms, the State Police Department has only 4,616 rifle arms resulting in shortage of 1,000 rifle arms. However, during 2017-23, the Department procured 561 rifle arms of which only 156 were distributed while 405 rifles were retained in stock without utilisation. Audit also observed that 6,794 Nos. of .303 rifles declared obsolete by the State Police Department were still retained by the field units.
- **Shortage of communication system:** During the conduct of Audit (August 2022), it was noticed that against the actual requirement of 887 Digital Static Sets (DSS) and 3,628 Digital Handheld Sets (DHS), the State Police Department has only 110 DSS and 538 DHS. There was, thus, a shortage of 777 DSS and 3,090 DHS. During 2017-23, the Department procured 180 DSS and 580 DHS. Audit, however, observed that the 30 DSS and 160 DHS procured during 2019-20 amounting to ₹1.79 crore were not allotted to the nodal unit (NPTO) for distribution and utilisation.

Audit, thus, observed that shortages of arms and communication equipment were not efficiently addressed through purchase since the purchased items were not fully distributed to field units for utilisation. The Public Accounts Committee recommended on the Report of the C&AG of India for the year 2008-09 that the Department should be well equipped to meet all sorts of situations, especially when it comes to arms and ammunitions and therefore, urged the Department to take proper measures to phase out obsolete arms and ammunitions and fully implement the modernisation process without necessary delay in order to enhance the striking capabilities of the State Police Force. The action taken report stated that the Department had begun to modernise the weaponry of the State Police Department by way of phasing out the vintage .303 rifles and replacing them with more sophisticated weaponry.

The Department in its reply stated (May 2023) that with the delay in release of funds, the rates get escalated at the time of final purchase whereby the exact numbers as projected could not be purchased and some weapons could not be purchased on time due to being out of production range of OFB. No reply was afforded for non-issue of communication sets to the nodal unit.

The Government in reply (April 2024) further stated that the Department is presently holding 5,038 numbers of .303 rifles and 11,449 numbers of SLR totalling to 16,487 against the posted strength of 14,678 riflemen. Regarding the retention of 405 rifles in stock without utilisation, the Government stated that the rifles would be issued to units after the .303 rifles are deposited back. Further some rifles would still be retained as reserve for replacement as and when damaged rifles are brought from units. Regarding the modern communication sets procured during 2019-20, the Government stated that due to late receipt of items, after the completion of documentation, the said items in question were issued to NPTO.

Despite the procurement, the Department still faced shortages, as evidenced by the figures provided by the Government viz. a shortfall of 2,707 rifles¹⁴ along with shortage of 777 DSS and 3,090 DHS. This indicates a significant gap in meeting the objectives of the Scheme, which aimed to decrease reliance on the Army gradually while ensuring State Police personnel receive sufficient equipment. Therefore, from this perspective, the objectives of the Scheme have not been met.

Recommendation: *The Department may conduct a comprehensive review of its planning process to address discrepancies in procurement, distribution, and the management of obsolete equipment. It may also ensure that procurement aligns with actual requirements, replace obsolete/life-expired equipment, and facilitate timely distribution to field units for utilisation.*

4.2.10.4 Short/Non-accounting of security and training equipment

As per Rule 208 (iii) of GFR 2017, details of the material received from suppliers should be entered in the appropriate stock register and certified by the officer in-charge of stores. Audit observed that when verified with the actual procurement as per supply order, there was short/non-accounting of six items of security equipment amounting to ₹0.14 crore and 12 items of training equipment amounting to ₹0.07 crore in the stock ledger as detailed in **Appendix 4.2.6**. Short/non-accounting of equipment in the stock ledger is in violation of financial rules and fraught with the risk of mis-utilisation of the scheme fund. While accepting the audit observation, the Government (July 2023) and the Department (May 2023) assured to rectify the records accordingly. In April 2024, the Government stated that the security and training equipment had been issued and the stock register was updated.

Recommendation: *The State Government may institute regular internal checks and ensure timely entry of all procured items in the stock register, duly certified by the officer in-charge, to prevent discrepancies and uphold financial accountability.*

4.2.10.5 Shortage in procurement and deployment of vehicles

The Public Accounts Committee recommendations on the Report of the C&AG of India for the year 2008-09, include the recommendation that the Department should have a well-thought-out plan and strategies on proper deployment of all Departmental vehicles, so that all units, especially field units, are provided with enough vehicles in working condition for prompt response during any law-and-order situation. As per Paragraph 5 (A) (vi) of the Scheme Guideline, items under 'Mobility' would be used only for strengthening field level Police offices and not State Level Police offices.

Audit observed that there was shortage of vehicles in the Department. In the four sampled districts, only 279 vehicles were available against the requirement of 397 vehicles resulting in shortage of 118 vehicles¹⁵ as shown in **Table 4.2.7**:

¹⁴ 14,678 rifles – 11,971 rifles = 2,707 rifles.

¹⁵ 23 two-wheelers, 54 light vehicles, 25 medium vehicles and 16 heavy vehicles.

Table: 4.2.7: Requirement of vehicles in sampled units

(in nos.)

Type of vehicle	Requirement	Available	Shortage
Two-wheeler	30	7	23
Light	251	197	54
Medium	67	42	25
Heavy	49	33	16
Total	397	279	118

Source: Departmental figures

During 2017-23, procurement of 176 vehicles was approved in the SAPs for which ₹21.76 crore was sanctioned and released. Audit, however, observed that the Department procured only 161 vehicles resulting in short-procurement of 15 vehicles as shown in **Appendix 4.2.7**. Audit further observed that the reason for the short-procurement was because the Department deviated from the approved SAP and procured seven less two-wheelers, two less light vehicles, four less medium vehicles and two less heavy vehicles. Audit further observed that out of the 161 vehicles procured, only 138 vehicles were provided to field units/Police Stations. As a result, the objective of strengthening field level Police offices was affected. The Department also failed to adhere to the recommendation of the PAC on deployment of Departmental vehicles across all units to facilitate prompt response during any law and order situation. While no reply was furnished for the short-procurement of vehicle as against the approved SAP, the Department stated (May 2023) that vehicles were basically issued to the field staff and field officers upto the supervisory level. Further, the Government in reply (July 2023) stated that IGP (Range, NAP, IR) and DIG (Range, NAP, IR) are all field officers which also include their immediate subordinate officers like SPs, Commandants and their officers.

The reply is not acceptable since 23 out of 161 vehicles procured during the audit period under the Scheme were deployed at PHQ and other non-field offices.

Recommendation: *The Department may ensure that the field units are adequately equipped with sufficient fleet strength for quick mobility. Further, complete action on the recommendation of the Public Accounts Committee on the Report of the C&AG of India for the year 2008-09 may be expedited.*

4.2.10.6 Idle Stock – Training and Security Equipment

As per Paragraphs 8 (i) and (iii) of the Scheme Guidelines, the annual SAPs were to be formulated by the State Governments after making a baseline assessment of the ground situation and identification of gaps after conducting an analysis of local needs. Procurements as per the approved SAPs were done centrally by PHQ. On receipt of items from suppliers, PHQ issues the items to the field units for utilisation. Audit analysis of stock ledger of PHQ revealed that security equipment amounting to ₹8.77 crore and training equipment amounting to ₹1.61 crore procured during 2017-18 to 2019-20 were not issued to field units for utilisation even after a lapse of two years from the date of procurement as detailed in **Appendix 4.2.8**. Audit further

observed that the following equipment which were in stock at PHQ were actually required by the sampled field units as shown in **Table 4.2.8**.

Table 4.2.8: Requirement of security equipment in sampled units

(in numbers)

Sl. No.	Item	Unit	Requirement	Available	Shortage	Stock in Balance in PHQ
1.	Search Light	SP Zunheboto	10	0	10	87
2.	Drone	SP Tuensang	1	0	1	19
		CP Dimapur	52	0	52	
3.	Digital camera/ Digital Video recorder	SP Tuensang	10	0	10	4
		CP Dimapur	2	0	2	
4.	Body Armour	CP Dimapur	300	0	300	120
5.	Fibre Shield	10th IR NAP	150	100	50	120
6.	Breath Analyzer	CP Dimapur	4	2	2	50
		SP Kohima	10	0	10	
7.	Baton Light	CP Dimapur	200	0	200	80
		SP Kohima	200	47	253	
8.	Barricade	SP Zunheboto	20	2	18	50
		SP Kohima	200	40	160	

Source: Departmental figures

Photograph 4.2.1



Photographs of some items of idle stock retained in PHQ

Retention of idle stock without issuing for utilisation by the field units resulted in depriving the field units of the benefits of modern equipment and expiry of lifespan of the idle equipment without utilisation cannot be ruled out. This affected the objective of the Scheme to make the State police force self-reliant with modernised equipment. While accepting the audit observation, the Department stated (May 2023) that to meet the demand of exigency requirement and to reinforce in times of need, some items were retained at PHQ as reserve. Further, the Government in reply (July 2023) stated that PHQ retains some items after distribution to various units as most activities takes place in Kohima, Dimapur and Mokokchung areas and Kohima being centrally located, having all infrastructure available, makes it easy to rush materials to the affected/needed location within the shortest possible time. However, retention of idle stock without issuance to field units undermines the intended benefits of modern equipment utilisation. This practice not only risks expiry of the equipment's lifespan without utilisation but also deprives field units of access to modern equipment, thereby affecting the objective of the Scheme to foster self-reliance within the State police force.

Recommendation: The Department may ensure that sufficient equipment are made available to field units and steps may be taken to utilise the idle stock at the earliest.

4.2.10.7 Distribution of Training equipment

Training units submit requirement of training equipment during the preparation of SAP. Once the SAP is approved by the MHA, the equipment is procured by PHQ. Audit observed that distribution of procured training equipment to various Training units was not always based on the requirement submitted by the units, as training equipment procured against the proposal of Home Guards (HG), Police Training School (PTS) and NAP Training Centre (NAPTC) were diverted and issued to other Training Units. Audit further observed that while PTS submitted a requirement of 10 Nos. of coir mat, the Department procured 1,000 Nos. during 2018-19 and issued 300 Nos. each to PTS and NAPTC and 200 Nos. each to Counter Insurgency Anti-Terrorism School (CIATS) and Special Task Force (STF) without any demand. Details of distribution of these items are shown in **Appendix 4.2.9**. While accepting the audit observation, the Department stated (May 2023) that recruit constables and in-service courses are being imparted training batch-wise round the year causing wear and tear of items requiring replacement thereof. The reply of the Department is not acceptable as it did not address the fact of irrational distribution of training equipment based on actual proposal submitted by the training institutes.

Further, the Government in reply (July 2023) stated that the budget allocation for home guard is totally different. Training equipment were issued to only four training centres where trainings are imparted to recruit constables and in-service courses conducted for various ranks of police personnel throughout the year. The Government assured to look into for rational distribution in future. While the Department and Government have acknowledged the irrationality in distribution, Audit underscores the necessity for adherence to approved/proposed requirements during procurement

and equitable allocation of training equipment to ensure efficient training operations across all designated units.

Recommendation: *The Department may ensure that equipment are issued to training units as per requirements:-*

4.2.10.8 Better Performance Incentives

As per Paragraph 7 of the Scheme Guidelines, HPC shall be competent to sanction up to 10 *per cent* of the total annual allocation to States who have done exemplary work for the same to incentivize the implementation of Police Reforms as recommended by various committees. During 2019-20, MHA sanctioned ₹120.09 crore to 12 States as better performance incentives based on UCs submitted by the State Governments. The amount sanctioned for Nagaland State was ₹6.55 crore for the components as shown in **Table 4.2.9**.

Table 4.2.9: Funds sanctioned under performance incentives

		(₹ in lakh)
Sl. No.	Components	Amount
1.	Mobility	57.50
2.	Security/traffic equipment	160.10
3.	Setting up of Investigation Room in 11 districts and one State Crime Police Station	192.08
4.	Investigation facilities for one centre at Kohima	37.88
5.	Implementation of Resource Management System	207.50
Total		655.06

Source: Departmental figures

Short-comings noticed by Audit regarding better performance incentives are discussed in the succeeding paragraphs.

(I) Setting up of investigation room

As none of the Police Stations in Nagaland are equipped with state of the art infrastructure and facilities for interviewing or interrogating suspects, it was felt necessary to set up a scientific interrogation and interview room in all the districts of Nagaland. Such a facility would facilitate thorough interviewing, questioning, and interrogation of suspects as an information gathering technique to aid the police in various investigations. The Department submitted (April 2020) the proposal to set up Investigation Rooms in 11 Police Stations in 11 districts of the State and one State Crime Police Station (SCPS) at PHQ, Kohima at an estimated cost of ₹1.71 crore for civil works and ₹0.21 crore for providing and fixing equipment and appliances. Administrative approval from the State Government was received in June 2020. The Department thereafter issued (June 2020) supply order to M/s Tzurangkhu Enterprises, Dimapur for both the components without adopting tender procedures. As per the running account bills, civil works in all the locations were completed in September 2020 at a cost of ₹1.71 crore and payment released (August 2020) to the contractor. The supplier also submitted the bill of ₹0.21 crore for supply and installation of equipment and appliances in 12 locations as detailed in **Table 4.2.10**.

Table 4.2.10: Equipment for investigation room

Sl. No.	Particulars	Quantity	Rate	Amount (in ₹)
1.	Mtek varifocal ip 2mp bullet camera	12	7,516	90,192
2.	Mtek varifocal ip 2mp dome camera	24	7,516	1,80,384
3.	Mtek 8ch NVR	12	8,636	1,03,632
4.	Seagate 1 TB HDD	12	4,150	49,800
5.	LG 53" display	12	37,300	4,47,600
6.	Lenovo laptop core i5	12	46,200	5,54,400
7.	Lenovo 172 pentium quad core All-in-one PC	12	33,800	4,05,600
8.	Better power 1kva online UPS	12	21,900	2,62,800
Total				20,94,408

Source: Departmental records

Audit observed that though the equipment for Investigation room was delivered, the civil work component was not executed in any of the police stations of the four test-checked districts and one SCPS. Therefore, it is evident that the Department prepared the running account bills on false measurements and payment was released to the contractor resulting in mis-utilisation of public money. Consequently, it was observed that, the equipment procured for the investigation room remained idle without utilisation. This resulted in the State Police being deprived of the benefit of state-of-the-art infrastructure and facilities for interviewing or interrogating suspects. While accepting the audit observation, the Department stated (May 2023) that the civil works were being taken up.

The Government in reply (July 2023) further stated that though funds for this project were received during 2019 (Covid-19 pandemic time), construction work could not be executed at that point of time, despite all equipment being issued to concerned units. The construction in all police stations except Dimapur East Police Station was completed. The Department replied in April 2024 that the Investigation room at Dimapur East PS was completed and operational.

However, the Department prepared the running account bills on false measurements and payment was released to the contractor before the execution of works.

Recommendation: *The Department may fix responsibility on the erring officials and ensure that the contractor completes the civil works and the installation of equipment and appliances in the investigation rooms of the 12 Police stations.*

(II) Implementation of Resource Management System

The project **Resource Management System (RMS)** was proposed (April 2020) by the Department to the State Government for funding under the 'better performance incentives scheme'. The RMS is expected to provide Management Information System (MIS) for planning, coordinating and management of small and big events in the Police department such as; Election – Assembly/Parliament, Procession – Civil societies/Student bodies, VVIP visit and Location specific events. As per the proposal, RMS would be equipped with a location manager for managing the events for accommodation, equipment and comprehensive human resource management. Administrative approval of the State Government for procurement of Equipment and

construction works under the Scheme of 'Assistance to States for Modernisation of Police Forces 2019-20' was received (June 2020) for an amount of ₹2.08 crore. Thereafter, the Department issued (June 2020) a supply order of ₹2.08 crore to M/s Tag Enterprises, Kohima for supply/installation of RMS without adopting tender procedure as detailed in **Table 4.2.11**.

Table 4.2.11: Components of Resource Management System

Sl. No.	Particulars	Amount (in ₹)
1.	Hardware requirement for central location	54,61,000
2.	Hardware requirement for districts	42,90,000
3.	Hardware requirement for personnel	18,80,000
4.	Software cost	45,50,000
5.	Bandobust mobile app	26,25,000
6.	Support & maintenance cost	19,44,000
Total		2,07,50,000

Source: Departmental figures

Audit observed that the RMS project was completed (October 2021) and necessary hardware issued to the field units. Audit, however, observed that none of the district Police units in the sampled districts were utilising the software and they did not capture necessary data in MIS of RMS, thus, rendering the expenditure of ₹2.08 crore unfruitful. While accepting the audit observation, the Department (May 2023) and the Government (July 2023) in reply stated that necessary trainings were imparted to the field units for proper utilisation of the system and assured that necessary steps would be taken to utilise the system by all field units.

Recommendation: *The Department may ensure that the RMS is used by all the Police units for efficient monitoring and management of events as envisaged in the proposal.*

4.2.11 Strengthening of Beat Patrolling System

The Department submitted (February 2018) an SAP to MHA for the project 'Strengthening of Beat Patrolling System (BPS) in Nagaland' under the Modernisation of Police Force scheme during 2017-18. The objective of the proposal was to make policing reach the ordinary man, to establish rule of law and respect for institutions of governance. It was proposed to constitute 'Police Beats' in the entire State based on colonies/wards in urban areas and village beats in rural areas. Each beat would be assigned to beat officers or teams who shall be allocated policing and community policing tasks based on centralised policing strategy which will also have localised policing requirements. All the tasks assigned would be logged-in electronically and recorded for future reference through tablets using Quick Response codes (QR codes) and Global Positioning System (GPS) locations of the patrolling teams for monitoring. An amount of ₹5.04 crore was proposed for covering the expenditure as detailed in **Table 4.2.12**.

Table 4.2.12: Components for Beat Patrolling System

Sl. No.	Item	Quantity	Rate	Amount (in ₹)
1.	Bi-cycles	150	7,000	10,50,000
2.	Motor-cycles	375	65,000	2,43,75,000
3.	4-wheeler pickup trucks	15	6,50,000	97,50,000
4.	7-inch Samsung tablets	550	20,000	1,10,00,000
5.	Software	1	25,00,000	25,00,000
6.	Laptops, Server & backup server	7 laptops, 2 servers	15,00,000	15,00,000
7.	Control room set up & TV Monitor		2,00,000	2,00,000
Total				5,03,75,000

Source: Departmental figures

Audit observed that out of the proposed amount of ₹5.04 crore, MHA sanctioned ₹2.00 crore in March 2018 and ₹2.53 crore in May 2018. The balance amount of ₹0.51 crore, being the State share, was released by GoN in October 2020. Audit analysis of bill/vouchers relating to the purchase of items mentioned in **Table 4.2.12** above, revealed that there was short-procurement of items as detailed in **Table 4.2.13**.

Table 4.2.13: Details of items approved and procured

Sl. No.	Item	Approved		Actual		Difference	
		Quantity	Amount (in ₹)	Quantity	Amount (in ₹)	Quantity	Amount (in ₹)
1.	Bi-cycles	150	10,50,000	75	5,25,000	75	5,25,000
2.	Motor-cycles (including accessories & registration)	375	2,43,75,000	250	2,35,95,750	125	7,79,250
3.	4-wheeler pickup trucks (including registration)	15	97,50,000	14	99,76,749	1	-2,26,749
4.	7-inch Samsung tablets (including pouch)	550	1,10,00,000	350	70,18,375	200	39,81,625
5.	Software	1	25,00,000	1	25,00,000	0	0
6.	Laptops, Server & backup server	-	15,00,000	-	15,00,000	0	0
7.	Control room set up & TV Monitor	-	2,00,000	-	1,84,709	0	15,291
Total			5,03,75,000		4,53,00,583		50,74,417

Source: Departmental figures

Audit further observed that the reason for short-purchase of items was because the State share amount of ₹0.51 crore was used to purchase items not included in the SAP approved by the MHA. Details of these purchases are shown in **Table 4.2.14**.

Table 4.2.14: Details of unauthorised expenditure incurred out of State share

Sl. No.	Items	Amount (in ₹)
1.	Customisation of e-Patrol beyond the scope of initial work	21,18,644.07
2.	Implementation cost for 11 districts	7,62,711.86
3.	Colour printer	1,39,830.46
4.	Annual maintenance contract	4,23,728.81
5.	Computer desktops	1,27,118.64
6.	Lamination machine	1,46,635.61

Sl. No.	Items	Amount (in ₹)
7.	Consumables & stationery	1,58,474.58
8.	Server Rack	84,745.76
9.	Enterprise OS	84,745.76
10.	5KVA UPS	1,69,491.53
11.	Installation & Commissioning	84,747.76
12.	GST	7,74,157.24
Total		50,75,032.08

Source: Departmental figures

Audit also observed that none of the 75 bicycles procured were issued to the field units while only 200 out of 250 motorcycles, nine out of 14 pick-up trucks and 123 out of 350 Samsung tablets procured were issued to the field units and the remaining items remained idle without utilisation. Further, out of 18 sampled Police Stations in the four sampled districts, only North PS, Kohima was utilising the system of QR Codes and GPS locations through the patrolling teams provided in the BPS. Short-procurement of items, non-issue of items and non-utilisation of electronic beat patrolling system by most of the PSs resulted in the objective of strengthening the beat patrolling system, for which ₹5.04 crore was expended, not being fully achieved. In reply, the Department stated (May 2023) that the equipment/gadgets were procured from the State share due to urgent requirement for upgradation of the existing system. The reply of the Department is not acceptable as the scope for up-gradation of existing equipment was not included in the approval and the State share amount should have been utilised only for the items included in the approval. No reply was furnished regarding non-issue of items and under-utilisation of electronic BPS.

The Government in reply (July 2023) further stated that while submitting SAP to MHA, some of the equipment/gadgets required for installation and commissioning of e-patrol were missed out and for which additional requirement was projected during the release of State share to augment the shortfall and make the beat patrolling system functional. Regarding the retention of items under the project, the Government furnished the stock ledger indicating issue of all items to various units. The reply of the Government is in acceptance of the fact that the State share amount was utilised for procurement of equipment not included in the approved proposal. Further, the idle stock retention was stated to be issued to the field units at the instance of Audit only.

Recommendation: The Department may ensure that required items as per SAP are fully procured and issued to field units. The Department may also ensure that issued items are fully utilised by the receiving units.

4.2.12 Monitoring mechanism

Paragraph 10 (ix) of the Scheme Guideline stipulates that the scheme implementation will be monitored by deputing teams of officers from MHA who will visit the States and make periodic assessments regarding achievement of targets. Audit, however, observed from records made available that officers from MHA were not deputed for monitoring the scheme implementation during 2017-18 to 2022-23. Audit further observed that the GoN and the Department also did not, on its own, adopt an effective

mechanism for monitoring the implementation of the Scheme. Due to the absence of an effective monitoring mechanism, there was short release/delay in release of funds, procurement of equipment outside the proposal, retention of idle stock and incomplete/unutilised projects, as discussed in the foregoing paragraphs (**Paragraphs 4.2.8 to 4.2.11**). The Government and the Department did not furnish reply to this observation.

Recommendation: The State Government may consider adopting a monitoring mechanism to ensure proper implementation of the scheme.

4.2.13 Conclusion

This Performance Audit was conducted with a view to assessing whether planning was based on realistic assessment of the requirement, financial management was efficient, scheme was implemented effectively and monitoring mechanisms were adequate. Audit, however observed shortcomings such as inefficient planning and assessment of requirement, short release/delay in release of funds, procurements made without observing financial rules, procurements outside the proposal, huge retention of idle stock, non-execution of projects and absence of effective monitoring mechanism. These shortcomings led to the scheme not fully achieving its objective of adequately equipping the State Police Force and strengthen the Police infrastructure by providing required mobility, modern weaponry, communication equipment and security/training equipment. Audit has recommended corrective measures that if implemented, will address the shortcomings highlighted in this Report.

4.2.14 Recommendations

The State Government may-

- (i) direct the Department to prepare the tentative and State strategic plans so as to submit the realistic State Action Plans to GoI.***
- (ii) ensure that procurement is made as per the approved SAP and approval be obtained from the MHA for deviation; if any.***
- (iii) take up with GoI for timely release of approved funds.***
- (iv) ensure submission of correct Utilisation Certificates (UCs) depicting the actual utilisation of funds and submit UCs without delay.***
- (v) instruct the Department to follow the codal formalities of relevant Financial Rules for procurement made under the scheme.***
- (vi) direct the Department to ensure the availability of equipment to the field units and minimise the idle stock retention by Police Headquarters.***
- (vii) consider adopting a monitoring mechanism to ensure proper implementation of the scheme.***

Compliance Audit Paragraphs

HOME (POLICE) DEPARTMENT

4.3 Non-realisation of security charges for Police guards

Inability of the Department to enforce provisions of the Government's decision for recovery of police guards charges from Banks/institutions resulted in non-realisation of security charges of ₹54.82 crore.

The Home (Police) Department, Government of Nagaland (GoN) provides police guards for security to various banks and institutions in the State. As per GoN decision¹⁶ (March 1971), 50 *per cent* of the total cost of the police guards provided to banks/institutions shall be recovered from the concerned banks¹⁷ with effect from the date those branches are opened and credited into the Government account.

The issue of non-realisation of cost of Police guards amounting to ₹56.73 lakh was highlighted in Paragraph 3.8 of the Report of the C&AG for the year ended 31 March 2000, GoN. Subsequently, the Public Accounts Committee (PAC) recommended (16 March 2007) in its 83rd Report to the Home (Police) Department that all efforts be made to recover the outstanding revenue from the bank authorities and deposit the amount into the Government Account. The Home (Police) Department, GoN thereafter informed (November 2008) the PAC that all efforts were being made by the Commanders of the Units whose personnel were deployed as Police guards to various financial Banks to recover the outstanding amount.

Based on the recommendation of the PAC, the assurance given by the Home (Police) Department and Rule 12 of the General Financial Rules 2017, that stipulated that amounts due to Government shall not be left outstanding without sufficient reasons, the recovery of police guards charges had to be ensured so that, there was no further loss to the Government exchequer. The PAC had also recommended that the Department intimate the course of action taken on recovery of the outstanding amount of ₹56.73 lakh within six months. The Home (Police) Department, however, did not take corrective actions and as such the irregularity pointed out in the previous Audit Report continued to occur as discussed below.

Examination of records of the office of the Director General of Police, Nagaland, Kohima revealed that the Police Department was still not recovering police guard charges from banks/institutions who were provided police guards for security. During 2018-19 to 2022-23, the police guards charges amounting to ₹54.82 crore for deployment of police guards to 100 bank branches/institutions of

¹⁶ Vide letter No. POL-13/9/PB/79 dated 6 March 1971.

¹⁷ In addition to the banks, it also provides police guards to institutions by charging 50 *per cent* of the total cost of police guards.

14 banks/institutions¹⁸ in the State were not recovered (July 2023) as shown in ***Appendix 4.3.1***. It could be seen from ***Appendix 4.3.1*** that the major defaulters are State Bank of India (SBI) (₹38.16 crore), Nagaland Cooperative Bank (₹7.10 crore), Allahabad Bank (₹2.81 crore), Nagaland Rural Bank (₹1.89 crore), Bank of Baroda (₹1.62 crore) and Central Bank of India (₹1.16 crore).

Audit observed that though the Home (Police) Department requested the banks/institutions to clear the outstanding dues, these were not paid, and the security guards continued to be deployed in 100 defaulting banks branches/institutions. Audit further observed that the non-realisation of the outstanding revenue is primarily caused by the Home (Police) Department's inability to take concrete action to withdraw security personnel from the defaulting banks/institutions. The absence of a formal agreement between the Home (Police) Department and the banks/institutions has led to the provision of police guards without charge, hindering the State's revenue collection.

Thus, inability of the Home (Police) Department to enforce provisions of the Government's decision and the General Financial Rules resulted in the non-realisation of security charges of ₹54.82 crore.

The matter was reported to the State Government in August 2023 and reminders were issued in October 2023, January and March 2024. The Government did not offer any reply as of April 2024.

Recommendations:

The State Government may-

- (i) comply with PAC recommendations and take immediate action to recover the outstanding dues in a time-bound manner from the defaulting banks/institutions to avoid further financial losses.***
- (ii) consider reviewing police personnel deployed for security at the defaulting banks/institutions to ensure optimal utilisation of Government resources.***
- (iii) enter into a Memorandum of Agreement with the banks concerned to obviate the recurrence of non-payment of police guard charges in future.***

¹⁸ (1) Allahabad Bank (now merged with Indian Bank), (2) Axis Bank, (3) Bank of Baroda, (4) Central Bank of India, (5) Nagaland State Co-operative Bank Ltd, (6) Life Insurance Corporation of India, (7) Indian Oil Corporation, (8) Nagaland Rural Bank, (9) Post Office, (10) State Bank of India, (11) Subsidiary Intelligence Bureau, (12) UCO Bank, (13) LPG Bottling Plant and (14) United Bank of India (now merged with Punjab National Bank).

FINANCE (TREASURIES & ACCOUNTS) DEPARTMENT

4.4 Fraudulent/excess drawal of money

Non-exercise of prescribed checks by the Drawing and Disbursing Officers and Treasury Officers, resulted in fraudulent/double/excess drawal of ₹0.68 crore out of which ₹19.74 lakh is yet to be deposited.

The issue of fraudulent/excess drawal by the DDOs, through the manipulation of pay and allowances bills was highlighted in the previous Audit Reports of the C&AG. Details of these cases featured in the Audit Reports for the year ended 31 March 2017 to 31 March 2022 as provided in *Appendix 4.4.1*.

The Public Accounts Committee (PAC) Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the concerned departments in the form of Action Taken Notes (ATNs). The PAC discussed four paragraphs on fraudulent/excess drawal of money by Drawing and Disbursing Officers (DDOs)/Treasury Officers (TOs) reflected in the Audit Reports of the C&AG of India for the years 2014-15 to 2016-17 and made the following recommendations:

- The Department should furnish the latest report on the recovery.
- The Department should take disciplinary action against the defaulting DDOs for presenting false bills and the TOs for passing bills without following the prescribed checks.

As per the PAC Reports, the concerned Departments were required to submit the ATNs on the recommendations of the PAC within two months from the date of laying the Reports of the PAC to the Legislature. The concerned Departments, however, did not provide the ATNs for the recommendations made by the PAC. This non-compliance with the PAC's recommendations resulted in further irregularities as discussed below.

Rule 66, Sub-clause 3 of the Central Government Accounts (Receipts and Payments) Rules, 1983, as adopted by the Government of Nagaland (GoN), prescribes that entries in all money columns of the pay bills are to be totalled separately under each section and parts, to arrive at the total entitlements as well as net payable after statutory deductions. Section-wise totalling of the pay bills must be checked by the Drawing and Disbursing Officer (DDO) himself or by some responsible official other than the person preparing the bill.

Further, Rule 276 of Central Treasury Rules (CTR), as adopted by the GoN, states that while drawing any arrear bill, the DDO shall record certificates on the arrear bill under his dated signature to the effect that (i) no part of the amount claimed has been drawn previously; and (ii) a note of the arrear claim has been made in the office copy of the bill or the pay bill register for the period to which the claim pertains.

Rule 23 of the CTR prescribes that the Treasury Officer (TO) shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it. Rule 24 further states that the TO may correct an arithmetical inaccuracy or an obvious mistake in any bill presented to him for payment.

Test check of pay bill vouchers of various Departments submitted by the Treasury Officer to the Principal Accountant General (A&E), Nagaland pertaining to the period from 2016-17 to 2019-20 revealed that 13 DDOs from 10 Departments (*Appendix 4.4.2*) had fraudulently drawn ₹0.68 crore by inflating the net total of pay bills, double drawal of pay and allowances, arrears, etc., in violation of the prescribed Financial Rules. When the matter was intimated to the Departments, they recovered and deposited ₹48.61 lakh into Government Account (as of June 2023). However, report on initiating disciplinary action against the defaulting officials was not furnished. Details of the *modus operandi* is outlined in Table 4.4.1.

Table 4.4.1: Cases of excess/fraudulent drawals

Nature of Objections	Audit observations	Action Taken by Departments concerned
Excess drawal by inflating net total of pay bills	One DDO from a Department drew funds of ₹82.84 lakh in 30 pay bills by irregularly inflating the net total, while the actual admissible amount was ₹71.39 lakh. This resulted in an excess drawal of ₹11.45 lakh between December 2018 and January 2019, as detailed in <i>Appendix 4.4.3</i> .	Upon being notified, the DDO recovered an amount of ₹ one lakh (January to May 2023) and deposited it into the Government account. The remaining balance of ₹10.45 lakh is yet to be recovered (August 2023).
Double drawal of pay & allowances including arrears	Six DDOs from five Departments fraudulently drew funds of ₹19.35 lakh during March 2017 to March 2020 in eighteen bills for pay & allowances and arrears, which had already been drawn in regular bills. This resulted in a fraudulent drawal of ₹19.35 lakh, as detailed in <i>Appendix 4.4.4</i> .	Upon being notified, four DDOs have recovered an amount of ₹13.02 lakh (October 2020 to May 2022) and deposited it into the Government account. The remaining balance of ₹6.33 lakh is yet to be recovered (August 2023).
Fraudulent/inadmissible drawal of pay & allowances including arrears	Seven DDOs from six Departments fraudulently drew funds of ₹37.55 lakh in 51 arrear bills during March 2017 to March 2019 by preparing fictitious 'due and drawn' statements for employees who were not entitled to draw arrears, as detailed in <i>Appendix 4.4.5</i> .	Upon being notified, six DDOs have recovered an amount of ₹34.59 lakh (February 2021 to June 2023) and deposited it into the Government account. The remaining balance of ₹2.96 lakh is yet to be recovered (August 2023).

The above instances of excess/double/fraudulent drawals by these DDOs from 10 Departments indicated failure at both the DDOs' and TOs' level to exercise control and checks as prescribed by rules and procedures. It may be mentioned that during the period from 2016-2017 to 2021-2022, Audit pointed out the issue

of fraudulent/excess drawal by the DDOs, of which the Departments of School Education, Health & Family Welfare, Home (Police) and Veterinary & Animal Husbandry had the most cases of irregularities (*Appendix 4.4.6*).

In all the above cases, the DDOs prepared the pay bills/arrear bills and presented the same to the Government Treasuries without ensuring accuracy of the arithmetic calculations and the required certificates (Non-Drawal Certificates). The TOs also did not conduct the necessary checks before authorising the payments. The failure of the DDOs and TOs to comply with the provisions under CTR and Receipt and Payment Rules, while preparing and passing the bills, indicates a possible collusion in fraudulent drawals.

Thus, due to the failure of the concerned Departments to comply with the instructions of PAC, the objective of ensuring financial accountability of the Executive to the Legislature remained unfulfilled, while allowing these financial malpractices to persist.

The matter was reported to the State Government in May 2023 and July 2023.

Recommendations:

The State Government may-

- (i) investigate all such matters in respect of various Departments of the State.*
- (ii) fix responsibility and initiate disciplinary action against the erring officers responsible for the excess/double/suspected fraudulent drawals.*
- (iii) take steps to recover the amount misappropriated immediately from the concerned employees/DDOs/TOs with penal interest.*
- (iv) initiate steps to strengthen the internal control mechanism in all departments to prevent recurrence of fraudulent drawals and ensure that appropriate checks and balances are in place.*