

## *Preface*

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. The Report contains findings on performance audit and audit of transactions in various Civil departments including public works and irrigation and public health departments, audit of stores and stock and audit of autonomous bodies.
3. The Report containing audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts, audit observations on Statutory Corporations, Boards and Government Companies and Revenue Receipts are presented separately.
4. The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 2008-09 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2008-09 have also been included wherever considered necessary.
5. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

## OVERVIEW

This Report contains 28 paragraphs (including three general paragraphs) and five performance reviews (including one integrated audit). The draft audit paragraphs and draft performance reviews were sent to the Commissioner/Secretary of the Departments concerned with a request to furnish replies within six weeks. However, in respect of two performance reviews and 10 paragraphs (excluding three general paragraphs) included in the Report, no replies were received. The audit findings relating to the draft performance reviews and 14 paragraphs (Public Works: 6 and Panchayat and Rural Development: 8) were discussed with the Commissioners/Secretaries to the State Government and the views of the Government were incorporated wherever appropriate. A synopsis of the important findings contained in the Report is presented in the overview.

## Performance Reviews

### 1. Urban Water Supply Projects

*The State Government, under centrally sponsored and State plan schemes, implemented water supply projects in selected urban agglomerations during 2004-09. The objective of providing safe drinking water to the targeted beneficiaries was not fulfilled, as only eight per cent projects (2 out of 24 projects due for completion between 1986-87 and 2008-09) were recorded to have been completed. Although, five other projects were partially commissioned during 2004-09, the actual coverage of population under the schemes was only 0.12 lakh (two per cent). Audit review of implementation of urban water supply schemes revealed that water supply facilities were not provided to 72 out of 87 towns and the targeted population of 5.52 lakh (out of 5.64 lakh people as per 2001 census) was not covered as of March 2009 due to poor planning and inadequate monitoring of the execution of the schemes.*

(Paragraph-1.1)

### 2. Member of Legislative Assembly Area Development Scheme

*The Government of Assam introduced Member of Legislative Assembly (MLA) Area Development Scheme (MLAADS) in March 1994 for implementing small developmental works of capital nature based on local needs of the people in each constituency as per recommendations of MLAs. Performance audit of the scheme revealed that implementation of the scheme was satisfactory in respect of construction of buildings. There was also no cost overrun in any of the completed works. However, 34 per cent of works due for completion by March 2009, remained incomplete in 10 test checked districts and inadmissible works were taken up during 2004-09 beyond the scope of the scheme.*

(Paragraph-1.2)

### **3. Non-lapsable Central Pool of Resources**

*Government of India created the Non-lapsable Central Pool of Resources (NLCPR) in 1998 with the aim of speeding up the execution of infrastructure projects in the North Eastern States. A review of the NLCPR funded projects in the State revealed that projects were taken up without adequate planning and prioritisation. Consequently, out of 150 projects approved under 10 sectors by GOI during 2004-09, only 24 projects (16 per cent) were completed in five sectors as of March 2009. Since the State had not carried out a gap analysis, the extent of achievement of the objective of reducing the gap between the required and available infrastructure facilities in the State and its impact on the economy and social fabric of the State could not be assessed in audit.*

(Paragraph-1.3)

### **4. Implementation of Socio-Economic Development Programmes in Goalpara District**

*A review of the socio-economic developmental programmes of the District revealed that the planning for overall development was inadequate, the development works executed by Zilla Parishad were doubtful and there were unutilized funds with the executing agencies. Only 19 per cent (36 out of 193) of the habitations targeted for road connectivity under PMGSY could be completed. Under ARWSP, majority of the habitations were not provided with adequate and safe drinking water. Monitoring mechanism of the schemes implemented in the district was deficient. Thus, the socio-economic developmental programmes were implemented in the district in an isolated and uncoordinated way without keeping in view the overall development of the people of the district. As a result, the Governmental efforts could not improve the desired living standard of the people.*

(Paragraph-1.4)

### **5. Integrated Audit of Animal Husbandry and Veterinary Department**

*The Animal Husbandry and Veterinary Department is responsible for all round development of livestock wealth in the State. An integrated audit of the Department revealed that during 2004-09, the Department did not achieve its goal because of non-implementation of the schemes and programmes due to short receipt of funds from the State Government and lack of adequate internal controls in the Department. The State Government could not generate adequate financial resources for various schemes and avenues of self-employment for the unemployed youth of the State.*

(Paragraph-3.1)

## Audit of Transactions

### 6. *Cases of fraud/misappropriation/losses*

Assam Sarva Shiksha Abhijan Mission incurred a loss of Rs.50.50 lakh, being the cost of missing computers and accessories issued to 500 SMART Schools of the State.

**(Paragraph-2.1.1)**

The BDO, Sissibargaon failed to produce any evidence in support of utilisation of Rs.60.98 lakh received under National Food For Work Programme.

**(Paragraph-2.1.2)**

Rupees 16.79 lakh is suspected to have been misappropriated in the office of the PD, DRDA, Golaghat in procurement of furniture.

**(Paragraph-2.1.3)**

An amount of Rs.18.47 lakh is suspected to have been misappropriated in the DRDA, Golaghat in purchase of gravel.

**(Paragraph-2.1.4)**

Twenty six cheques for Rs.21.83 lakh issued by the PD, DRDA, Golaghat, were not received in the concerned blocks, though these were drawn from the bank.

**(Paragraph-2.1.5)**

Rupees 20 lakh is suspected to have been misappropriated in the Block Development Offices of Lowairpoa and Dullavcherra under DRDA, Karimganj.

**(Paragraph-2.1.6)**

### 7. *Avoidable/unfruitful expenditure/undue favour to contractors*

The Executive Engineer Guwahati City Division III incurred avoidable expenditure of Rs.1.65 crore due to idling of machinery and interest for delayed payment to the contractor.

**(Paragraph-2.2.3)**

The Executive Engineer, PWD, Guwahati City Division No. III extended undue financial benefit of Rs.1.04 crore to the contractor by way of non-deduction of security deposit.

**(Paragraph-2.2.5)**

### 8. *Idle investment/blocking of funds/delays in commissioning of equipment/ diversion/misutilisation of funds etc.*

Due to poor planning and non-provision of funds and manpower by Labour and Employment Department, the Regional Boiler Testing Laboratory remained incomplete resulting in unproductive expenditure of Rs.1.99 crore.

**(Paragraph-2.3.3)**

Inaction on the part of the Government/Department resulted in non-completion of project and non-achievement of the objectives, besides blocking Central funds amounting to Rs.4.33 crore.

**(Paragraph-2.3.5)**

**9. *Regularity issues and others***

Action of the Department in taking up the work without administrative approval and also shifting the location of approved work led to unauthorised expenditure of Rs.5.02 crore.

**(Paragraph-2.4.2)**

# CHAPTER-I

## PERFORMANCE REVIEWS

### Urban Development Department

#### 1.1 Urban Water Supply Projects

*The State Government, under centrally sponsored and State plan schemes, implemented water supply projects in selected urban agglomerations during 2004-09. The objective of providing safe drinking water to the targeted beneficiaries was not fulfilled, as only eight per cent projects (2 out of 24 projects due for completion between 1986-87 and 2008-09) were recorded to have been completed. Although, five other projects were partially commissioned during 2004-09, the actual coverage of population under the schemes was only 0.12 lakh (two per cent). Audit review of implementation of urban water supply schemes revealed that water supply facilities were not provided to 72 out of 87 towns and the targeted population of 5.52 lakh (out of 5.64 lakh people as per 2001 census) was not covered as of March 2009 due to poor planning and inadequate monitoring of the execution of the schemes.*

#### Highlights

The Assam Urban Water Supply and Sewerage Board did not utilize Rs.36.14 crore of the available funds for implementation of the projects during 2004-09.

(Paragraph-1.1.8.3)

Two projects (Sarthebari and Rangapara) were recorded as completed despite non-completion of the work approved in the DPRs.

(Paragraph-1.1.9.1)

Although two projects (Lala and Goalpara) were commissioned partially, one (Lala) remained incomplete due to lack of clearance from Railways for laying distribution line across the railway track and the other (Goalpara) became non-functional due to damage of distribution line and non-completion of balance work.

(Paragraph – 1.1.9.2)

Five out of the fourteen projects sampled were due for completion by March 2009 but remained incomplete due to non-formulation of work plan by the Board, delayed or non-release of funds by the State Government, delay in finalisation of tenders and slow progress of work by the contractors.

(Paragraph – 1.1.9.3)

One lakh and ninety three thousand people of four towns (Tezpur, Tinsukia, Dhing and Kokrajhar) were deprived of adequate supply of potable water due to abandoning of works by the contractors after expending Rs.9.98 crore.

(Paragraph – 1.1.9.5)

### **1.1.1 Introduction**

Government of India (GOI) launched the centrally sponsored 'Accelerated Urban Water Supply Programme (AUWSP)' in September 1994. This programme was discontinued w.e.f. April 2008 and funds were not released under AUWSP beyond March 2008. The GOI, however, provided financial assistance to the State under Non-lapsable Central Pool of Resources (NLCPR) and a one time Additional Central Assistance (ACA)/Special Plan Allocation (SPA) for implementation of new urban water supply schemes which were not covered under AUWSP. The State Government also took up five ongoing projects<sup>1</sup> under State Plan Schemes during 2004-09.

The main objectives of the urban water supply projects under AUWSP, NLCPR, ACA/SPA and State Plan were to:

- provide safe and adequate<sup>2</sup> water to the towns having population of not more than 20,000 (as per 1991 census, in case of AUWSP only);
- ensure speedy development of infrastructure by increasing the flow of budgetary support for creation of new infrastructure in the State; and
- improve the environment and quality of life by providing adequate drinking water facility to the selected urban areas.

### **1.1.2 Organisational Set up**

Under the administrative control of the Commissioner and Secretary, Urban Development Department (UDD), Assam Urban Water Supply and Sewerage Board (AUWSSB) administers the implementation of the Urban Water Supply Projects in the State. The Managing Director (MD) of the Board is the overall incharge for implementation of the projects. Projects are being executed through five field divisions (Guwahati I and II, Jorhat, Dhubri and Dibrugarh) each headed by an Executive Engineer. The organisational set up of the Board is given below in Chart-1.

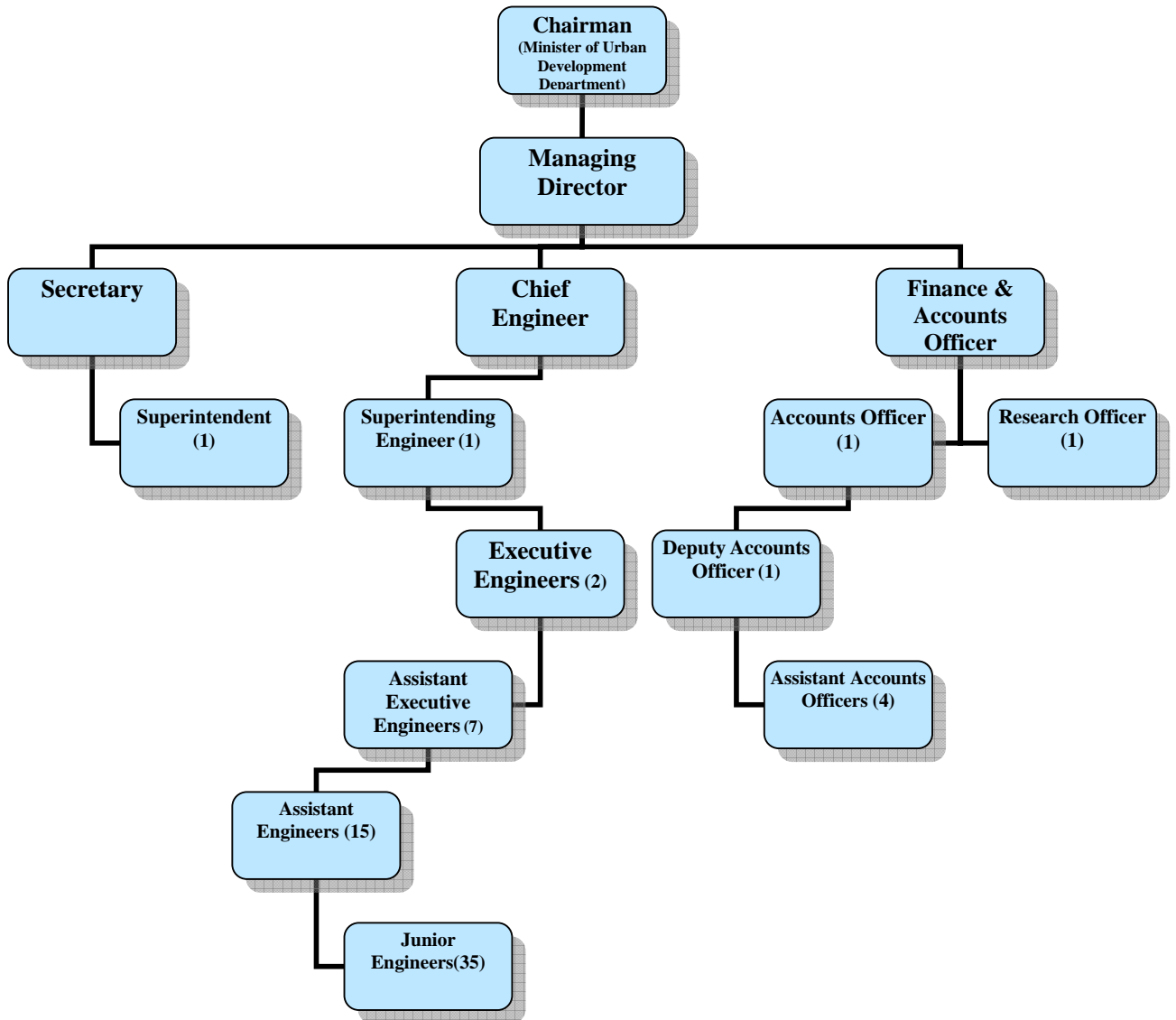
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<sup>1</sup> Barpeta Road, Dergaon, Goalpara, Lanka and Mariani.

<sup>2</sup> Norms for supply of drinking water:

- 40 litre per capita per day for 30 *per cent* of the population of the town
- 70 litre per capita per day for 70 *per cent* of the population of the town.

Chart-1



### 1.1.3 Scope of Audit

Performance audit of Urban Water Supply Projects in the State covering the period 2004-09 was carried out between February and June 2009 through a test-check of the records in the offices of Commissioners and Secretaries, Urban Development and Planning and Development Departments of the Government of Assam and MD, AUWSSB. In addition, records of 14<sup>3</sup> out of 32 projects implemented by five executing divisions of the Board during 2004-09, covering an expenditure of

<sup>3</sup> Bilasipar, Biswanath Chariali, Dergaon, Dhekiajulie, Gauripur, Goalpara, Golaghat, Greater Silchar, Lala, Nalbari, Nazira, Rangapara, Sarthebari and Titabor.



Rs.36.76 crore (47 per cent) out of the total expenditure of Rs.78.74 crore, were also test-checked.

#### **1.1.4 Audit Objectives**

The main objectives of the performance audit were to ascertain whether:

- the urban population was provided with safe and adequate potable water as per norms;
- the selection of towns as well as prioritisation of towns for providing safe and adequate water supply facilities were made effectively and in a transparent manner;
- planning for implementation of new projects and completion of the ongoing projects was adequate;
- adequate funds were released on time and utilised for the specified purpose in accordance with the programme guidelines and Detailed Project Reports (DPRs);
- projects were executed economically, efficiently and effectively, and completed projects were maintained properly and economically; and
- mechanism for monitoring, evaluation and internal control system were adequate and effective.

#### **1.1.5 Audit Criteria**

Audit findings were benchmarked against the following criteria:

- AUWSP/NLPCR Guidelines and departmental instructions;
- Detailed Project Reports of selected projects;
- Annual Action Plans and Project implementation plans; and
- Norms for quality and quantity of drinking water adopted by the State.

#### **1.1.6 Audit Methodology**

The performance audit commenced with an entry conference in March 2009 with the Managing Director, Chief Engineer and Finance and Accounts Officer of the AUWSSB wherein audit objectives, criteria and scope were explained. Selection of projects for detailed scrutiny was based on random sampling without replacement method. Audit findings were discussed with the Secretary, UDD and MD, AUWSSB in an exit conference (September 2009) and the replies of the Department have been suitably incorporated at appropriate places in the review.

### **Audit Findings**

Important points noticed during audit are discussed in the succeeding paragraphs.

### 1.1.7 Planning

Out of 125 towns in the State (as per 2001 census report), 87 towns were declared as urban localities. Of these, not a single town could be fully covered with adequate water supply. Only eight towns<sup>4</sup> could be partially covered with water supply facilities and the balance 79 towns remained uncovered as of March 2004.

The guidelines of AUWSP envisaged the selection of town/ schemes through a State Level Committee (SLC) constituted for the purpose after considering the detailed projects reports (DPRs) prepared in respect of the individual projects. Audit scrutiny revealed that SLC was not formed in the State and thus, all the projects were selected without the required approval of SLC. Besides, priority sectors were not identified; nor was any survey or investigation relating to dependability and reliability of water sources including geological investigations were carried out before the selection of any project and incorporated in the concerned DPR. No survey was conducted in the State to assess the present/future requirement of water in urban areas. The Department did not have the details of towns with special problems like drought, excess salinity, high fluoride and iron content in the water source, very distant or deep water source etc. Thus, selection of projects under the major programmes/schemes (AUWSP, NLCPR, ACA/SPA and State plan) was not based on scientific analysis and was not in consonance with the guidelines of the programmes under which these were to be implemented.

During exit conference, the Secretary, UDD stated (September 2009) that the formation of the SLC was not required for implementation of the Urban Water Supply Projects. The contention of the Department is not correct because the constitution of the SLC was provided under AUWSP. As regards identification of priority sector, the Secretary stated that the towns were selected where there was scarcity of drinking water, but failed to produce any documentary evidence to establish the claim. MD, AUWSSB, however, admitted that the Department did not have a list of towns having special problems and stated that this could not be prepared due to financial crunch.

The number of projects taken up during 2004-09 (including ongoing projects at the beginning of the year 2004-05) and status of work at the end of March 2009 are given in Table-1.

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<sup>4</sup> Barpeta Road, Biswanath Chariali, Dergaon, Goalpara, Guwahati, Jorhat, North Lakhimpur and Palashbari.

**Table-1**

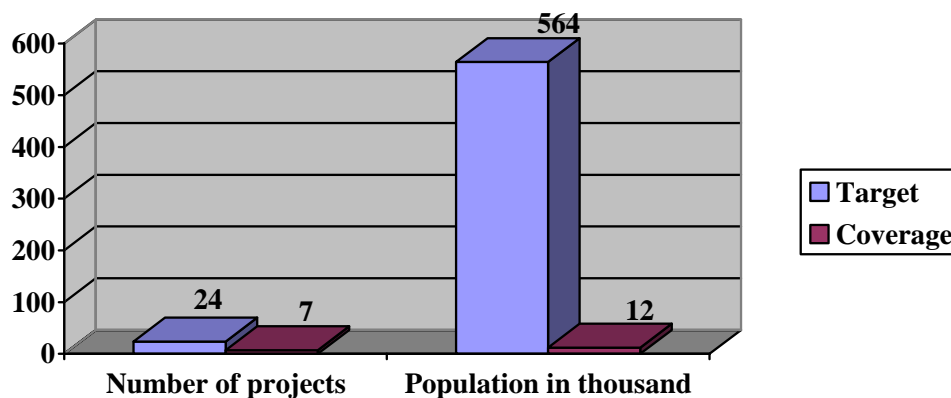
Name of the Programme/scheme	No. of projects taken up for execution	Due for completion	No. of projects	
			Incomplete/partially commissioned	Completed
AUWSP	18	1996-97 - 1 1999-2000- 1 2001-02 - 4 2003-04 - 4 2006-07 - 5	1 - - 1 -	NIL NIL 1 (2004-05) 1 (2008-09) NIL
NLCPR	4	2005-06 - 1	1	NIL
ACA/SPA	5	2008-09- 3	-	NIL
State Plan	5	1986-87 1 1992-93 1 2003-04 1 2005-06 2	- - - 1	NIL
<b>Total</b>	<b>32</b>	<b>24</b>	<b>5</b>	<b>2</b>

Source :Information furnished by the Board.

Out of 32 projects, 24 projects covering 5.73 lakh people<sup>5</sup> were due for completion by March 2009. Of these 24 projects, 9 projects<sup>6</sup> though incomplete, were partially commissioned during 1997-2009 (four projects prior to 2004 and five projects during 2004-09). The coverage of people through four partially commissioned (prior to 2004) projects was only 0.09 lakh. Thus, the target for coverage of population during 2004-09 was 5.64 lakh.

Against the targeted population of 5.64 lakh, the actual coverage during 2004-09 through two<sup>7</sup> completed projects and five<sup>8</sup> incomplete but partially commissioned projects was only 0.12 lakh (two *per cent*) people of seven towns. Thus, 72 towns<sup>9</sup> (out of 87 towns) remained uncovered as of March 2009. In respect of the projects partially commissioned, laying of distribution line, construction of Elevated Service Reservoir (ESR) and treatment plant were not done as per the approved DPRs.

**Chart-2**



Source: Departmental Records.

<sup>5</sup> As per 2001 census.

<sup>6</sup> Barpeta Road, Biswanath Chariali, Dergaon, Goalpara, Golaghat, Lala, Mariani, Namrup and Silchar WSS.

<sup>7</sup> Rangapara and Sarthebari WSS.

<sup>8</sup> Golaghat, Lala, Mariani, Namrup and Silchar WSS.

<sup>9</sup> 87 towns minus eight towns covered prior to April 2004 and seven towns covered during 2004-09.

The State did not prepare any Master Plan to cover all the towns in the State in a phased manner. In the exit conference the Secretary, UDD stated (September 2009) that Master Plan was not prepared because of fund constraint. Scrutiny in audit revealed that Annual work plans were never formulated by the Board. Against the 32 projects to be implemented during 2004-09, the Planning and Development Department fixed the annual targets for completion/commissioning of the projects in an ad-hoc and indistinct manner so much so that the actual number of projects to be completed each year is not discernable from the plan documents.

Thus, fixation of targets was not done on realistic basis in the plan and led to piling up of ongoing projects as of March 2009. Even in case of AUWSP, project level planning involving community participation, programme for training of staff of Town Authority and beneficiaries, training for operation and maintenance, health care and water conservation methods were not ensured as required under AUWSP guidelines. Reasons for not taking up activities envisaged under AUWSP were not found on record.

## **1.1.8 Financial Management**

### **1.1.8.1 Funding Pattern**

The funding pattern for various water supply programmes was as follows:

AUWSP :	Central share: 50 <i>per cent</i> . State share: 50 <i>per cent</i> including 5 <i>per cent</i> beneficiaries' contribution.
NLCPR :	Central share: 90 <i>per cent</i> grant and 10 <i>per cent</i> loan to the State Government.
Special Plan allocation :	Central share: 100 <i>per cent</i> .
State Plan :	State share: 100 <i>per cent</i> .

### **1.1.8.2 Financial outlay and utilisation**

The year-wise position of receipt of funds from the GOI and corresponding release by the State Government including State share and utilisation of funds by the Board under AUWSP, NLCPR, ACA/SPA and State plan during 2004-09 is given below:

Table-2

(Rs. in crore)

Year	Balance lying with the State Govt.	Funds received by the State from GOI	State share payable	Funds received by the Board from State Government			Amount utilised by the Board (percentage)
				Central share	State share	Total	
2004-05	8.28	12.16	15.33	4.45	7.32	11.77	7.72 (66)
2005-06	11.18	NIL	12.26	14.36	9.45	23.81	15.17 (64)
2006-07	1.63	24.01	2.84	20.78	9.39	30.17	18.45 (61)
2007-08	1.63	14.32	8.06	8.82	12.42	21.24	13.76 (65)
2008-09	5.37	8.97	9.05	13.64	7.72	21.36	23.64 (111)
<b>Total</b>		<b>59.46</b>	<b>47.54</b>	<b>62.05</b>	<b>46.30</b>	<b>108.35</b>	<b>78.74</b>

Source: Information/records furnished by the Board.

### 1.1.8.3 Utilisation of available funds

The Board had an unutilised balance of Rs.6.53 crore as on 1 April 2004. As against availability of funds of Rs.114.88 crore (O.B.: Rs.6.53 crore and receipt during 2004-09: Rs.108.35 crore), the Board utilised Rs.78.74 crore during 2004-09, leaving a balance of Rs.36.14 crore (31 per cent) as of March 2009. Underutilisation of available funds by the Board led to non/partial implementation of the schemes and also short release of funds by the State Government.

### 1.1.8.4 Delayed release/non-release of Central share by the State Government

The State Government persistently delayed in releasing the funds received from the GOI. During 2004-09, Central Government released Rs.11.96 crore to the State Government under AUWSP. However, State Government released a total amount of Rs.20.24 crore (which included Rs.8.28 crore being the balance lying with the State Government as of April 2004) to the Board with delays ranging between 9 and 47 months. As the projects were to be completed within two years from the date of approval, the delay in release of funds retarded the progress of works under the programme.

According to NLCPR guidelines, funds released by the GOI must be utilised within nine months. But the State Government released NLCPR funds of Rs.16.89 crore (out of Rs.22.83 crore received from the GOI) to the Board after a delay of 6 to 21 months. The balance amount of Rs.5.94 crore was not released by the State Government as of March 2009.

### 1.1.8.5 Receipt of Central share

Three Water Supply Schemes<sup>10</sup> (WSS) were technically approved for Rs.14.95 crore {(Makum: Rs.5.31 crore, Howly: Rs.6.50 crore, Chabua: Rs.3.14 crore) (Central Share: 50 per cent – Rs.7.47 crore)} by the GOI during March-April 2005. These schemes were administratively approved by the State Government in May-August 2007 i.e., after a lapse of more than two years of the GOI's technical approval.

<sup>10</sup> Chabua, Howly and Makum WSS.

Though the GOI released the first instalment of Rs.1.87 crore (Howly: Rs.81 lakh, Makum: Rs.67 lakh and Chabua: Rs.39 lakh) in March 2005, the State Government released the amount in February-March 2008. The GOI, however, released (March 2008) Rs.1.07 crore, being the second instalment for Makum WSS. The Board could not utilise the available funds during the currency of the period of implementation of the AUWSP programme as the entire funds were received at the fag end of the implementation period. As a result, the State Government/Board could not avail of further instalments of Central share of Rs.4.53 crore<sup>11</sup>, which ultimately lapsed. The Board could complete 0 – 100 *per cent*<sup>12</sup> of the different items of work under three WSS as of March 2009.

Thus, due to inordinate delay in according administrative approval and release of Central share by the State Government, the Board was deprived of Central assistance of Rs.4.53 crore.

During exit conference, the Secretary, UDD stated (September 2009) that the matter has been taken up with the concerned Ministry and the decision of the GOI was awaited (September 2009). But chances of availing further assistance for implementation of the three aforesaid projects were remote, because the programme under which the projects were implemented was discontinued w.e.f. April 2008.

#### 1.1.8.6 Expenditure Control

As per the records of AUWSSB, the total expenditure on 14 selected schemes as of March 2009 was Rs.80.15 crore. Records of the implementing divisions, however, revealed an expenditure of Rs.63.75 crore (since inception of the schemes), showing a discrepancy of Rs.16.40 crore between the two sets of figures. The funds released by MD, AUWSSB to the implementing divisions are treated as expenditure. Against this release of funds, the divisional officers furnished financial progress report to the MD. But these two sets of figures had never been reconciled and consequently the discrepancy arose. This is indicative of the fact that there existed no expenditure control mechanism in the Board to watch the actual expenditure in the divisions.

During exit conference, the MD stated (September 2009) that some expenditure incurred in the Board Headquarters was not reflected in the divisional records and hence, the discrepancy. However, actual analysis of the discrepancy, though promised during the exit conference, was not received from the Board.

<sup>11</sup> Chabua: Rs.1.18 crore, Howly: Rs.2.44 crore and Makum: Rs.0.91 crore.

<sup>12</sup>

(In percentage)

Name of the project	Intake point	Raw Water Pumping Main	Treatment Plant	Sump	ESR	Distribution Line
Howly WSS	35	Nil	10	5	1	58
Makum WSS	100	Nil	85	100	25	40
Chabua WSS	100	Nil	80	80	25	40

Source :Information furnished by the Board.

### **1.1.8.7 Diversion of NLCPR funds**

NLCPR guidelines stipulate that the programme funds should not be used for land acquisition. However, the Executive Engineer (EE), Guwahati Division No.1, of AUWSSB purchased a plot of land for Greater Silchar WSS at Rs.27.39 lakh (paid in August and September 2006) out of NLCPR funds. On this being pointed out in audit (July 2008), the EE stated that the land was purchased as per provision in the approved DPR. Since acquisition of land under NLCPR was not permissible, inclusion of the item in the DPR was not justified. This implied that proprietary check was not exercised by the authorities concerned while approving the DPR. The MD, AUWSSB stated (November 2008) that the plot of land had to be procured under compelling circumstances as Government land was not available. In such a case, the Board should have taken approval from the GOI.

According to NLCPR guidelines, no staff component, either regular or work charged, should be created out of NLCPR funds. However, the EE, Guwahati-I division incurred an expenditure of Rs.27 lakh towards payment of pay and allowances of work charged staff engaged in Silchar WSS during 2003-09. Utilisation of Rs.27 lakh towards pay and allowances was not only irregular but unauthorised too.

According to NLCPR guidelines, expenditure on cost escalation was not permissible. However, in cases where the increase in cost was not due to change in scope of the works, financing of such increased cost was permitted on the basis of sharing between the GOI (NLCPR) and the State Government in the ratio of 1:1. In contravention of the guidelines, two divisions (Guwahati-I and Jorhat) spent Rs.1.27 crore towards cost escalation resulting in diversion of funds as explained below:

The Chief Engineer (CE), AUWSSB awarded (April 1999) the work "Construction of 8.1 million litres per day (MLD) Water Treatment Plant" for WSS under State Plan on turnkey basis to a firm at Rs.1.54 crore to be completed within May 2001. The work, though awarded prior to inclusion of the Project under NLCPR, remained incomplete as of February 2003 due to bad soil condition, non-execution of retaining wall, want of various tests and non-availability of fine and coarse aggregates etc. The M.D, AUWSSB, based on application of the contractor, extended (February 2003) the time for completion of the Treatment Plant upto March 2003 subject to the condition that the original cost should not escalate under any circumstance. The work was completed in March 2006 at Rs.1.56 crore. The division paid Rs.16.47 lakh to the contractor in May 2007 towards price escalation out of NLCPR funds, which was irregular and unauthorised. The MD, AUWSSB stated (November 2008) that payment of price escalation was inevitable as the agreement was signed while the project was under State Plan (not under NLCPR). In that case, the extra cost was to be borne from State sources.

Further, the work of Golaghat WSS under State Plan was awarded (June 1991) to a firm on turnkey basis at Rs.4.91 crore with the stipulation to complete the work by January 1993. Original approved cost (Rs.4.15 crore) of this project was revised to Rs.20.25 crore by the State Government, in May 2003. Subsequently, in November 2007, the State Government approved the balance work of this project under NLCPR, for Rs.5.05 crore. The work remained incomplete as of March 2009 as can be seen from the following photographs. The work was delayed due to delay in land acquisition, modification of treatment plant, non-obtaining clearance from Railways etc.



*Overhead Reservoir No-2 of Golaghat WSS*

The MD, AUWSSB, on request of the contractor, allowed extension of time for completion on several occasions, the last being upto September 2010. The Jorhat division paid Rs.4.19 crore to the contractor upto 22<sup>nd</sup> RA bill in September 2008 towards price escalation as per price variation clause of the tender agreement. Of this, Rs.1.11 crore was met out of NLCPR fund, which was irregular and unauthorised.

Thus, NLCPR funds of Rs.1.81 crore<sup>13</sup> were diverted towards other purposes resulting in non-utilisation of funds for which these were sanctioned.

#### **1.1.8.8 Blocking up of funds/unfruitful expenditure**

Nazira town WSS under AUWSP was technically approved by the GOI in October 1997 for Rs.97.35 lakh. The State Government approved the project, costing Rs.1.13 crore, in May 1999 for completion by May 2001. This project was to be taken up for implementation by the Board considering the existing usable infrastructure viz., treatment plant, overhead reservoir etc., already created by the State Public Health Engineering Department (PHED) as deposit work on behalf of Nazira town committee. The Board received the entire funds of Rs.1.13 crore during 1998-2001 but could not utilise it towards execution of works because of non-handing over of the existing infrastructure by the Public Health Engineering Department to the Board as

<sup>13</sup> Rs.0.27 crore + Rs.0.27 crore + Rs.0.16 crore + Rs.1.11 crore.



of March 2009 despite State Government's instruction (October 2006). Scrutiny however, revealed that before handing/taking over of the existing assets, the Board incurred an expenditure of Rs.32.87 lakh as of March 2009. This included an amount of Rs.16.33 lakh being the cost of the AC pressure pipe (procured in June 2002) and the balance amount (Rs.16.54 lakh) being the payment of work-charged labourers and maintenance charges. Procurement of materials prior to acquisition of assets and finalisation of work by the Board had no basis, which led to blocking of funds of Rs.16.33 lakh besides unfruitful expenditure of Rs.16.54 lakh towards payment of work charged labourers and maintenance charges without actual execution of work.

### 1.1.9 Programme Implementation

While two (Sarthebari and Rangapara WSS) out of 24 projects were recorded to have been completed fully, five other projects (AUWSP-2, State Plan-1 and NLCPR-2) were only partially completed but commissioned during 2004-09. The reasons for non-completion were non-formulation of work plan by the Board, delayed/non release of funds by the State Government, delay in finalisation of tender, slow progress of work by the contractors etc.

Status of the 14 sampled projects in terms of approved cost, year of approval, targeted year of completion, year of actual completion and time/cost overrun as of March 2009 were as below:

**Table-3**

Name of Projects	Approved cost (Rupees in crore)	Year of Approval	Targeted year of completion	Year of Completion	Time over run (in years)	Cost overrun (Rs.in crore)
Sarthebari	0.94	1999-2000	2001-02	2004-05	3	--
Rangapara	3.90	2001-02	2003-04	2008-09	5	--
Lala	4.36	2001-02	2003-04	Incomplete	5	--
Nalbari	7.35	2002-03	2004-05	Incomplete	4	--
Dhekiajuli	6.24	2003-04	2005-06	Incomplete	3	--
Nazira	1.13	1999-2000	2002-03	Incomplete	6	--
Bilashipara	2.18	1999-2000	2002-03	Incomplete	6	--
Greater Silchar	13.10	2002-03	2005-06	Incomplete	3	0.81
Golaghat	20.25	2003-04	2009-10	Incomplete	Nil	--
Titabor	5.97	2006-07	2008-09	Incomplete	Nil	--
Biswanath Chariali	9.07	2007-08	2008-09	Incomplete	Nil	--
Gauripur	1.79	1984-85	1986-87	Incomplete	22	4.37
Dergaon	2.37	1990-91	1992-93	Incomplete	16	4.79
Goalpara	14.73	2001-02	2003-04	Incomplete	5	--

*Source: Information furnished by the Board.*

Findings of audit in respect of execution of works in the sampled projects, both complete and incomplete, are discussed in the succeeding paragraphs.

### 1.1.9.1 Completed projects

Sarthebari Town WSS, technically approved (October 1997) by the GOI for Rs.81.15 lakh under AUWSP, was administratively approved (October 1999) by the State Government for Rs.94.40 lakh for completion by October 2001. Dhubri division of the Board took up the work during 2001 for execution of major items viz., installation of deep tube wells, raw water pumping main, treatment plant, one ESR and distribution pipeline for providing drinking water to 7,545 people. The work was recorded to have been completed in February 2005 at Rs.94.39 lakh. Scrutiny of records, however, revealed that the division did not construct ESR and distribution pipeline of 1.85 Km (out of 18.46 Km required to be laid) which were estimated to cost Rs.20.84 lakh<sup>14</sup>, mainly due to paucity of funds as stated by the EE, Dhubri Division. The project was neither commissioned nor handed over to urban local body due to lack of interest of the town authorities to take over the project as stated by the Executive Engineer of the Dhubri Division.

Thus, the project was neither executed as per approved DPR nor utilised for the intended purpose even after a lapse of more than four years of recorded date of its completion. Not only did the investment of Rs.94.39 lakh prove unproductive, the targeted beneficiaries (7,545 people) were also deprived of access to potable drinking water.

Approved DPR/project estimates of Rangapara Town WSS under AUWSP provided for construction of raw water pumping main, treatment plant, sump, three ESRs, installation of deep tube well, distribution line, two-storied staff quarters and supply and installation of laboratory equipment etc., at a cost Rs.3.90 crore as approved by the State Government in February 2002 with the stipulation to complete the work by February 2004. Guwahati Division-II completed the work at Rs.3.71 crore in March 2009, but the project was not commissioned and handed over to urban local body (March 2009). Scrutiny revealed that instead of constructing one ESR with the provision of Rs.47 lakh made in the project estimates, two existing ESRs were recorded to have been repaired at Rs.12 lakh. Further, it was noticed that staff quarters were not constructed and laboratory equipments were also not procured for establishment of mini laboratory though Rs.19.05 lakh (staff quarters: Rs.17.66 lakh and Laboratory: Rs.1.39 lakh) was provided for the purpose in the project estimates.

Thus, non-construction of new ESR and staff quarters and non-procurement of laboratory equipment, inspite of having adequate funds led to the Board deviating from its own planning of having adequate and sustainable infrastructure for providing drinking water in the years to come.

<sup>14</sup> ESR: Rs.18.50 lakh and Distribution line: Rs.2.34 lakh.

### **1.1.9.2 Partially commissioned projects**

Lala Town WSS, technically approved (March 2000) by the GOI for Rs.3.38 crore under AUWSP, was administratively approved (February 2002) by the State Government for Rs.4.36 crore with the stipulation to be completed by February 2004. Guwahati Division-I executed all the major items of work at Rs.4.36 crore as of March 2009 but the project remained incomplete as the distribution line of 75 metre crossing a railway track could not be laid due to non-clearance from the Railway authorities as stated by the Executive Engineer of the Division. The project was, however, partially commissioned in May 2005 and provided 200 service connections covering 1,000 beneficiaries out of the targeted 10,345 as of March 2009. Thus, lack of adequate work plan and initiative to obtain prior clearance from Railways led to abnormal delay in completion of the project and the intended objective of the scheme to provide potable water to the entire population of the town was not fulfilled.

Goalpara Town WSS was approved by the State Government in June 1986 under State Plan at an estimated cost of Rs.2.49 crore. The project was taken up by Dhubri Division (November 1990) and partially commissioned in March 1996 after laying 14 out of 41 Km of distribution pipe line as per DPR. The Division provided 256 service connections covering 1,280 people of the town by direct pumping from the main as of June 2004. Meanwhile, the estimate was revised (July 2001 by the State Government) to Rs.14.73 crore for covering the increased population of the town as per 2001 census i.e., 48,911 people. The project was however, rendered non-functional since July 2004 due to withdrawal of 500 KVA transformer by the Assam State Electricity Board (ASEB) due to non-payment of arrears of electricity bills. The division completed 55 *per cent* of the work of distribution line, 80 *per cent* of raw water pumping main, treatment plant and clear water pump at an expenditure of Rs.11.45 crore as of March 2009. Although the transformer was installed in August 2007, supply of water could not be restored due to damage to the distribution line, which was not repaired as of March 2009 for want of funds, as stated by EE Dhubri Division. Thus, due to inordinate delay in repair of distribution line and non-completion of balance work as of March 2009, the entire population of Goalpara town was deprived of drinking water for more than five years now (September 2009).

The MD, AUWSSB stated (September 2009) in the exit conference that the project would be commissioned as soon as the funds are received from the State Government.

### **1.1.9.3 Incomplete projects**

In five cases (Nalbari, Dhekiajuli, Greater Silchar, Titabor town and Biswanath Chariali Water Supply Projects), projects, which were due for completion during 2004-09, remained incomplete due to non-release of funds by the State Government, delays in release of funds and finalisation of tenders, delays in construction of ESRs and land acquisition etc., as discussed below:

Nalbari and Dhekiajuli towns' WSSs, technically approved (May 2002 and March 2004 respectively) by the GOI under AUWSP, were administratively approved by the

State Government in January 2005 for Rs.13.59 crore<sup>15</sup> with the stipulation to complete both the projects by January 2007 for providing potable drinking water to 42,920 people (Nalbari: 23,177 and Dhekiajuli: 19,743, as per census 2001). Guwahati Division-II took up execution of major items of works viz., installation of deep tube wells, raw water pumping main, treatment plant, sump, ESR and laying of distribution pipe line during 2005-08. It completed the sumps in respect of both the projects and the work of intake point in case of Dhekiajuli WSS but 5 to 70 *per cent* of other different components of the works remained incomplete in respect of both the projects after expending Rs.10.32 crore<sup>16</sup> as of March 2009.

Scrutiny of records revealed that the State Government received the entire Central share of Rs.3.68 crore for Nalbari WSS during 2002-03 but released it to the Board only in March 2006. Similarly, in case of Dhekiajuli WSS, the first instalment of Central share of Rs.1.56 crore, received by the State Government in September 2004, was released to the Board in July 2005 (Rs.1.17 crore) and March 2006 (Rs.0.39 crore). The second instalment of Central share of Rs.1.56 crore, though received in March 2008, was released to the Board only in January 2009. Delays in release of Central share by the State Government ranging from 9 to 47 months, retarded the progress of WSSs. It was further seen that CE, AUWSSB invited (May 2006) short tender notice for construction of three ESRs for Nalbari WSS (two ESRs) and Dhekiajuli WSS (one ESR) though as per the approved project report, five ESRs were to be constructed (three for Nalbari WSS and two for Dhekiajuli WSS).

Scrutiny of tender papers also revealed that the three tenderers quoted their rates for each of the three ESRs and the total amount quoted by the lowest tenderer for the three ESRs was Rs.1.86 crore, which was 63 *per cent* higher than the total tendered cost (Rs.1.14 crore). Since the lowest amount quoted by the tenderer was on the higher side, as recorded, the tender committee decided (August 2008) to go for negotiation. After a lapse of more than 20 months, reckoned from the date of opening of tender on 30 May 2006, the rate was approved (February 2008) at 42 *per cent* above the tendered cost. Three work orders for a total value of Rs.1.62 crore were issued (March 2008) to two contractors<sup>17</sup> with the stipulation to complete the works by January 2009, but the contractors completed only 50 *per cent* work of ESR in case of Dhekiajuli WSS and 30 *per cent* for Nalbari WSS as of March 2009 as can be seen from the photographs given below. Both the contractors were granted extension of time upto September 2009 on the ground that the works could not be executed during rainy season. The ground for extension of time was not valid because the target date for completion of the work was fixed taking into consideration the period of rainy season.

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<sup>15</sup> Dhekiajuli: Rs.6.24 crore and Nalbari: Rs. 7.35 crore.

<sup>16</sup> Dhekiajuli: Rs.4.67 crore and Nalbari: Rs.5.65 crore.

<sup>17</sup> Harakanta Deka, Biswanat Chariali and Ranjit Bhattacharjee, Tezpur.



*ESRs of Dhekiajuli and Nalbari WSSs*

Thus, due to inaction of the State Government for timely release of funds, inordinate delay in finalisation of tender and undue extension of time, the projects remained incomplete for more than seven years and the very objective of the programme to provide potable drinking water to the urban population of the two towns remained unachieved.

Construction of Greater Silchar WSS was initially approved (March 1995) for Rs.20 crore by the State Government under the State Plan. Subsequently, the State Government accorded (October 2000) revised approval for Rs.13.10 crore to be financed by the State Government (30 per cent) and loan from HUDCO (70 per cent) against which the executing division (Guwahati Division-I of AUWSSB) incurred an expenditure of Rs.1.50 crore as of December 2002. In January 2003, the GOI approved the scheme at a cost of Rs.12.30 crore (excluding Rs.1.50 crore) under NLCPR for completion by January 2006. The project was partially commissioned in February 2006 despite non-completion of (i) Supply and laying of clear water pumping main in Zone-III and IV (70 per cent completed), (ii) Construction of four RCC service reservoirs (5 per cent completed) and (iii) Laying of pipe line in Zone-III and IV (89.5 per cent completed). Rupees 11.49 crore was expended on the project as of March 2009. The project however, remained incomplete even after a lapse of more than two years since the revised date of completion, mainly due to non-construction of RCC ESR as explained below:

The approved DPR provided for construction of four RCC ESR of a total 2,600 cum capacity at different locations at a height of 14 metre each including inlet and outlet piping, lighting arrester, ventilations etc., at Rs.2.60 crore. Tender for one ESR was floated and work order was issued to a contractor in August 2002 at Rs.57.68 lakh (prior to inclusion of the project under NLCPR) while tender for the other three ESRs was not invited as of March 2009, even after a lapse of seven years of administrative approval (2001-02) of the State Government due to non-availability of land for construction of ESRs, as stated by the Board/State Government. Scrutiny (July 2008) revealed that the contractor who was awarded the work of one ESR of 630 cum capacity did not execute the work. As per records, the contractor completed the pile test and submitted the report thereon to the Division in November 2002 but the CE of the AUWSSB submitted the modified design only in March 2004, after 485 days of pile test. The contractor did not start the work, as he could not bring the machinery

from Guwahati due to landslide in Meghalaya. The Division then withdrew the work order from the contractor in March 2005 by forfeiting his earnest money and imposing a penalty of Rs.5.77 lakh (10 *per cent* of total contract value: Rs.57.68 lakh). Although the work was not awarded to any contractor as of March 2009, according to Progress Report, an expenditure of Rs.3.92 lakh was incurred against construction of four ESRs. Thus, due to inaction of the Division and the Board the four ESRs were not constructed (June 2009) and targeted beneficiaries (1,35,493 people) remained deprived of the benefit of adequate supply of drinking water.

The MD, AUWSSB stated (September 2009) in the exit conference that action has already been initiated for supply of water by direct pumping from the source. He also stated that revised estimate has been prepared and submitted to Government for approval. The reply notwithstanding, the targeted area remained uncovered even after a lapse of more than two years since the revised date of completion.

Jorhat Division undertook (April 2007) construction of Titabor Town WSS, estimated to cost Rs.5.97 crore under a one time Additional Central Assistance, as approved by the State Government, for completion by March 2009. DPR for the work included construction of deep tube well, raw water pumping main, treatment plant, clear water reservoirs, ESR and distribution system. Although the State Government released (March 2007) Rs.5.58 crore to the Board, it utilised only Rs.2.56 crore as of March 2009. The physical progress of different items of the work was 30-84 *per cent* (treatment plant: 40 *per cent*, clear water reservoirs: 52 *per cent*, ESRs: 30 *per cent* and distribution system: 84 *per cent*). Deep tube well and raw water pumping main were not constructed at all. Scrutiny of records also revealed that the land allotted (March 2007) by the Titabor Circle Officer for construction of treatment plant and ESR was found unsuitable for the project, as the load-bearing capacity of that land was very poor. The Board purchased a plot of private land at Rs.10 lakh in April 2008. In view of the delay in acquisition of land, the project was not commissioned as targeted and thereby the 7,450 beneficiaries were not provided potable drinking water within the target date (March 2009).

Biswanath Chariali WSS, administratively approved (February 1991) by the State Government for Rs.2.46 crore under State Plan, was taken up for execution by Jorhat division in April 1994. Although the State Government released (1991-2005) Rs.2.68 crore, the Board spent only Rs.1.85 crore and the scheme was partially commissioned in September 2003 covering 2,345 beneficiaries (out of 16,830 people as per 2001 census) and the scheme was handed over to the newly created Guwahati Division – II. Physical progress of different components of the work (without treatment plant and ESR) ranged from 20 to 100 *per cent* as of January 2005. Subsequently, in February 2008, the State Government approved the project under SPA, showing Phase – II work, for Rs.9.07 crore with a stipulation to complete the work by March 2009. Though the Board submitted (February 2008) its proposal, the Government did not release any funds to the Board without any recorded reason. The implementing division, however, took up works valued at Rs.1.63 crore during October – November

2008 and achieved a physical progress of treatment plant (5 per cent), sump (8 per cent) and ESR (3 per cent) as of March 2009.

Due to non-release of adequate funds to the Board and inaction of the Board in ensuring completion of the project as per the scheduled time frame, investment of Rs.1.85 crore did not lead to achievement of the desired objectives and the targeted beneficiaries (14,485 people) remained deprived of the benefit of potable water.

The Finance Department did not specify any reasons for non-release of funds during the exit conference (September 2009).

#### **1.1.9.4 Time and cost overrun on incomplete projects**

Two WSS viz., Gauripur and Dergaon WSS, costing Rs.4.16 crore (Gauripur: Rs.1.79 crore, Dergaon: Rs.2.37 crore) as approved by State Government in March 1985 and February 1991 under State Plan, were taken up for execution in November 1989 and May 1991 by Dhubri and Jorhat division respectively to provide safe drinking water to 36,841 people of the two towns. Although the projects were scheduled for completion within two years from the date of according administrative approval, the implementing divisions could complete the work of intake point, raw water pumping main, treatment plant and sumps in respect of both the projects and incurred a total expenditure of Rs.13.32 crore<sup>18</sup> as of March 2009. The physical status of various works under these two projects as of March 2009 is depicted in the photographs given below.



*Clear water sump and, Chemical house of Gauripur WSS*

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<sup>18</sup> Dergaon Rs.7.16 crore and Gouripur Rs.6.16 crore.



*ESR of Gauripur WSS*



*Clear water sump of Dergaon TWSS*



*ESR of Dergaon TWSS*

Delay in execution of works in case of Gouripur WSS was mainly due to termination of work order (September 2004) by the Board after discontinuation of work by the contractor (September 2001) and slow progress of balance works taken up departmentally. Mention was made in para 4.2.5 of CAG's Audit Report for the year ended 31 March 2006 that an expenditure of Rs.3.77 crore incurred on this scheme was unproductive. The Board revised (November 2006) the value of balance works to Rs.3.36 crore showing phase – II works, which was approved by the State Government in February 2008 under special plan allocation with the stipulation to complete the work by February 2009. The MD, AUWSSB issued work order for the balance work of Gouripur WSS valued at Rs.78 lakh (out of Rs.3.36 crore) to one contractor in February 2009 for completion by February 2010, but no physical progress was recorded against this work as of March 2009. The total expenditure against the project as of March 2009 was Rs.6.16 crore including repayment of loan of Rs.1.31 crore to HUDCO.

In case of Dergaon WSS, the contractor was repeatedly granted extension of time due to slow progress of work, which was finally extended upto September 2008 with no penalty being imposed for the delay as stipulated in the tender agreement. The Executive Engineer, Jorhat Division, however, requested (December 2008) the Chief Engineer, AUWSSB to rescind the work order to enable the Division to claim compensation but there was no evidence of the work order being rescinded or any further extension granted. The project was, however, partially commissioned in June



2003 covering 360 people of Dergaon town after spending Rs.7.17 crore as of March 2009.

Thus, due to laxity of the implementing divisions and the Board's inaction in monitoring the work closely and ensuring compliance with the terms of agreement, there was not only a time overrun of 16 and 22 years in respect of Gouripur and Dergaon WSSs respectively, but also a cost overrun of Rs.9.16 crore as of March 2009 (Gouripur: Rs.4.37 crore and Dergaon: Rs.4.79 crore). Besides, 36,481 people of the two towns (excluding 360 inhabitants of Dergaon town) were deprived of potable drinking water.

#### **1.1.9.5 Abandonment of Projects**

Four WSSs<sup>19</sup> estimated to cost Rs.23.31 crore under the State plan as approved by the State Government between March 1988 and February 1991, were taken up for execution by Guwahati, Jorhat and Dhubri divisions between March 1991 and September 1994. After execution of 10-50 *per cent* of different components of work of Tezpur WSS, 15 *per cent* of Tinsukia WSS and 15-100<sup>20</sup> *per cent* of Dhing WSS, the contractors of all these three projects abandoned the work for reasons not on record. These cases (except Dhing WSS) were subjudice as stated by the Board.

As regards Dhing WSS, although it was decided (June 2008) by the Board to cancel the work order after obtaining legal opinion, the MD, AUWSSB issued show-cause notice for abandonment of work to the contractor only in March 2009.

For Kokrajhar WSS, the Board released mobilisation advance of Rs.62 lakh in April 1992 (Rs.22 lakh) and February 1993 (Rs.40 lakh) but cancelled (August 1997) the work order due to non-commencement of work by the contractor. Scrutiny of records revealed that the contractor filed a case in the Hon'ble court of civil Judge, Kamrup, which in its verdict dated February 2006, passed an order for payment of Rs.3.51 crore to the contractor as compensation towards the expenditure incurred by the contractor for mobilization of manpower and equipment. The Board, however, obtained stay order in March 2006 but did not take any action to execute the project through other agencies as of March 2009.

Due to inaction of the implementing divisions for proper execution of projects, the total expenditure of Rs.9.98 crore incurred against these four schemes<sup>21</sup> proved unfruitful. In addition, 1,92,752 people of the four towns (as per 2001 census) were deprived of supply of adequate potable drinking water.

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<sup>19</sup> Dhing, Kokrajhar, Tezpur and Tinsukia.

<sup>20</sup> The work of intake point only.

<sup>21</sup> Dhing: Rs.1.01 crore  
Kokrajhar: Rs.0.63 crore  
Tezpur: Rs.7.49 crore  
Tinsukia: Rs.0.85 crore

**Rs.9.98 crore**

### 1.1.9.6 Handing over of projects to the user community

AUWSP guidelines specified that assets created under the programme should be operated and maintained by the community for which adequate training was to be given. Since the inception (March 1994) of AUWSP, four projects were completed as of March 2009. Of these, Rangapara WSS was completed only in March 2009 and the other three (Palashbari, Bihpuria and Sarthebari WSS), completed between February 2004 and May 2005 at Rs.3.85 crore, were not handed over to the user community or to the urban local body.

The MD, AUWSSB stated (September 2009) that the user community or ULBs were reluctant to take over the projects due to high maintenance cost and lack of technical knowledge. Had the commitment of the urban local bodies to the maintenance of the schemes, as stipulated in the guidelines, been obtained before implementing the programmes this could have been avoided. No training arrangement was made by the Government for ULBs or the user committee to take over the WSS and run it. Thus, maintenance of the asset by the user community was not ensured by the Government.

### 1.1.9.7 Higher operation cost compared to revenue collection

Water tariff rates were first formulated in 1995 and were effective upto March 2007. In its 43<sup>rd</sup> meeting the Board decided to enhance the rates with effect from 1 April 2007 and the State Government approved (June 2007) the enhanced rates. However, the enhanced rate was reduced from 1 September 2007 due to public resentment and appeals from different organisations.

Revenue collection and expenditure thereagainst in respect of six completed/partially commissioned projects were as below:

**Table-4**

(Rs. in lakh)

Name of the Scheme	Date of Commissioning	Period of operation and maintenance	Revenue earned	Expenditure incurred on Maintenance	Excess of expenditure over revenue collection
Namrup WSS	25-11-04	2004-09	0.14	11.84	11.70
Sarthebari WSS	02-02-05	2004-09	NIL	9.48	9.48
Lala WSS	30-05-05	2006-09	NIL	17.63	17.63
Marioni WSS	18-11-05	2005-09	14.31	18.15	3.84
Silchar WSS	25-02-06	2006-09	85.18	107.91	22.73
Golaghat WSS	16-02-06	2005-09	7.03	20.54	13.51
		<b>Total</b>	<b>106.66</b>	<b>185.55</b>	<b>78.89</b>

*Source: Records/information furnished by the Board.*

It is evident from the above that the Board incurred 74 per cent of expenditure on O & M over and above the revenue realised during 2004-09. Thus, the Board failed to meet the O & M cost from the revenue earnings from the six projects. The MD stated (September 2009) during exit conference that the higher operational cost would get reduced with the passage of time when all the households in the area become consumers.

### **1.1.10 Quality of water**

As per the Manual on Water Supply and Treatment, physical, chemical, bacteriological and virological tests of drinking water are required to be conducted in a well equipped laboratory in order to safeguard the people against waterborne diseases and to supply potable water conforming to the drinking water standards.

There was no well equipped laboratory with the Board to perform all the required tests. The Board had only five<sup>22</sup> mini laboratories, where only physical and chemical tests were carried out.

The Board did not fix any periodicity for laboratory tests of potable water. As per information made available to audit, during 2004-09, altogether 24<sup>23</sup> tests were carried out in respect of six out of thirteen WSSs. Of these, only two were bacteriological tests, conducted in the State Public Health Laboratory, Guwahati for Zoo Road (Guwahati) WSS. No water test was carried out in respect of the seven WSSs, where potable water was supplied to 12,650 people of seven towns<sup>24</sup>.

The above position indicates the periodicity was once in a year or less than that where tests were performed. The results of these tests indicate presence of iron and fluoride contents in certain cases.

Non-conducting of water tests at regular intervals is fraught with the risk of affecting the health of the urban population covered under the projects.

Thus, the objective of providing safe and uncontaminated drinking water to the identified urban areas remained unachieved.

### **1.1.11 Monitoring and Evaluation**

The UDD monitored the implementation of the programmes by the Board through quarterly/ annual progress reports. But the reports submitted by the Board did not indicate details of the targeted quantities of different items of work under the project, achievement made thereagainst and financial progress. It did not conduct any physical inspection of the projects during construction or post construction period. Absence of effective monitoring resulted in poor progress of works under the projects leading to piling up of ongoing projects as of March 2009.

No evaluation of the implementation of the programmes/schemes and their impact in the State was conducted either by the State Government or by any independent agency. Thus, effectiveness of the programmes and their impact in the State was not

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<sup>22</sup> Barpeta Road, Golaghat, Jorhat, Mariani and Zoo Road (Guwahati).

<sup>23</sup> Barpeta Road (22-05-04, 01-06-04, 12-08-04, 13-08-04, 21-11-04, 01-04-05, 05-08-05, 23-01-06, 27-01-06, 06-02-06, 03-07-06, 26-01-07, 15-05-07, 14-06-07, 22-12-07, 18-03-08 & 02-10-2008), Dergaon (14-05-07), Golaghat (14-05-07), Jorhat (25-12-08 & 25-03-09), Mariani (14-05-07), Zoo Road, Guwahati (29-03-08 & 29-08-07)

<sup>24</sup> Biswanath Chariali: 2,345, Goalpara: 1,280, Lala: 1,000, Namrup: 690, North Lakhimpur: 270, Palashbari: 165 & Silchar: 6,900 (Total: 12,650).

assessed depriving the Government and the Board of taking required remedial measures, if any.

During exit conference, the Secretary, UDD stated (September 2009) that initiative would be taken to gear up the implementation process through monitoring and evaluation.

#### **1.1.12 Conclusion**

Due to deficiencies in planning, short/delayed release of funds by the State Government, mismanagement/diversion/short utilisation of funds, delayed execution of works by the Board and not ensuring proper testing of the quality of water, the objective of providing adequate and safe drinking water to the identified urban areas was not fulfilled. Though 2 out of 24 projects, due for completion between 1986-87 and 2008-09, were recorded to have been completed during 2004-09, all the items of works as per approved DPRs were not completed. Another five partially completed projects were commissioned during 2004-09, but actual coverage of population through water supply facility during 2004-09 was only two *per cent*. There were time and cost overruns in the execution of the projects. This resulted in piling up of ongoing projects (March 2009). The systems for monitoring and evaluating the implementation of the programmes by the State Government were absent. No evaluation studies had been carried out by the Nodal Department to ascertain the extent of achievement of the objectives of the programme in the State.

#### **1.1.13 Recommendations**

- A long-term Master Plan needs to be prepared to ensure provision of adequate and safe drinking water to cover all the towns in a phased manner;
- Schemes taken up for execution should be completed with the available resources before taking up new schemes to avoid spreading the resources thin;
- Adequate and timely release of funds to the implementing agency should be ensured to avoid time and cost overrun;
- Scheduled timeframe for completion of the projects should be strictly adhered to and accountability should be fixed for slippages in deadlines.
- Procedure for periodical inspection/monitoring of the completed/ongoing schemes needs to be enforced.

## Planning and Development Department

### 1.2 Member of Legislative Assembly Area Development Scheme

*The Government of Assam introduced Member of Legislative Assembly (MLA) Area Development Scheme (MLAADS) in March 1994 for implementing small developmental works of capital nature based on local needs of the people in each constituency as per recommendations of MLAs. Performance audit of the scheme revealed that implementation of the scheme was satisfactory in respect of construction of buildings. There was also no cost overrun in any of the completed works. However, 34 per cent of works due for completion by March 2009, remained incomplete in 10 test checked districts and inadmissible works were taken up during 2004-09 beyond the scope of the scheme.*

#### Highlights

Against the allotment of Rs.96.90 crore during 2004-09, recommendations for 10,465 works, valued at Rs.81.37 crore, were received from the MLAs during the period.

(Paragraph-1.2.7)

During 2008-09 against release of Rs.50.40 crore, an expenditure of Rs.24.54 crore was incurred leaving an unutilized balance of Rs.25.86 crore (51 per cent).

(Paragraph-1.2.8.2)

In 10 Districts, 3,141 works valuing Rs.23.90 crore for the years 2004-08, due for completion during 2005-09, remained incomplete as of March 2009, resulting in delay in providing intended infrastructural facilities to the community.

(Paragraph-1.2.9.1)

In 10 Districts, 187 works for Rs.2.92 crore were taken up beyond the scope of the scheme during 2004-09.

(Paragraph-1.2.9.2)

In five Districts, the District Authorities installed 1,680 hand pump sets and took up 189 works for execution during 2004-09 with funds of Rs.1.93 crore in private land holdings, which was not permissible under the scheme.

(Paragraph-1.2.9.3)

Monitoring system for implementation of the scheme was ineffective in the State.

(Paragraph-1.2.10)

#### 1.2.1 Introduction

The Government of Assam launched the Members of Legislative Assembly Area Development Scheme (MLAADS) in March 1994. Under the scheme, each MLA can recommend works to the tune of Rs.10 lakh per year to be taken up in his/her Constituency by the nodal district authorities. The annual allocation of Rs.10 lakh was increased to Rs.20 lakh from 1997-98, Rs.30 lakh from 2003-04 and to Rs.40 lakh

from 2007-08. In terms of guidelines of the scheme, the works to be taken up under the scheme are to be developmental in nature, catering to the local needs of the people with emphasis on generation of income through creation of durable assets<sup>25</sup> and these are to be completed in two working seasons. The works under the scheme are to be executed by the line departments, or reputed non-governmental organisations (NGO) or Panchayati Raj Institutions or construction committees<sup>26</sup> or user groups. There are 126 MLAs in the State.

### 1.2.2 Organisational Set up

The Additional Chief Secretary of the Planning and Development Department (PDD) is the nodal authority at the State level for the implementation of the Scheme. At the District level, the Deputy Commissioners (DCs) are responsible for sanction and implementation of the works recommended by the MLAs under the scheme.

### 1.2.3 Scope of Audit

Performance audit of implementation of the MLAADS was conducted in February-June 2009 covering the period 2004-09. Records of PDD and District Administration in 10 out of 27 districts (37 per cent) covering 57 (45 per cent)<sup>27</sup> out of 126 Legislative Assembly Constituencies (LACs) were scrutinized in detail. The test-check covered an expenditure of Rs.86.13 crore, representing 48 per cent of total expenditure (Rs.178.70 crore) on the scheme during 2004-09.

### 1.2.4 Audit Objectives

The main objectives of the performance audit were to ascertain whether:

- the planning and formulation of developmental schemes/projects were need based and realistic;
- the allocation, release and utilisation of funds for the schemes/projects were adequate and effective;
- individual projects/schemes were implemented within the stipulated time and cost and were executed economically, efficiently and effectively, leading to creation of durable assets; and
- there is a mechanism for adequate and effective monitoring and evaluation of projects/schemes.

### 1.2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

<sup>25</sup> Community halls, public library, rural roads and culverts, market sheds etc.

<sup>26</sup> A committee consisting of 7 to 11 members for execution of the scheme. Deputy Commissioner/Addl. Deputy Commissioner is the Chairman with Member Secretary from the line Department.

<sup>27</sup> Details of 10 Districts and 57 Constituencies – (i) Cachar – 7, (ii) Dhubri – 7, (iii) Dibrugarh – 6, (iv) Jorhat – 6, (v) Kamrup (M) – 4, (vi) Kamrup (R) – 6, (vii) Karbi Anglong – 4, (viii) Morigaon – 3, (ix) Sivsagar – 6 and (x) Sonitpur – 8.

- MLA Area Development Scheme guidelines;
- Sanction letters/circulars/instructions issued by the Government of Assam; and
- Action plans for implementation of individual projects/schemes.

### **1.2.6 Audit Methodology**

Performance audit commenced with an entry conference with the Joint Secretary, Planning and Development Department in March 2009, wherein audit objectives, criteria and audit methodology were discussed. Selection of districts was based on simple random sampling without replacement method. Audit findings were discussed (September 2009) with the Secretary, Planning and Development Department in an exit conference and the replies of the Department have been incorporated in the review at appropriate places.

### **Audit Findings**

Performance audit of the scheme revealed that the scheme was functioning effectively in case of construction of buildings/additional class-rooms in respect of schools/colleges/madrassas. There was no cost overrun in case of completed works/projects, although there were delays in completion of works. Inadequacies noticed in planning, utilisation of funds, physical and financial achievements, completion of works/projects and maintenance of assets created are summarised below:

### **1.2.7 Planning**

According to the guidelines of MLAADS, each MLA should recommend works for his/her constituency upto the annual entitlement during the financial year within 90 days from the commencement of the financial year to the concerned district authorities. Further, special attention is to be given for development of infrastructure in areas inhabited by SC and ST population including areas affected by natural calamities. None of the DCs of the test-checked districts maintained records indicating the dates of receipt of recommendations from the MLAs, details of schemes recommended, cost of each scheme and also the areas inhabited by SCs/STs covered under the scheme.

During the exit conference the Department stated that the MLAs recommended the schemes in piecemeal. However, it did not state the reason for non-maintenance of records.

In the ten sampled districts, scrutiny of the recommendations revealed that the district authorities received recommendations of MLAs for 4,902 works valued at Rs.28.17 crore, for 2004-09 with delays ranging between 5 and 682 days beyond the stipulated 90 days. Further, as against the allotment of Rs.96.90 crore during 2004-09, recommendations for 10,465 works, valued at Rs.81.37 crore, were received from the MLAs during the period. Recommendations for utilisation of balance allotment of

Rs.15.53 crore were not received as of March 2009. As a result, the unutilised balance was retained by the district authorities.

Accepting the audit observation, the Department stated that MLAs would be requested to submit proposals for the entire allotted fund.

## 1.2.8 Financial Management

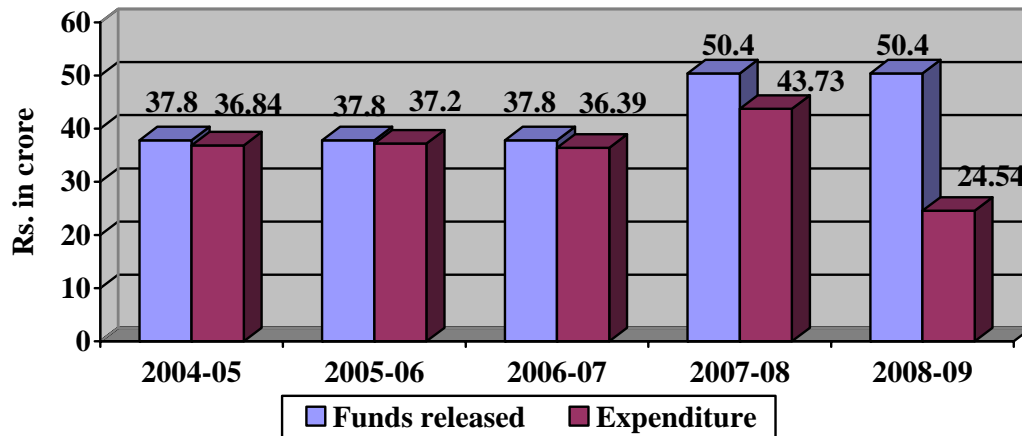
### 1.2.8.1 Funding Pattern

The annual allotment is released in two instalments by PDD directly to the DCs of the districts for implementation of MLAADS. The first instalment is released by September and the second instalment by March of each financial year. The DC could release up to 75 per cent of estimated cost of the sanctioned works as first instalment to the implementing agency and another 20 per cent as second instalment within 21 days, subject to submission of utilisation certificate of the first instalment. The balance five per cent is released after submission of completion report with photographs of the scheme.

### 1.2.8.2 Release and utilisation of funds

The year-wise position of funds released by the State Government and expenditure incurred by the district authorities during 2004-09 in respect of all the constituencies were as in Chart-1.

Chart-1



Source: Information furnished by the Department.

As can be seen above, out of an amount of Rs.214.20 crore received during 2004-09, the amount expended was Rs.178.70 crore (83 per cent). While the expenditure was by and large proportionate to the fund received during 2004-07, the utilisation of allocated funds started declining during 2007-08 and only 49 per cent funds were utilized during 2008-09.



The position of funds received and expenditure incurred in the 10 test-checked districts during 2004-09 is given below:

**Table-1**

(Rupees in crore)

Name of the district	Opening balance as on 1 April 2004	Funds received during 2004-09	Total funds available during 2004-09	Actual expenditure during 2004-09	Unutilised funds as on 31 March 2009	Unutilised balance (percentage)
Kamrup (M)	0.73	6.80	7.53	5.51	2.02	27
Kamrup ®	2.23	10.20	12.43	9.56	2.87	23
Morigaon	0.71	5.10	5.81	4.04	1.77	30
Jorhat	1.56	10.20	11.76	8.83	2.93	25
Dhubri	0.14	11.90	12.04	8.41	3.63	30
Dibrugarh	3.91	10.20	14.11	10.91	3.20	23
Karbi Anglong	0.63	6.80	7.43	5.87	1.56	21
Sivsagar	1.37	10.20	11.57	9.81	1.76	15
Cachar	0.22	11.90	12.12	9.30	2.82	23
Sonitpur	4.40	13.60	18.00	13.89	4.11	23
<b>Total</b>	<b>--</b>	<b>96.90</b>	<b>--</b>	<b>86.13</b>	<b>--</b>	

Source: Information furnished by the DCs.

Out of the expenditure of Rs.86.13 crore during 2004-09, Rs.70.99 crore only was spent for works sanctioned during 2004-09.

Fifteen to thirty *per cent* of funds (Rs.26.67 crore) received remained unutilised in the 10 sampled districts mainly due to non-release of further instalments to the executing agencies due to non receipt of UCs from them and also due to not taking up works for want of plans/estimates, non-formation of Construction Committees and imposition of model code of conduct for General Election of 2009.

The Government of Assam, PDD, while releasing (August 2007) the 1st instalment of the funds pertaining to 2007-08, instructed all the DCs to refund the unutilised funds for the period up to 2006-07 to the State exchequer. However, scrutiny of records of the 10 test-checked districts revealed that the DCs had a closing balance of Rs.18.06 crore as of March 2007, which was not refunded to the State exchequer. Instead, expenditure continued to be incurred therefrom. Thus, the scheme funds were not only blocked, but the authorities also did not utilise them for the purpose for which these were sanctioned.

The Department accepted the observation during the exit conference.

### **1.2.8.3 Recommendations of MLAs**

The position of funds allotted, recommendations received thereagainst and works sanctioned and taken up for execution as per recommendations of the MLAs in the 10

test-checked districts are given below:

**Table-2**

(Rupees in crore)

Name of the district (Nodal)	Funds allotted	Works for which recommendations were received from MLAs and sanctioned by DCs		Works taken up for execution	
		No. of works	Value	No.	Value
Kamrup (M)	6.80	690	5.97	670	5.85
Kamrup (R)	10.20	1,016	8.17	1,008	8.14
Morigaon	5.10	842	4.44	773	4.04
Jorhat	10.20	1,103	8.12	1,072	7.87
Dhubri	11.90	901	9.16	819	8.42
Dibrugarh	10.20	1,509	8.38	1,498	8.32
Karbi Anglong	6.80	459	6.36	452	6.20
Sivsagar	10.20	1,039	9.16	1,034	9.14
Cachar	11.90	1,685	10.92	1,547	9.89
Sonitpur	13.60	1,221	10.69	1,205	10.60
<b>Total</b>	<b>96.90</b>	<b>10,465</b>	<b>81.37</b>	<b>10,078</b>	<b>78.47</b>

Source: Information furnished by the DCs.

PDD did not furnish the position of works sanctioned and taken up for execution as per recommendations of the MLAs in the State as a whole. However, in the case of the 10 sampled districts, the DCs sanctioned 10,465 works valued at Rs.81.37 crore during 2004-09. Against this, 10,078 works for Rs.78.47 crore were taken up for execution during the period by different agencies viz., Construction Committees and Block Development Officers as discussed in Paragraph - 1.2.9.1.

The remaining 387 approved works valuing Rs.2.90 crore could not be taken up for execution during 2004-09 due to non-receipt of plan and estimates from the executing agencies and non-formation of Construction Committees. Out of 387 works, 253 works valued at Rs.2.10 crore for 2008-09 could not be taken up due to imposition of model code of conduct for General Election 2009, as recommendation of MLAs were received at the fag end of the financial year. The DCs neither initiated action to get the plans and estimates for the remaining 134 works, costing Rs.80 lakh, during 2004-08 from the Construction Committees nor took up the matter with the concerned MLAs for getting alternate works/schemes.

#### **1.2.8.4 Accountal and utilisation of interest**

In terms of guidelines, funds under this scheme are to be kept in the savings bank account of a nationalised bank and interest earned therefrom is to be utilised for implementation of the scheme. Scrutiny of Cash Book of the selected districts revealed that six<sup>28</sup> out of 10 DCs did not account for the interest earned. Out of interest of Rs.1.45 crore received during 2004-09 in respect of 10 DCs, Rs.67.60 lakh was not accounted for in the Cash Book by six DCs resulting in understatement of the scheme funds. Also, the possibility of misutilisation/misappropriation of unaccounted amount cannot be ruled out. Further, no interest was credited by the banks in respect

<sup>28</sup> Cachar, Jorhat, Kamrup (R), Morigaon, Sivasagar and Sonitpur.

of SB accounts (MLAADS) maintained by the DC, Jorhat for the period 2004-07. This indicated that bank balances were not reconciled by the DC, Jorhat. Further scrutiny revealed that out of Rs.1.45 crore, only Rs.42.12 lakh was utilised under the Scheme leaving a balance of Rs.1.03 crore. Thus, the receipt of interest and its utilisation actually remained out of the district level account.

The Department stated that district level accounts would be reconciled and corrective measures would be taken.

#### **1.2.8.5 Maintenance of Cash Books**

According to Financial Rules, all monetary transactions should be routed through Cash Books. All day-to-day transactions should be entered in the Cash Book and the Cash Book should be closed daily under the signature of the drawing and disbursing officer. Scrutiny revealed that DC, Kamrup drew (2008-09) Rs.2.40 crore under MLAADS and deposited the same in the SB Account. The DC incurred an expenditure of Rs.64 lakh out of it, without recording the transaction in the Cash Book. Closing balance of Rs.1.76 crore was also not recorded in the Cash Book. Non-recording of transactions in the Cash Book not only violated internal control mechanism but also fraught with the risk of misappropriation.

Further, DC, Dibrugarh did not produce any Cash Book for the period prior to 1 October 2004 as the Cash Book for the period was stated to have been misplaced during shifting of the office. An amount of Rs.2.20 crore was shown as opening balance as on 1 October 2004 in the Cash Book maintained from October 2004. In the absence of Cash Book for the earlier period, the opening balance could not be authenticated in audit. The Department stated that the matter would be investigated.

#### **1.2.8.6 Utilisation certificates (UCs)**

Funds under MLAADS were released to the Construction Committees by the DCs in two or three instalments for execution of works. In order to ensure proper utilisation of funds and execution of works, the executing agencies were to submit UCs to the DCs. Scrutiny revealed that the 10 DCs test-checked, released Rs.70.99 crore to the executing agencies for execution of 10,078 works during 2004-09. Against this, the executing agencies submitted UCs for only Rs.48.22 crore to the district authorities and UCs for Rs.22.77 crore were awaited from the agencies as of March 2009. However, the DCs furnished UCs to the State Government for Rs.74.41 crore (including Rs.70.99 crore released to executing agencies) against Rs.96.90 crore received from the State Government upto 2008-09. Thus, DCs furnished incorrect UCs of Rs.26.19 crore (Rs.74.41 crore – Rs.48.22 crore) to the State Government. DCs did not initiate any action to obtain the UCs from the executing agencies. This indicated lack of internal controls in the State Government and District Administrations. The Department accepted the audit observation.

#### **1.2.9 Programme Implementation**

Audit findings on the implementation of 10,078 works are summarised below:

### 1.2.9.1 Physical performance of works

The Nodal Department did not furnish year-wise data on position of works sanctioned, taken up and achievements thereagainst for the State as a whole. The position of works taken up in the selected districts and status of works for the period 2004-09 are given below:

Table-3

Name of the district	Works taken up for execution		Works completed		Incomplete works
	No.	Value	No. (Percentage)	Value	No.
Kamrup (M)	670	5.85	345 (51)	2.63	325
Kamrup (R)	1,008	8.14	544 (54)	5.05	464
Morigaon	773	4.04	478 (62)	2.74	295
Jorhat	1,072	7.87	701 (65)	4.65	371
Dhubri	819	8.42	335 (41)	3.96	484
Dibrugarh	1,498	8.32	1,022 (68)	5.51	476
Karbi Anglong	452	6.20	217 (48)	3.22	235
Sivsagar	1,034	9.14	713 (69)	6.91	321
Cachar	1,547	9.89	1,112 (72)	7.06	435
Sonitpur	1,205	10.60	729 (60)	5.61	476
<b>Total</b>	<b>10,078</b>	<b>78.47</b>	<b>6,196 (61)</b>	<b>47.34</b>	<b>3,882</b>

Source: Information furnished by the DCs.

Detailed scrutiny disclosed the following:

- Against 10,078 works, an expenditure of Rs.70.99 crore was incurred and only 6,196 (61 per cent) works were completed at a cost of Rs.47.34 crore. The balance 3,882 works remained incomplete after incurring an expenditure of Rs.23.65 crore, although out of 3,882 works, 3,141 works approved during 2004-08 for Rs.23.90 crore were due for completion as of March 2009. Thus, against financial achievement of 90 per cent, the physical achievement was only 61 per cent. The Department stated (September 2009) that there would be a mismatch between the physical and financial achievements due to incomplete works, where expenditure was incurred. The implementation of the scheme was, however, satisfactory in case of construction of buildings/additional classrooms in schools/colleges/madrassas. There was no cost overrun in any of the completed schemes.
- Out of 6,196 of the completed works, there was no evidence in support of completion of 55 works for Rs.30.09 lakh in respect of Behali LAC of Sonitpur district. Since completion reports, UCs for Rs.23.77 lakh released to the Construction Committees by the DC, Sonitpur during 2005-06 or photographs, were not produced to audit. The works were not physically verified and no further instalment was released to the executing agencies. DC stated (June 2009) that the executing agencies did not furnish the required reports/returns and the matter was under correspondence. Thus, utilisation of Rs.23.77 lakh towards execution of 55 works could not be vouched for in audit and appeared doubtful.

➤ Scrutiny of records of 10 test-checked districts further revealed that out of 3,882 incomplete works, 531 works for Rs.3.81 crore were taken up for execution during 2004-05 and 2005-06 and an expenditure of Rs.2.79 crore was incurred on these as of March 2009. However, none of the executing agencies submitted vouchers and UCs in support of utilisation of funds released to them. The concerned DCs also did not take any action to ascertain the position of works at any stage. There was no record to indicate that works had even started. No assets were created out of Rs.2.79 crore even after three to four years of release of funds to the executing agencies. Thus, the expenditure of Rs.2.79 crore was doubtful and the possibility of misappropriation could not be ruled out.

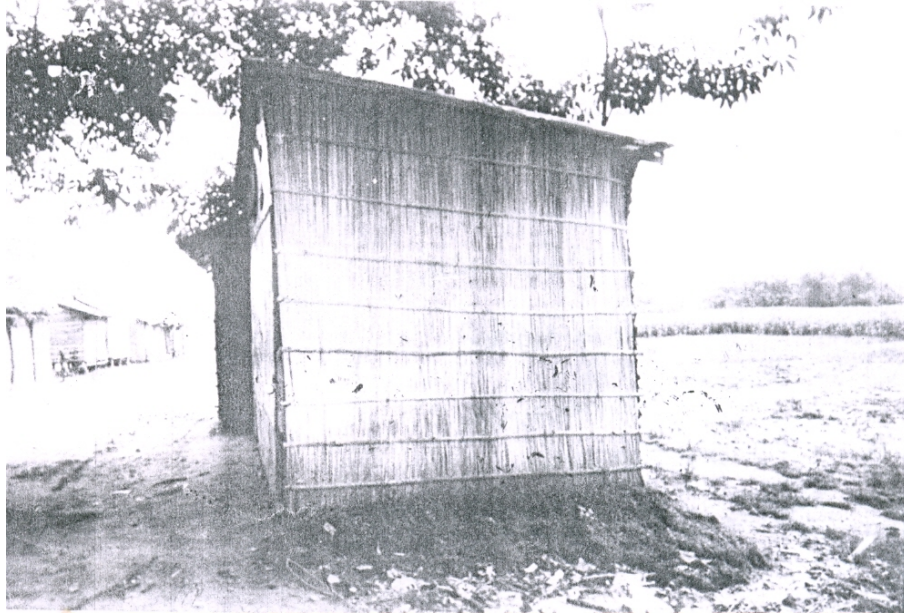
Accepting the audit observation, the Department stated that the matter would be investigated.

#### **1.2.9.2 Execution of works beyond the scope of the scheme**

The guidelines of the scheme prohibit execution of works like construction of office building, residential buildings, private schools and private colleges, repairs and maintenance of any type, purchase of inventory and stock, assets for individual benefit etc. In the 10 test-checked districts, out of 10,078 works taken up for execution during 2004-09, 187 works for Rs.2.92 crore were for construction of office buildings, private schools, private infrastructure, repair of roads etc. which were not permissible. The DCs stated (June 2009) that the works were executed based on the recommendations of the MLAs.

Scrutiny of the records of 10 tests-checked districts also revealed that in five LACs, 14 works for Rs.32.20 lakh viz., bamboo foot bridges, bamboo palasiding for protection of erosion and temporary shelter for flood affected people were taken up during 2004-09 and Rs.31.10 lakh was spent as of March 2009. As the works were temporary in nature, no durable assets were created.

The Department stated (September 2009) that construction of temporary shelters included earthwork also. The estimates of these works, however, did not have provision for earthwork. While the above mentioned works are not of a permanent nature, these are nevertheless, necessary works and the Department should consider approaching the State Government to expand the list of permissible items of work under the scheme rather than violate the guidelines of the scheme.



*Temporary shelter for flood-affected people constructed during 2005-06  
at Rs.25.50 lakh (LAC – South Salmara of Dhubri District)*

The Department stated (September 2009) that works taken up were within the scope of guidelines.

### **1.2.9.3 Creation of assets on private lands**

Guidelines of the MLAADS do not provide for construction/creation of any assets for the benefit of an individual. Further, works on the land belonging to religious authorities, tea gardens, trusts etc., were to be taken up only after obtaining a no objection certificate (NOC) from the respective organisation/owner for community usage.

Scrutiny of the records revealed that the DC, Kamrup (R), on the recommendation of the MLAs, installed 1,680 hand pumps at a cost of Rs.95.70 lakh between 2004-05 and 2008-09 through different Construction Committees on private lands in three LACs. Further, in four districts<sup>29</sup>, 189 works at an estimated cost of Rs.1.09 crore were taken up on land belonging to tea gardens. Against the estimated cost of Rs.1.09 crore, Rs.97.69 lakh was spent during 2004-05 to 2008-09 without obtaining NOC from the owners of the tea gardens. No specific agreement was entered into with the landowners to avoid future complications regarding utilisation of assets by public in general.

### **1.2.9.4 Irregular allowance of contractor's profit**

The MLAADS' guidelines prohibit engagement of contractors for execution of works. Scrutiny of records of test-checked districts revealed that works were executed through Construction Committees. The detailed estimates were prepared based on APWD schedule of rates (SOR) prevailing at that time. All the estimates for civil

<sup>29</sup> Dibrugarh, Jorhat, Sivasagar and Sonitpur.

works included 10 *per cent* contractor's profit over the cost of materials and wages. In case of 1,521 works, costing Rs.13.25 crore, taken up in six<sup>30</sup> out of the ten sampled districts during 2004-09, contractor's profit (10 *per cent*) was not deducted, as a result of which estimates were inflated by Rs.1.33 crore. It was, however, seen that in 8 out of 10 districts, 10 *per cent* contractor's profit was deducted in a majority of the cases. Thus, non-deduction of profit element included in the SOR while making payment to the agencies resulted in extra expenditure of Rs.1.33 crore which was to be utilised for creation of additional assets.

The Department stated that the matter would be verified.

#### **1.2.9.5 Irregular award of work**

MLAADS provided that the District Authority would identify the agency through which a particular work recommended by the MLA was to be executed. The executing agency could be a line department or a reputed NGO or a Panchayati Raj Institution or a Construction Committee or a User Group capable of execution of works satisfactorily. Further, execution of individual works costing more than Rs.5 lakh was not permissible under MLAADS.

DC, Kamrup (M) took up 20 works at an estimated cost of Rs.60 lakh during 2007-08 and 2008-09 for electrification in Pandu area of Jalukhbari constituency. The work was entrusted by the DC without exercising the mandatory checks to a new NGO, without past experience, at the instance of the MLA. DC released Rs.44.52 lakh between September 2008 and February 2009 to the NGO as first instalment without any security/surety. There was no physical progress as of March 2009. While cost of individual work was to be restricted to Rs.5 lakh, awarding of work valued at Rs.60 lakh to a single private party having no past experience or technical know-how and without provision for supervision by the line department had no justification. Thus, award of the work was irregular. The Department accepted the audit observation.

#### **1.2.9.6 Undue grant of financial benefit**

DC Karbi Anglong took up 18 works during 2004-05 at a cost of Rs.5 lakh each for computerisation IT education (including maintenance of the system for three years) in rural areas through a Guwahati based firm as per recommendation of two MLAs<sup>31</sup>. Estimates, however, included annual maintenance cost Rs.0.75 lakh and salary of Rs.1.08 lakh for three years. All the 18 works of computerisation were completed during the period and the firm was paid Rs.90 lakh including annual maintenance cost and salary (Rs.32.94 lakh). As the maintenance cost of assets was to be borne by the user groups in terms of guidelines and recommendations of the MLAs, payment of Rs.32.94 lakh out of MLAADS' funds was not only inadmissible but unauthorised too. This resulted in undue grant of financial benefit to the firm.

The Department accepted the audit observation but did not commit to recovery of the inadmissible amount from the firm.

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<sup>30</sup> Jorhat, Kamrup (M), Kamrup (R), Karbi Anglong, Marigaon, and Sonitpur.

<sup>31</sup> Bokajan LAC and Howraghat LAC.

### 1.2.9.7 Asset Registers

Assets can serve the purpose only if these are handed over to the user and their maintenance is ensured. For this purpose, a register showing assets created in the district under MLAADS is required to be maintained by the DCs. Test-check of 10 districts revealed that asset registers were not maintained for 6,196 assets created at a cost of Rs.47.34 crore as of March 2009. Further, future maintenance of those assets were not ensured by the district authorities.

The Department accepted the audit observation and stated that action would be taken for maintenance of asset registers.

### 1.2.10 Monitoring and Evaluation

The Planning and Development Department, being the nodal Department, was responsible for monitoring the overall position of funds released, cost of works sanctioned and funds spent through field level inspection for speedy implementation of the scheme. DCs were responsible for overall coordination and supervision of works at the district level and were to inspect at least 10 *per cent* of MLAADS' works every year. DCs were also responsible for maintenance of works registers and asset registers and for monthly review of works with concerned executing agencies.

PDD stated (March 2009) that effective monitoring was undertaken by the district authority is on a monthly/quarterly basis and the scheme is also monitored and evaluated at the State level. However, the relevant reports were not produced to audit. At the district level, neither MLAADS' works were inspected by the DCs nor was any monthly review meeting with the executing agencies held in any of the 10 test-checked districts. Thus, the DCs failed in their responsibility to verify that works had been executed as per the prescribed specifications.

### 1.2.11 Conclusion

Audit scrutiny of the scheme in 57 out of 126 LACs disclosed that implementation was partially successful to address the locally felt needs of the people. More than sixty *per cent* of the works taken up for execution during 2004-09 were completed. Deficiencies were noticed in planning, utilisation of funds, physical achievements, selection of works etc. Monitoring mechanism was ineffective both at the State and District level besides upkeep of the created assets were not ensured.

### 1.2.12 Recommendations

- The MLAs should recommend works for full annual allotment of funds during a year so that the purpose of instituting the scheme is served;
- Works should be selected in accordance with the guidelines and transparency should be ensured in their execution at field level; the Government should consider extending the list of permissible items of work under the scheme, so that the locally felt needs are addressed appropriately;



- Financial management should be strengthened for optimum utilisation of public funds for creation of assets related to economic development of the community;
- Asset registers should be maintained and up-keep of the assets created out of funds provided by the State Government should be ensured;
- Monitoring mechanism should be strengthened at the district and the State levels for implementation of the scheme in an effective and time bound manner.

## Planning and Development Department

### 1.3 Non-lapsable Central Pool of Resources

*Government of India (GOI), created the Non-lapsable Central Pool of Resources (NLCPR) in 1998 with the aim of speeding up the execution of infrastructure projects in the North Eastern States. A review of the NLCPR funded projects in the State revealed that projects were taken up without adequate planning and prioritisation. Consequently, out of 150 projects approved under 10 sectors<sup>32</sup> by the GOI during 2004-09, only 24 projects (16 per cent) were completed in five sectors<sup>33</sup> as of March 2009. Since the State had not carried out a gap analysis, the extent of achievement of the objective of reducing the gap between the required and available infrastructure facilities in the State and its impact on the economy and social fabric of the State could not be assessed in audit.*

#### *Highlights*

**The project formulation process provided in the scheme guidelines was not adhered to in the State. Out of 150 projects approved by the GOI, 83 projects not included in the priority list for 2002-09 were implemented during 2004-09.**

**(Paragraph-1.3.7.2)**

**There was short release of funds of Rs.366.96 crore (51 per cent) by the State Government as against receipt of Rs.723.04 crore from the GOI during 2004-09.**

**(Paragraph-1.3.8.2)**

**Out of 150 projects approved by the GOI during 2004-09, 106 projects were due for completion as of March 2009. Only 24 out of 106 projects (23 per cent) were completed, and 14 projects were not taken up for execution despite availability of funds.**

**(Paragraph-1.3.9)**

**Prescribed procedure for monitoring the implementation of the projects was not adhered to. No evaluation or impact study was conducted for assessing the successful implementation of projects in the State.**

**(Paragraph-1.3.10)**

<sup>32</sup> Agriculture, Cultural, Education, Flood Control & Irrigation, Health, Power, Roads and Bridges, Sports, Urban Development and Water Supply.

<sup>33</sup> Education, Flood Control & Irrigation, Power, Roads and Bridges and Water Supply.

### 1.3.1 Introduction

The Non-lapsable Central Pool of Resources (NLCPR) was created by the GOI in 1998 from 10 *per cent* unspent balances provided in the budget of Central Ministries/ Departments for funding specific infrastructure projects in the North Eastern Region (NER). The broad objectives of the scheme were to ensure:

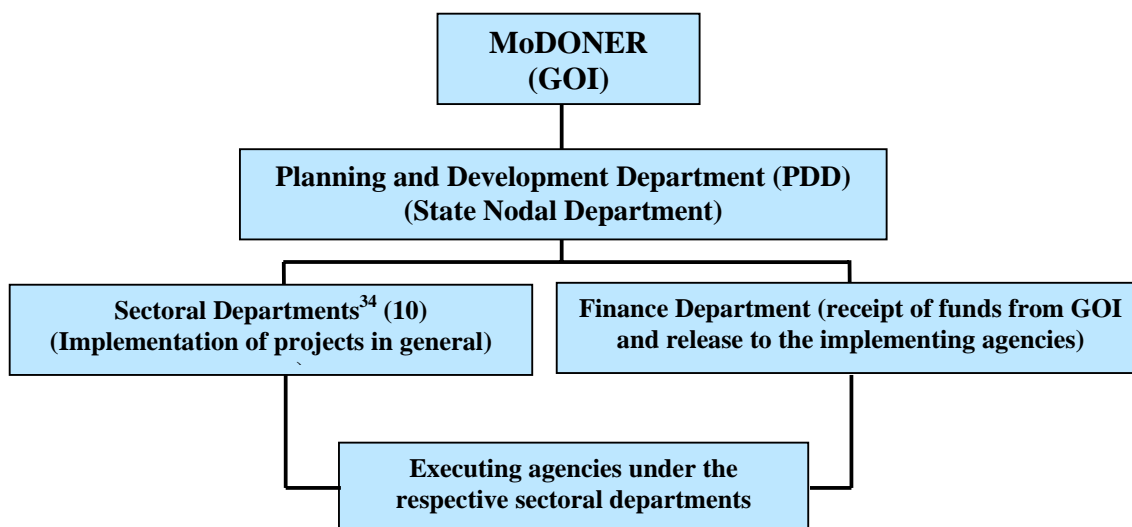
- Speedy development of infrastructure in NER by increasing the flow of budgetary financing for new infrastructure projects/schemes in the region with projects in physical infrastructure sector receiving priority.
- Support to both physical and social infrastructure sectors such as irrigation and flood control, power, roads and bridges, education, health, water supply and sanitation.

At the Central level, the Ministry of Development of North Eastern Region (DONER) took charge of NLCPR in August 2002.

### 1.3.2 Organisational Set up

The NLCPR is administered by MoDONER through the NLCPR Committee consisting of a Chairman (Secretary, DONER), five Members and a Member Convener. The State Planning and Development Department (PDD) is the Nodal Department that administers the NLCPR funds in the State. Projects are implemented by various departments through their respective divisions/executing agencies. The organisational structure for implementation of the schemes funded by NLCPR is given in Chart-1.

Chart-1



<sup>34</sup> Agriculture, Cultural, Education, Flood Control & Irrigation, Health, Power, Roads and Bridges, Sports, Urban Development and Water Supply.

### 1.3.3 Scope of Audit

Performance audit of implementation of NLCPR funded projects for the period 2004-09 was conducted during May to July 2009 in the offices of the Nodal Department and heads of sectoral Departments. Thirty nine (26 *per cent*) out of 150 projects (*Appendix-1.1*) approved by the GOI for funding in different sectors during 2004-09 covering 43 *per cent* (Rs.214.95 crore) of the total funds of Rs.495.46 crore utilised by the implementing agencies were selected for detailed scrutiny in audit.

### 1.3.4 Audit Objectives

The objectives of the performance audit were to ascertain whether:

- There was a critical assessment of infrastructural gaps while ensuring that there were no overlaps and the individual projects were an outcome of sound planning;
- Adequate funds were released in a timely manner and utilised for the specific purpose in accordance with the scheme guidelines;
- Projects have been executed in an efficient and economic manner and achieved their intended objectives; and
- There is a mechanism for adequate and effective internal control, monitoring and evaluation of projects.

### 1.3.5 Audit criteria

The criteria for assessing the achievement of the objectives of the scheme were as under:

- NLCPR Guidelines;
- Guidelines issued by Government of Assam for execution of NLCPR Projects;
- Detailed Project Reports (DPRs) of Projects;
- Performance Indicators, if any, fixed by State Government; and
- Prescribed monitoring mechanism.

### 1.3.6 Audit Methodology

The performance audit commenced with an entry conference in April 2008 with the Commissioner, Finance Department, Secretary, PWD and Chief Engineers, Roads and Buildings wherein the audit objectives, criteria and methodology were discussed. Projects were selected sector-wise for detailed scrutiny based on simple random sampling method. Audit findings were discussed with the Departmental authorities in an exit conference (9 October 2009) and their views/replies have been incorporated in the review at appropriate places.

## Audit findings

Important audit findings are discussed in the succeeding paragraphs.

### 1.3.7 Planning

#### 1.3.7.1 Institutional framework for Project Formulation

According to guidelines, there should be an NLCPR Committee at the State level to prioritise the projects and to recommend them to the GOI (MoDONER) for approval and sanction of funds. The State Government is to prepare a Perspective Plan, after a thorough analysis of gaps in infrastructure in the State, of projects for funding under NLCPR. Projects should be taken up for implementation strictly from the Perspective Plan according to the priority assigned in the Plan. The State Government should also prepare the Annual Profile of the Projects (APP) which should be comprehensive and contain "Gap Analysis" of all major sectors, shelf of projects and priority list and submit it to the GOI through PDD latest by 31 December for the next financial year. Projects in backward regions of the State like Autonomous District Council (ADC) areas are to be given weightage. Normally, the duration of a project should not exceed a maximum of 3-4 years (2-3 years prior to July 2004) and long gestation period was not to be encouraged.

As envisaged in the plan, there is a State level NLCPR committee to scrutinise and approve the APP for sending to the GOI. Records showing approval of the projects by the committee however could not be shown to audit. Perspective plan after carrying out infrastructural gap analysis was also not prepared. Projects were approved and funds were released on the basis of proposals sent by PDD to the GOI. Thus, prescribed planning process was not adhered to.

The MoDONER approved 150 projects costing Rs.1,024.70 crore under six sectors during 2004-09 based on the proposals submitted by the Nodal Department.

**Table-1**

Sector	Projects sanctioned during 2004-09			Approved cost (Rs. in crore)		
	General Areas	Sixth Schedule areas	Total	General Areas	Sixth Schedule areas	Total
PWD	72	43	115	286.85	340.39	627.24
Power	8	-	8	60.95	-	60.95
Water supply	2	6	8	11.16	47.95	59.11
Education	4	-	4	140.43	-	140.43
Irrigation	4	3	7	9.59	74.27	83.86
Others	4	4	8	34.87	18.24	53.11
<b>Total</b>	<b>94</b>	<b>56</b>	<b>150</b>	<b>543.85</b>	<b>480.85</b>	<b>1,024.70</b>

*Source: Information furnished by Finance Department*

Of 150 projects, 56 (37 per cent) were for the Sixth Schedule areas (Bodoland Territorial Council, Karbi Anglong ADC and NC Hills ADC) comprising five districts and the remaining 94 (63 per cent) for 20 districts under general area.

In the exit conference (October 2009) the Nodal Department accepted that Perspective Plan was not prepared. Regarding gap analysis, the Nodal Department stated that proposals by sectoral departments were submitted after individual gap analysis. The reply is not acceptable because the Nodal Department is the ultimate authority to chalk out the schemes after gap analysis, keeping in view the overall development of the State.

### **1.3.7.2 Prioritisation of projects**

Priority list for the projects required to be prepared as per guidelines of NLCPR before submission of proposals to the GOI, was prepared in PDD during 2002-09. It was seen that out of 659 projects included in the priority list during 2002-09, only 67 projects were approved for Rs.479.58 crore for execution during 2004-09. The remaining 83 (53 *per cent*) projects (out of 150 sanctioned projects) for Rs.545.12 crore (Rs.1024.70 crore – Rs. 479.58 crore) were approved without including in the priority list. The basis for selection of these 83 projects was not on record. Thus, the required procedure for selection and prioritization of projects was not followed.

In the exit conference (October 2009), while accepting the audit contentions, the Nodal Department stated that all the approved projects were included in the priority list except one<sup>35</sup> and furnished a revised list. But according to the earlier list submitted during audit, 83 projects for Rs.545.12 crore were not included in the priority list. It appeared that maintenance of records by the Nodal Department was not very transparent.

Further, in certain cases, prioritisation was unjustified as would be evident from the following example.

The GOI approved (between May 2006 and March 2008) two RCC bridges over river Shantijan within 100 to 150 meter of each other viz., (i) Bridge No. 15/1 on Nagaon Bhuragaon Road with approaches for Rs.2.21 crore and (ii) Bridge No. 1/1 on Srimanta Shankardev Gavesona Kendra Road for Rs.2.81 crore, on the basis of approved DPRs and with the objective of connecting Nagaon and Bhuragaon leading to Batadrava Satra. The first project was not included in the priority list. The executing agencies of the two projects were Nagaon State Road Division and Nagaon Rural Road Division respectively. As of March 2009, the physical progress of the two projects were 85 and 19 *per cent* against financial progress of Rs.1.62 crore and Rupees one crore respectively.

As the objective of constructing both the bridges was to connect Batadrava Satra with Nagaon, there was no justification for constructing two bridges in such close vicinity of each other. Further, there existed a RCC foot bridge, constructed by DRDA, in the same vicinity. Besides, these were rural roads connecting Batadrava village with Nagaon township having minimal traffic movement. Thus, the gap analysis was not done properly for identification, prioritization and approval of the second bridge at

<sup>35</sup> Construction of Jagun Kharsang Road (2003-04).

Rs.2.81 crore, resulting in wasteful expenditure especially given the fact that many competing projects were awaiting approval and funding.

In the exit conference (October 2009), the Nodal Department did not offer any comment.

### 1.3.8 Financial Management

#### 1.3.8.1 Funding pattern

Till 2004-05, the funds released under the scheme were 90 *per cent* 'grant' and 10 *per cent* 'loan'. From 2005-06, as per the recommendation of the Twelfth Finance Commission, only 'grant' portion was being released to the State Government and the latter has to bear the remaining 10 *per cent* cost as its share. With effect from July 2004, the GOI was to release 35 *per cent* of the project cost as first instalment and the subsequent instalments were to be released based on the progress of implementation of the projects.

#### 1.3.8.2 Receipt and utilisation of funds

The position of funds released by the GOI to the State Government against 150 approved projects, funds released by the State Government to executing agencies and expenditure during 2004-09 was as below:

**Table-2**

(Rs. in crore)

Year	No. of Sanctioned projects	Approved cost	Funds released by GOI to State Govt.	Funds released by State Govt. to executing agencies		Expenditure
				No of projects	Amount (percentage)	
2004-05	44	296.54	259.26	36	158.08 (61)	242.78
2005-06	45	311.12	246.88	36	143.33 (58)	138.33
2006-07	17	209.50	148.87	13	26.48 (18)	77.71
2007-08	37	180.19	57.38	18	26.02 (45)	11.93
2008-09	7	27.35	10.65	1	2.17 (20)	24.71
<b>Total</b>	<b>150</b>	<b>1024.70</b>	<b>723.04</b>	<b>104</b>	<b>356.08 (49)</b>	<b>495.46</b>

Source: Finance Department (Column 2 to 6) and Nodal Department (Column 7).

In the above table, data regarding funds released by the GOI and funds released by the State Government to executing agencies was furnished by the Finance Department and expenditure figures were furnished by the Nodal Department, as these were not available with the Finance Department. On pointing out the abnormal difference between the funds received by the executing agencies and the expenditure incurred, the Nodal Department stated (October 2009) that they compiled the expenditure

figures from the UCs received from executing agencies and the excess expenditure might be due to inclusion of UCs relating to earlier years in the current year's accounts. Record keeping in the Nodal Department was thus not systematic and the data furnished cannot therefore, be relied upon.

According to the information furnished by the Finance Department, the GOI released Rs.723.04 crore against 150 projects to be implemented in the State during 2004-09. Of this, the State Government released Rs.356.08 crore (49 per cent) to the implementing agencies against 104 projects. The State Government had thus not released more than half of the amount provided by the GOI for implementation of the projects. It is evident from the table above that 10 per cent State share was also not released by the State Government in respect of the projects.

The GOI had not released the second instalment of funds amounting to Rs.199.89 crore in respect of 71 projects (approved cost Rs.366.40 crore) due to non-receipt of Utilisation Certificates (UCs).

Regarding non-release of funds by the State Government, the Finance Department stated in the exit conference (October 2009) that this occurred mainly due to procedural lapses like non-submission of proposals, non-furnishing of UCs etc., by the sectoral departments.

#### **1.3.8.3 Discrepancy between figures of Finance and Nodal Departments**

According to the information furnished by the Nodal Department (PDD), against Rs.723.04 crore received from the GOI, the State Government released Rs.333.52 crore in respect of 119 projects to various implementing agencies during 2004-09 leaving an unreleased amount of Rs.389.52 crore with the State Government.

The difference of Rs.22.56 crore (Rs.356.08 crore – Rs.333.52 crore) between the figures provided by the Finance Department and Nodal Department in respect of funds released by the State Government to the executing agencies was not reconciled. While accepting the fact the PDD stated in the exit conference (October 2009) that the data submitted by Finance Department should be authentic because they themselves compile the expenditure figures from the UCs submitted by the sectoral departments. This indicates that the records in the Nodal Department were not periodically updated and reconciled.

#### **1.3.8.4 Funds position of sampled projects**

Of Rs.356.08 crore released to the implementing agencies, the State Government released Rs.221.61 crore against 39 sampled projects during 2004-09 as detailed below:



**Table-3**

(Rs. in crore)

Sector	Projects approved/ Funds released by GOI during 2004-09		Funds released by State Government (2004-09)		Funds utilised by the implementing agencies (2004-09)	
	No. of projects	Amount	No. of projects	Amount (percentage)	No. of projects	Amount (percentage)
1	2	3	4	5	6	7
PWD	30	78.82	28	73.00 (93)	27	72.30 (99)
Power	1	11.41	-	NIL (0)	-	NIL
Education	2	101.47	1	100.54 (99)	1	100.54 (100)
Irrigation	1	39.47	1	39.47 (100)	1	37.35 (95)
Others <sup>36</sup>	5	13.52	3	8.60 (64)	3	4.76 (56)
<b>Total</b>	<b>39</b>	<b>244.69</b>	<b>33</b>	<b>221.61 (91)</b>	<b>32</b>	<b>214.95 (97)</b>

Source: Departmental records.

Scrutiny in audit revealed that as against receipt of Rs.244.69 crore for 39 projects from the GOI, the State Government released Rs.221.61 crore to the implementing agencies for 33 projects. But the Implementing Department utilised only Rs.214.95 crore against 32 projects. Thus, Rs.29.74 crore, released by the GOI, remained unutilised against seven<sup>37</sup> projects as of March 2009. Reasons for non utilisation of funds could neither be ascertained from the test-checked Divisions/Agencies nor could they furnish any reason though called for.

Further, the GOI also did not release second instalment of funds amounting to Rs.79.12 crore in respect of 22 projects (approved cost Rs.133.70 crore) due to non-receipt of UCs from the State Government.

While accepting the audit observation, the Finance Department stated in the exit conference (October 2009) that funds position was not properly monitored. The Nodal Department admitted that it failed to analyse the reasons for non-utilisation of funds.

#### **1.3.8.5 Delayed release/non-release of funds**

According to Guidelines (December 2001 and July 2004), funds released by the GOI should reach the implementing divisions/executing agencies within 30 days of release by the GOI and the Nodal Department should issue a certificate to this effect to the MoDONER. Further, the released funds must be utilized within nine months (effective from July 2004) from the date of release by the GOI, failing which revalidation sanction should be obtained from MoDONER with sound reasoning.

Scrutiny of 39 projects revealed that in 29 projects the State Government received Rs.78.14 crore between July 2004 and November 2008 but released only Rs.59.22 crore to the implementing agencies during November 2005 to March 2009. There were delays of 2 to 41 months in releasing funds from the date of release by the GOI.

<sup>36</sup> Sports – 1, Urban Development – 2, Health – 1, Agriculture – 1.

<sup>37</sup> PWD – 3, Power – 1, Education – 1, UDD – 1, Health – 1.

The balance of Rs.18.92 crore (Rs.78.14 crore—Rs.59.22 crore), in respect of 14 projects had not been released even after delays of 4 to 42 months as of March 2009. This included Rs.13.16 crore against three projects<sup>38</sup>, for which no fund was released by the State Government. Non-release of funds and delayed release of funds naturally delayed the completion of the projects. Reasons for inordinate delays in release of funds could neither be ascertained in audit from the test-checked divisions/agencies nor did they furnish any reasons, though called for.

In the exit conference (October 2009), the Nodal Department did not offer any comment. The Finance Department, however, stated that due to procedural bottlenecks there was delay in release of funds.

#### **1.3.8.6 Utilisation Certificates (UCs)**

Out of 39 selected projects, in one case (Diphu Sports Complex) it was seen that the Principal Secretary, Karbi Anglong Autonomous Council (KAAC) received Rs.1.75 crore from the State Government being the first instalment released by the GOI. Of which, Rs.1.65 crore was released (2005-08) to the District Sports Officer, Diphu. As of March 2009 the implementing agency could utilize only Rs.1.38 crore. The Principal Secretary, KAAC, however, furnished (December 2007) utilisation certificate for the entire amount of Rs.1.75 crore to the State Government. Thus, as against utilisation of Rs.1.38 crore, the Nodal Department reported utilisation of Rs.1.75 crore as of March 2009 to the GOI resulting in wrong reporting of expenditure of Rs.37 lakh.

Further, the State Government had not furnished UCs even for the first instalments released by the GOI in respect of 22 projects (approved cost Rs.133.70 crore) and consequently the GOI had not released second instalments in these projects for Rs.79.12 crore.

In the exit conference (October 2009), the Nodal Department stated that they had reported utilisation as intimated by the implementing agency.

#### **1.3.8.7 Non-utilisation/parking of funds**

In case of two projects viz., Improvement of Roads and Natural Drainage System within greater Tezpur town and Construction of Indoor Stadium at Silchar, approved by the GOI at Rs.25.52 crore and Rs.4.94 crore during March and June 2007 respectively, Tezpur Development Authority and District Sports Officer (DSO), Silchar received Rs.2 crore (March 2009) and Rs.1.40 crore (May 2008) respectively. The amounts were deposited into Nationalized Banks. Tezpur Development Authority spent Rs.75 lakh and DSO, Silchar spent Rs.60 lakh as of June 2009, leaving a balance of Rs.2.05 crore in the Banks. Tezpur Development Authority did not utilise Rs.1.25 crore due to procedural lapse regarding payment, as stated. DSO, Silchar could not utilise Rs.80 lakh due to delay in finalisation of tender and award of

<sup>38</sup> (i) Construction of 220/132 KV 2 x MVA and 220/33 KV 2x40 MVA Azara Sub-Station,  
(ii) Construction of two storied Building of Homoeopathic Medical College, Panjabari and  
(iii) Construction of academic cum administrative building of K K Handique Govt. Sanskrit College.

contract. Thus, the amount was not utilized for the purpose for which it was released, besides the funds being parked outside Government account.

In the exit conference (October 2009), the Nodal Department did not offer any comment on the work at Silchar. However, on the work of Tezpur, the Nodal Department stated that the work had not started. But, as per records, work commenced in October 2008 and 12 *per cent* physical progress was made as of March 2009. The delay was mainly due to litigation in selection of executing agency.

### 1.3.8.8 Doubtful payments

➤ In two cases viz., construction of RCC bridge No.6/1 on Chariali- Paboi Road and construction of RCC bridges No.2/3, 5/1, 9/1, 11/1, 15/3, 16/1, 18/1 and 19/4 on Itakhola-Paboi Road under Sonitpur Rural Road Division, approved by the GOI in October 2005, the State Government released Rs.1.42 crore (March 2007: Rs.1.27 crore and October 2007: Rs.15 lakh). The division spent the entire amount towards payment of secured advance to two contractors<sup>39</sup> in March and October 2007 for materials<sup>40</sup> brought at site. There was no documentary evidence regarding procurement of materials by the contractor. In the instant case the value of materials along with quantity brought at site could not be ascertained in audit in the absence of invoice, cash memos, challans of Forest Department and Transit passes. Thus, payment of Rs.1.42 crore as advance was doubtful.

➤ The GOI approved (March 2005) the project, 'Construction of Sports Complex at Diphu', at Rs.5.01 crore and released (2005-09) Rs.3.22 crore. The State Government released Rs.3.22 crore to Karbi Anglong Autonomous Council during 2005-09. The Council, however, released (2005-09) Rs.3.05 crore to the DSO, Diphu retaining Rs.17 lakh as of March 2009. Out of Rs.3.05 crore, DSO, Diphu drew Rs.1.57 crore between August 2005 and June 2009 and paid Rs.1.29 crore as advance to three contractors<sup>41</sup> through cheques. There was no documentary evidence (bills, vouchers etc., in respect of materials procured) of payment of advances to contractors. Incidentally, there was no provision for payment of advance in the tender agreement. Further, Rs.27.60 lakh was drawn by the DSO for payment to different contractors as advance without any bills/vouchers. The payment was also shown to have been received by the concerned DSO as recorded in the Cash Book. Advances were paid without obtaining any surety/security. Thus, payment of Rs.1.57 crore was doubtful.

<sup>39</sup> M/s Sailaja Commercial and M/s Suagota Construction.

<sup>40</sup> 174.70 MT Iron Rods and 2,141.26 cum stone chips.

<sup>41</sup>

Sl. No.	Name of Contractor	Advance payment made (Rs. in lakh)
1	Sri R. Swami	90.00
2	Sri R. Ingti	30.27
3	Sri L. C. Terang	8.64
<b>Total</b>		<b>128.91</b>

In reply, DSO stated (July 2009) that the expenditure would be regularised but the fact remained that the bonafide of the payments were not established. The reply highlighted the urgent need to strengthen the internal controls so as to arrest these types of serious irregularities.

During exit conference, the Nodal Department stated that the matter would be taken up with the implementing division/agency.

### 1.3.9 Project Implementation

The number of projects approved by the GOI during 2004-09, number due for completion as of March 2009 and those completed as of March 2009 were as below:

**Table-4**

Year	Total No. of projects approved by GOI	No. of projects due for completion as of March 2009	No. of projects actually completed (percentage)
2004-05	44	44	15 (34)
2005-06	45	45	7 (16)
2006-07	17	17	1 (6)
2007-08	37	-	1
2008-09	7	-	Nil
<b>Total</b>	<b>150</b>	<b>106</b>	<b>24 (23)</b>

*Source: Records of Finance Department.*

Out of 150 projects approved during 2004-09, only 136 projects were taken up for execution while 14 projects had not been taken up for execution at all. 106 projects (71 per cent) were due for completion during 2004-09. Sector-wise details of projects approved by the GOI, completed, in progress and not taken up under NLCPR during 2004-09 were as given below:

**Table-5**

Sector	No. of projects approved	Projects completed (Percentage)	No. of Projects in progress (Percentage)	Projects not taken up (Percentage)
PWD	115	18 (16)	91 (79)	6 (5)
Power	8	2 (26)	3 (37)	3 (37)
Water Supply (PHE)	8	1 (13)	6 (74)	1 (13)
Education	4	2 (50)	1 (25)	1 (25)
Irrigation	7	1 (14)	6 (86)	NIL
Others <sup>42</sup>	8	-	5 (63)	3 (37)
<b>Total</b>	<b>150</b>	<b>24 (16)</b>	<b>112 (75)</b>	<b>14 (9)</b>

*Source: Records of Finance Department.*

<sup>42</sup>

Others:	i)	Agriculture	-	2
	ii)	Urban Development	-	1
	iii)	Sports & Youth Affairs-	-	2
	iv)	Cultural Department	-	2
	v)	Health	-	1

While the GOI released 15-100 *per cent* of funds as first instalment against 35 *per cent* admissible under guidelines for execution of all the 150 projects, there was no reason on record as to why execution of 14 projects was not taken up.

Audit findings relating to the 39 projects selected for detailed scrutiny are given below:

### **1.3.9.1 Detailed Project Reports (DPR)**

During 2005-07, the GOI sanctioned Rs.100.54 crore out of NLCPR funds towards 15 *per cent* (out of 25 *per cent*) of State share of Sarva Siksha Abhijan (SSA) as a special dispensation, without specifying the purpose for which the fund should be utilised. The State Government also did not prepare any DPR showing specific activities for utilising the said NLCPR funds. The amount was made available to Mission Director, Assam Sarva Siksha Abhijan Mission in February 2007.

Audit scrutiny revealed that the Mission Director, SSA furnished (April 2007) UC to the State Government showing utilisation of Rs.100.54 crore towards schools/school maintenance grants (Rs.27.17 crore), teachers' grant (Rs.6.24 crore), teachers' salary (Rs.20.09 crore), civil works (Rs.15 crore) and others (Rs.32.04 crore). The expenditure was shown to have been incurred in 23 districts in the State. But in the six test-checked districts (Barpeta, Cachar, Darrang, Kamrup, Lakhimpur and NC Hills), no documentary evidence was made available to vouchsafe the utilisation of Rs.28.13 crore<sup>43</sup>. The District Mission Coordinators of the six districts reported (June 2008) that NLCPR funds were not received by them. In the Mission Directors Cash book the amount of Rs.100.54 crore was shown as deposited into their Bank account in March 2007. Its utilisation, however, could not be identified, as the funds got amalgamated with other funds of the Mission due to non-maintenance of separate accounts. Thus, the veracity of utilisation of NLCPR funds in the records of both State Mission Director and District Mission Coordinator could not be ascertained in audit. Besides, non-preparation of DPR, project monitoring indicators, project implementation schedule etc., was violative of the NLCPR guidelines.

In the exit conference (October 2009), the Nodal Department did not offer any specific comment.

As per the scheme guidelines, each project proposal to be submitted to the GOI should be accompanied by a DPR. Scrutiny of DPRs of four projects, approved by the GOI during 2004-07, revealed that the DPRs were prepared with inflated estimates. The project-wise observations are summarised below:

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<sup>43</sup> Barpeta Rs.5.05 crore, Cachar Rs.4 crore, Darrang Rs.4.35 crore, Kamrup Rs.7.05 crore, Lakhimpur Rs.5.56 crore, NC Hills, Rs.2.12 crore.

**(i) Construction of Cold Storage at Kokrajhar and Udalguri**

In these two projects, while Rs.35 lakh was projected for internal and external electrification, a further estimate for Rs. 43.68 lakh was projected in the sub-estimates for the same items of work, thereby, inflating the estimated cost of the project in the DPR. Thus, DPR provision was inflated by Rs.43.68 lakh.

**(ii) Construction of Sports Complex at Diphu**

DPR for this work contained provision for Rs.2.70 crore against three<sup>44</sup> items of work. But quotations for the work were called (February 2006 and October 2006) for a tender value of only Rs.1.89 crore for these works. This indicated that provision in the DPR for these items of work was inflated by Rs.81 lakh

**(iii) Construction of RCC bridge No-1/1 over river Shantijan**

In the case of RCC bridge over river Shantijan on Srimanta Sankardev Govesona Kendra road, the GOI approved (March 2008) the project for Rs.2.81 crore (Bridge proper: Rs.2.13 crore and approach protection work: Rs.68 lakh). It was based on the proposal of the State



*RCC bridge No-1/1 over river Shantijan*

Government for construction of 58.76 metre long bridge of three spans. The State Government also accorded administrative approval in October 2008 for Rs.2.81 crore. But at the time of execution, the length of the bridge was reduced to 50.76 metre with two spans, on the proposal (November 2008) of the Executive Engineer, Nagaon Rural Road Division. The Superintending Engineer verified the proposal and the Department accepted it and executed the work accordingly. Thus, due to inclusion of higher specification (extra length of eight metre) in the DPR, the State Government made higher provision of Rs.29 lakh in DPR. The inflated estimate resulted in drawing out extra fund of Rs.29 lakh from the GOI.

<sup>44</sup> Development of play ground (Rs.50 lakh), Construction of sports hostel (Rs.50 lakh) and ground floor of Grand stand (Rs.1.70 crore).

In the exit conference (October 2009), while accepting the observation, the Department (PDD) refrained from offering any comment on technical aspects of DPR. But being the Nodal Authority, the responsibility of inspection, monitoring and evaluation lies with PDD.

**(iv) Road Network of Jorhat Master Plan**

The project, “Construction of road network of Jorhat Master Plan area”, was approved by the GOI in September 2006 for Rs.4.61 crore. The State Government accorded administrative approval in June 2007. Jorhat Development Authority took up the project in September 2007 through five contractors for completion by March 2008. As of March 2009, the progress of the work was 75 per cent valued at Rs.3.46 crore against which, payment of Rs.1.52 crore had been released. Scrutiny revealed that the approved DPR provided for construction of 8,560 metres of 26 different roads including 762.50 metres of three roads viz., Mitha Pukhuri, Gohainali and S.N. Bargohain roads for Rs.38.40 lakh. But the Division neither invited tenders for the said three roads nor executed these works. Against an audit query, Chairman, Jorhat Development Authority stated (July 2009) that the above three road works were executed by the town committee (TC). Thus, inclusion of works in the DPR, which were already executed by the TC led to the State Government obtaining excess funds (Rs.38.40 lakh) from the GOI.

**Non compliance with approved DPRs**

The GOI approves the projects for funding under NLCPR based on the DPRs submitted by the State Government for each project. In the case of four out of 39 projects checked, approved between July 2004 and September 2006, works were not executed as per the DPRs. Various items of work, relating to those projects valued at Rs.1.91 crore, were not executed although works were recorded as completed in three cases and one was reported to be in progress. These projects are discussed in detail in the succeeding paragraphs.

**(i) Construction of Beltola Chariali-Sarusajai Bishnu Rabha Path**

The GOI approved the project in December 2005 for Rs.7.77 crore. DPR for the work provided for construction of metalled road from 0 to 3,510 metre chainage of the road. The three divisions<sup>45</sup> responsible for the project completed their works in July 2008 at Rs.7.71 crore. Audit scrutiny revealed that the PWD City Division-I had to execute the pavement work including construction of saucer drain, box culvert and 90 mm dia HP culvert at Rs.12.92 lakh. The Division did not execute Saucer drain, Box culvert and 90 mm dia HP culvert. Physical progress report of the Division of March 2007,

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<sup>45</sup> City Division No. II—Chainage 0-1260.  
City Division No. I—Chainage 1260-3510.  
Electrical Division (shifting of electric line).

however, showed 100 *per cent* coverage of these items of work. Thus, the work of chainage 1,260-3,510 metre of the road was not done as per approved provision and its completion was wrongly reported to the implementing Department/State Government. Due to non-construction of drain, life of the constructed portion of the road was compromised. The divisional officer stated that these items of work were not executed because of site condition. The contention of the divisional officer is not acceptable because the site condition should have been factored in while preparing the DPR.

**(ii) Bridges on Met Na-Ali Jorhat-Titabor Road**

The Construction of RCC Bridge No. 4/2, 9/2, 10/2 and 17/1 on Met Na-Ali Jorhat-Titabor road, approved (September 2004) by the GOI for Rs.1.42 crore, was administratively approved by the State Government in July 2005. Jorhat State Road Division took up (March 2005) the construction work through four contractors and recorded it as completed in August 2008 incurring an expenditure of Rs.1.37 crore. Audit scrutiny, however, revealed that there was a provision of Rs.17.94 lakh in the approved DPR for execution of bridge proper, approach/protection work and sub-way. Construction of the said bridge was proposed as replacement of existing RCC slab-culvert. The contractor was accordingly awarded (April 2007) the construction work of bridge No.4/2 at a tendered value of Rs.19.79 lakh for execution of the bridge proper. But the contractor instead of constructing RCC bridge, constructed 25 running meter culvert with 1200 mm dia Hume Pipe at Rs.4.29 lakh as revealed by the final bill. Thus, the Division did not execute the work as per DPR, which was recorded to have been completed.

**(iii) Bridges on Border Road (Gar-Ali) in Jorhat**

The GOI approved a project, “Construction of 10 RCC bridges on border Road (Gar-Ali)”, in Jorhat district in July 2004 for Rs.3.98 crore. The State Government accorded its administrative approval in August 2005. The Project was shown as completed (November 2007) by Jorhat Rural Division at Rs.3.88 crore. Scrutiny revealed that while constructing the RCC bridges, the approved specification of one RCC bridge (No. 10/5), at an estimated cost of Rs.31.61 lakh and tendered value of Rs.21.48 lakh, was changed to Hume pipe culvert and was completed at a cost of Rs.3.36 lakh only. Reasons for change of specifications were not available on record. However, it was seen that Chief Engineer, PWD while according approval (September 2006) for supplementary tender, reduced the original tender value of Rs.21.48 lakh for construction of Hume Pipe culvert without assigning any reason. Execution of culvert in place of RCC bridge was unauthorised.





**Construction of RCC bridge No-10/5 on Gar Ali Border Road**

The above photographs would indicate that there was no necessity of constructing a bridge in the particular place. The estimate of bridge for Rs.31.61 lakh, included in the DPR and approved technically, where a culvert at a cost of Rs.3.36 lakh could serve the purpose indicated absence of survey and investigation while preparing the DPR.

**(iv) Construction of Additional Two Lane Rail over Bridge at Maligaon**

“Construction of Additional two Lane Rail Over Bridge (ROB) on AT Road at Maligaon, Guwahati” was approved by the GOI in December 2005 at Rs.13.56 crore and the State Government accorded its approval in February 2006 at Rs.13.49 crore. The project included execution of (i) Railway over bridge (ROB) (ii) Approaches (iii) Construction of drain cum footpath and road divider and (iv) Shifting of electric and telephone poles and illumination. Construction of ROB was completed in October 2007 at Rs.13.56 crore.

Guwahati State Road Division awarded (March 2006) the execution of works, excluding item of work Shifting of electric and telephone poles and illumination to a contractor at tender value of Rs.12.53 crore, which included construction of ROB proper of 364 metre at Rs.11.70 crore. During execution however, the Department reduced the length of ROB proper to 297.80 metres and the original tender value of Rs.11.70 crore for the bridge proper was reduced to Rs.10.84 crore. But the value was actually to be reduced to Rs.9.57 crore<sup>46</sup>, proportionate to reduction of length by 66.20 metre compared to original value of Rs.11.70 crore. The contractor accordingly executed 297.80 metre long bridge and the Division paid Rs.12.33 crore, including Rs.10.84 crore for the bridge proper as of March 2009. Thus, the contractor was allowed undue financial benefit of Rs.1.27 crore (Rs.10.84 crore minus Rs.9.57 crore) resulting in extra expenditure to that extent.

It was assured by the Government during the exit conference (October 2009), that appropriate action will be taken in this regard and the result will be intimated to Audit.

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<sup>46</sup> Rs.11.70 crore x 297.80 mtr/364mtr = Rs.9.57 crore

### 1.3.9.2 Contract Management

#### (a) Improvement of Road and Natural Drainage system in Tezpur Town

The GOI approved (March 2007) the project “Improvement of Road and Natural Drainage system in Tezpur Town” for Rs.25.52 crore for completion by March 2009. The State Government accorded its approval in April 2007. Under the project, there were two major items of work viz., 33,236 running metre drain/culvert/slucice gates (Rs.7.74 crore), 33 major roads (Rs.11.42 crore) and 126 minor roads (Rs.6.36 crore). The drain was to be constructed by Tezpur Development Authority, major roads by State Road Division, Tezpur and minor roads by Tezpur Municipal Board.



*Drain No-7/Along Chandmari Bye Lane No-2*

The roadwork was to be started after completion of drainage work as per the direction of the Gauhati High Court in response to a Public Interest Litigation of September 2008. The work order for construction of 11,000 RM drain was issued to four contractors in October 2008 for Rs.3.03 crore for completion by April 2009. Delay in award of work was due to delay in selection of the executing agency by the Department. The physical progress of the work was 45 *per cent* as per progress report for June 2009 after incurring an expenditure of Rs.75 lakh. As disclosed from Inspection Reports of the Monitoring Committee (March 2009) comprising the SE, Irrigation (Rtd.), SE, PWD, Tezpur Road Circle, Executive Engineer, Sonitpur Road Division and Addl. DC, Sonitpur etc., curing of the drainage works was not done properly and walls were constructed without weep holes etc. As a result of non-provision of box hump pipe culverts, some constructed drains appeared to be in dangerous condition. This could happen due to absence of constant monitoring at the time of construction. Thus, due to lack of proper supervision of the works, the project remained incomplete even after lapse of two years from the date of approval of the GOI and the works of drainage executed so far were of substandard quality as reported by the monitoring committee. Quotations for the balance quantity of 22,238 RM had not been invited (August 2009). As the work of drainage was not completed even after lapse of more than one year from the date of approval by the State Government, road work had not commenced (August 2009).

The Government assured (October 2009) to take up the matter with appropriate authority.

**(b) Bridges on Silchar-Kumbhirgram Road**

Construction of RCC bridge Nos. 13/1, 14/2, 15/1, 20/3 and 22/1 on Silchar-Kumbhirgram Road, approved by the GOI (July 2004) for Rs.5.67 crore, was approved by the State Government in August 2005 for completion by August 2007.

The works included construction of the bridge proper (Rs.4.94 crore) and approaches with protection works (Rs.0.73 crore). The proposed bridges were to be constructed on existing sites of semi permanent timber bridges (SPT), after dismantling these. Works awarded (April 2005) to two contractors for Rs.5.26 crore, were completed by February 2009, except approach and protection works of bridge 15/1. An expenditure of Rs.4.95 crore was incurred on this project.

Scrutiny revealed that location of bridge No. 15/1 was subsequently shifted to a new alignment without any recorded reason. Neither the DPR nor the working estimate had any provision for land acquisition although it was necessary for change of alignment. The approach and protection works of the bridge were not taken up due to land dispute at both the ends of the bridge. However,



*RCC Bridge No. 15/1 on Silchar-Kumbhirgram Road*

the contractor executed embankment work of approaches at Rs.14 lakh prior to settlement of land dispute. Further scrutiny revealed that two landowners raised objection (January 2008) and claimed compensation for encroachment of land. However, no legal suit had been lodged in the court (June 2009) and no initiative was taken by the implementing department (PWD) for the settlement of the dispute. Lack of adequate work plan and non-assessment of requirement of land free from all encumbrances prior to execution of the project resulted in non-completion of project in time. Thus, the objective of taking up of project was only partially achieved as the bridge in question could not be put to use for all vehicular traffic.

**(c) Joising Doloi Auditorium Complex at Diphu**

The works 'Construction of Joising Doloi Auditorium Complex' at Diphu for Rs.3.54 crore, approved (February 2007) by the GOI under Culture sector, was administratively approved by the State Government in October 2007. The GOI released Rs.1.12 crore (March 2007) as the first instalment. The construction work included execution of 14 different items of work viz., main auditorium including

internal sanitation, water supply and electrification, caretakers' quarters, ticket counter and other ancillary items of work as per the approved DPR. The work was taken up by District Council, Diphu through the State PWD (Building). Building Division, PWD, Diphu awarded (August 2007) the work to a Guwahati based firm at a tendered value of Rs.4.17 crore for completion by January 2009. In terms of agreement (August 2007), payment to the contractor was to be made for completion of 14 items of work on percentage basis after completion of works mentioned in the contract. The contractor started the work in August 2007 and physically executed 32-63 *per cent* against 14 items as per progress report of March 2009. In case of seven items<sup>47</sup> physical progress was shown as 30-35 *per cent* in the progress report. However, as per payment details of Rs.1.12 crore made to the contractor as of March 2009, no such item was executed. Only seven out of 14 items of work were executed as of March 2009, although payment was released on percentage basis against 14 items of work, indicating differences between progress reports and actual execution. The implementing department failed to supervise the work and paid for works not executed resulting in undue financial benefit to the contractor. Had measurements been taken to verify the progress reported by the contractor, payments for works not executed could have been avoided.



*(Gallery, Front Elevation and Caretaker's Quarter of Joi Sing Doloi Auditorium Complex)*

In the exit conference (October 2009), the Nodal Department stated that the matter had already been taken up with the appropriate authority.

#### **(d) Indoor Stadium at Silchar**

The GOI approved (June 2007) construction of Indoor Stadium at Silchar for Rs.4.94 crore. The State Government accorded (December 2007) administrative approval for Rs.4.94 crore for implementing the work by Sports and Youth Welfare Department and released Rs.1.39 crore in May 2008. The work was taken up for execution through PWD, Building division, Silchar under the supervision of an Implementation Committee under the DSO, Silchar. But, neither the DPR nor any approved estimate was available on record. Further, a Guwahati based firm was awarded (October 2008) the work for execution of five major items (spectators' gallery, entry point, superstructure, water supply and fire fighting installations) at a tender value of

<sup>47</sup> Internal sanitation, water supply, electrification, acoustic treatment, sitting arrangement, sound and speaker systems, air conditioning system.

Rs.4.85 crore for completion by July 2009. The contractor executed the work of timber shuttering, steel work and cement concrete work. For this, DSO, Silchar paid (February 2009) Rs.60 lakh. While DSO, Silchar received fund in May 2008 there was a delay of five months in finalizing the tender. Besides, progress of work by the contractor was not satisfactory. Neither DSO, Silchar nor the Sports and Youth Welfare Department took adequate steps for completion of works as per schedule. Thus, the people of Silchar were denied of the intended benefits of the indoor stadium because of failure to finalise the tender on time and tardy work by the contractor.

In the exit conference (October 2009), the Government assured that appropriate action would be taken in this regard.

**(e) Champamati Irrigation Project**

Champamati Irrigation Project was taken up under State Plan in 1980 and thereafter under AIBP in 1997. After spending Rs.62.52 crore (upto March 2004), the project was taken up under NLCPR by preparing a DPR for balance work of Rs.43.85 crore, with the objective of creating net irrigated area of 9,746 hectares by March 2007. The GOI approved the project and released Rs.39.47 crore in 2005-06 (Rs.19.73 crore) and 2007-08 (Rs.19.74 crore). The project was executed by (i) Champamati Project Division, Kokrajhar and (ii) Champamati Canal Division, Dhaligaon. According to DPR there was provision for acquisition of 1,749 bighas of land out of State resources for branch canal systems of 207 km, of which 57 km was executed prior to inclusion of the project under NLCPR. Of the remaining 150 km, only 42 km (28 per cent) canal was constructed under NLCPR at Rs.37.35 crore owing to non-acquisition of the required land out of State Government resources. The Divisional Officer stated (July 2008) that proposal for acquisition of land was submitted to Bodoland Territorial Council, Kokrajhar. Further development was awaited (March 2009). The work remained incomplete and the intended benefits of irrigation could not be derived due to non-acquisition of land. Out of the expenditure of Rs.37.35 crore incurred on the Project, the Department incurred an unauthorized expenditure of Rs.29 lakh towards cost escalation beyond the scope of guidelines of NLCPR and tender agreement for the work as explained below:

As per original Tender/Agreement as well as guidelines of NLCPR there was no provision for payment of price escalation or enhancement of rate. It was noticed (June 2008) that payment against final bill (for Construction of Syphon Aqueduct across Demdema Stream at Ch. 673 m of Right Bank Main Canal) in June 2007 included Rs.57.58 lakh towards payment of enhanced rates for 20 items, of which Rs.29.02 lakh was paid out of NLCPR funds. As recorded, rates for 20 items against the project were increased prior to its inclusion under NLCPR due to payment of increased wages to labourers and increase in cost of materials. Thus, liability incurred before approval for funding of the project from NLCPR was unjustified/unauthorised, besides payments for price escalation. In fact, the cost should have been borne by the State Government from its own resources.

Against the receipt of Rs.39.47 crore (November 2006: Rs.19.73 crore; July 2008: Rs.19.74 crore) from the GOI, the executing divisions spent Rs.37.35 crore for implementation of the project (March 2009). Further, the State Government had not released its share of Rs.4.39 crore to the executing divisions. Thus, in spite of having adequate funds, works were not completed and intended benefits not derived.

In the exit conference (October 2009), the Nodal Department assured to investigate the matter and intimate to Audit.

**(f) Construction of eight RCC bridges on Dhodar Ali Road**

“Construction of eight RCC bridges on Dhodar Ali Road” at Rs.3.51 crore was approved by the GOI in September 2004 and the work was administratively approved (July 2005) by the State Government for Rs.3.51 crore. The GOI released Rs.3.21 crore, being 90 *per cent* share of cost. The Chief Engineer PWD Roads awarded (March 2005) the work (bridges and approaches) to a contractor at a tendered value of Rs.3.94 crore, to be completed in 24 months (March 2007). The contractor executed the work by February 2008 and submitted the final bill for Rs.3.51 crore. The Executive Engineer of the Charaideo Rural Road Division, Sonari certified completion of all items of work as per DPR.

Audit scrutiny however, revealed that the contractor was awarded the approach work valued at Rs.95.20 lakh which involved execution of earth work, laying of hume pipe and construction of pavement including metalling of eight bridges. The contractor, however, executed earth work and pavement work without metalling at Rs.39.97 lakh. The balance work of approaches, valued at Rs.55.23 lakh, was not executed as of March 2009 due, reportedly, to paucity of funds. The Divisional officer stated that the work was restricted within the available funds. Thus, the bridge work actually remained incomplete as of March 2009 even after the lapse of two years from the scheduled date of completion (March 2007). It was further noticed that load testing of superstructure and initial load test on pile of the bridges were not conducted as provided for in the DPR. In view of non-execution of works of approaches as per tender agreement/DPR and non-conducting of load testing of bridges, the sustainability of the bridges remained unassessed. Incidentally, the bridge was opened (February 2008) to public although load-tests had not been conducted and the work on approaches was incomplete. This action of the Government not only put the public to inconvenience, but also to risk of life.

**1.3.9.3 Time over run**

Out of 39 projects selected for detailed examination, 10 projects (25 *per cent*) were completed, 26 projects (67 *per cent*) were in progress and three projects (8 *per cent*) were not taken up for execution as of March 2009 even after a lapse of more than 4 to 21 months of approval by the GOI and despite availability of funds (Rs.29.71 crore). Out of 25 projects in progress, 14 were due for completion by March 2009.

Scrutiny of records of 14 projects which remained incomplete for one to twenty eight months of their scheduled dates of completion as of March 2009, revealed that nine

projects were not completed due to land dispute, non-approval of working estimate, shortage of stone chips, frequent bandhs, flood, ethnic disturbances, funds constraint etc. In case of the remaining five projects, no specific reasons were recorded.

Three projects<sup>48</sup> were not taken up for execution as of March 2009 due to non-receipt of funds by the executing agencies from the Implementing Department although the GOI released Rs.13.16 crore between June 2007 and November 2008.

There were instances of time overrun in completed projects also. In seven out of ten projects completed, time overrun ranged between 3 and 24 months.

While accepting the audit observation in the exit conference (October 2009), the Nodal Department stated that these issues were flagged for necessary action.

#### **1.3.9.4 Display Boards**

As per guidelines, the State Government should display at project site a board indicating the date of sanction of the project, likely date of completion, estimated cost, source of funding etc. After completion of the project, the State Government was to put a permanent display board displaying details of NLCPR funding.

Field visit by audit revealed that display boards were not erected at 11 out of the 39 project-sites visited. Thus, the guidelines for projects funded out of NLCPR were violated.

#### **1.3.10 Monitoring and Evaluation**

The scheme guidelines prescribed the following measures for monitoring and evaluation of various projects sanctioned under NLCPR scheme at State level:

- Chief Secretary of the State should hold quarterly meeting to review the progress of implementation of the ongoing projects under NLCPR and make available summary records of such meetings to the Ministry.
- State Government should get the projects inspected periodically.

Audit scrutiny revealed that these measures were not followed adequately by the State Government as is evident from the succeeding paragraphs.

- From the minutes of meetings made available to audit, it was seen that no discussion was held about the progress of projects and reasons for tardy progress of work. In two cases<sup>49</sup> it was decided that Commissioner, Upper Assam Division as well as the DCs of Jorhat and Sivsagar districts would make an enquiry regarding slow progress of works and submit a report to the Nodal Department. In case of

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<sup>48</sup> (i) Construction of 220/132 KV 2x50 MVA Azara Sub-station alongwith construction of 132 KV SC line to Boko with terminal bay at 132/33 Boko Sub-station,  
(ii) Construction of academic cum Administrative building of K. K. Handique Govt. Sanskrit College and  
(iii) Construction of two storied building of Homoeopathic Medical College, Panjabari

<sup>49</sup> Construction of 10 RCC Bridges on boarder road (Gar Ali) in Jorhat district and construction of eight RCC Bridges on Dhodhar Ali road in Sivsagar district.

construction of Diphu Sports Complex<sup>50</sup> it was advised to sort out the problems at the field level as the implementation was delayed. The follow-up action in these cases, however, could not be ascertained in the absence of any documentary evidence.

The Nodal Department stated that minutes of the meetings were not always prepared and assured that from now onwards minutes would be prepared for every meeting.

➤ Out of 39 projects, only three projects were inspected by the Commissioner/Secretary PWD but no inspection report was made available to audit. The dates of inspections were as follows:

**Table-6**

<b>Name of project</b>	<b>Date of inspection</b>
Construction of 4 lane Tripura Road including electrification works	7/10/2008
Improvement of road between Haligaon and Bhetapara road	01/1/2007
Construction of road from Beltola Chariali to Sarusajai	15/12/2006 and 5/6/2007

*Source: Departmental Records.*

➤ The State Government neither conducted any post implementation survey of the projects nor was any independent agency engaged for evaluating the successful implementation of the scheme and its impact in the State.

The PDD stated that they were contemplating an evaluation study on all NLCPR projects.

### **1.3.11 Conclusion**

The objectives of the NLCPR funding have not been achieved in the State, as more than 71 *per cent* of the projects approved and due for completion during 2004-09, remained incomplete as of March 2009. Infrastructure gaps were not identified clearly and more than 55 *per cent* of the works were taken up for execution from outside the priority list prepared during 2002-09. The major hurdles in the timely completion of the project were lack of adequate planning, delays in transmission of funds to the executing agencies and lack of proper initiative by the Nodal Department. The contract and works management were not satisfactory. These problems could have been addressed suitably had there been an effective supervision and monitoring mechanism in the State.

### **1.3.12 Recommendations**

➤ The Nodal Department should ensure project formulation and selection of projects as per guidelines for meaningful investment of NLCPR funds.

➤ Stringent inspection of all on going projects should be carried out regularly to ensure timely utilisation of funds and derivation of intended benefits.

<sup>50</sup> Approved allocation-Rs.2.70 crore.



- Release of funds should be streamlined in a time bound manner for speedy implementation of the projects.
- Monitoring and supervision of the projects should be strengthened at all levels to ensure that the projects are cruising in the planned direction at desired speed.

## General Administration Department

### 1.4 Implementation of Socio-Economic Development Programmes in Goalpara District

*A review of the socio-economic developmental programmes of the District revealed that the planning for overall development was inadequate, the development works executed by Zilla Parishad were doubtful and there were unutilized funds with the executing agencies. Only 19 per cent (36 out of 193) of the habitations targeted for road connectivity under PMGSY could be completed. Under ARWSP, majority of the habitations were not provided with adequate and safe drinking water. Monitoring mechanism of the schemes implemented in the district was deficient. Thus, the socio-economic developmental programmes were implemented in the district in an isolated and uncoordinated way without keeping in view the overall development of the people of the district. As a result, the Governmental efforts could not improve the desired living standard of the people.*

#### Highlights

**District Development Plans were not prepared prior to 2006-07. DDPs prepared during 2006-09 were devoid of community participation and were based on proposals of the MLAs/MPs and members of Zilla Parishad.**

(Paragraph-1.4.7)

**Total quantum of funds received by the district during 2004-09 and expenditure thereagainst was not available with the district authorities.**

(Paragraph-1.4.8)

**Execution of 181 works by Zilla Parishad at a cost of Rs.4.76 crore was doubtful.**

(Paragraph-1.4.9.2)

**Under PMGSY, 193 habitations were planned for providing all weather roads during 2004-08. Of this, only 36 habitations could be provided road facilities.**

(Paragraph-1.4.9.8)

**There were 49 per cent not covered (NC) and 29 per cent partially covered (PC) habitations in the district as of April 2004. A comprehensive plan to supply drinking water to these habitations was not prepared.**

(Paragraph-1.4.9.10)



### 1.4.1 Introduction

Goalpara district on the south bank of the river Brahmaputra, was created in 1983, consequent upon the reorganisation of the districts in the State. It has an area of 1,824 Sq. km. (Rural: 1,806.04 sq. km. and Urban: 17.96 sq. km.). It is primarily an agrarian district with 90 *per cent* of the population depending on agriculture for their livelihood. It is a land locked district with poor transport and communication facilities and is also industrially backward.

As per 2001 census, the population of the district is 8.22 lakh (Urban: 0.67 lakh and Rural: 7.55 lakh) which is about 3.08 *per cent* of the total population of the State (266.55 lakh) with 92 *per cent* of them residing in rural areas. It comprises of one sub-divisional headquarters at Goalpara town and five<sup>51</sup> circles. The district has been divided into eight blocks<sup>52</sup>, covering 81 Gram Panchayats (GPs) with 741 inhabited and 76 uninhabited villages. The rate of literacy in the district is 47 *per cent* against the State and national literacy rates of 53 and 65 *per cent* respectively. It has a Below Poverty Line (BPL) population of 2.86 lakh, which represents 15.28 *per cent* of the total BPL population (18.72 lakh) in the State. SC and ST population in the district is 1.71 lakh, i.e., 3.33 *per cent* of the total SC/ST population (51.35 lakh) of the State.

<sup>51</sup> Balijan, Dudhnoi, Lakhipur, Matia & Rongjuli.

<sup>52</sup> Balijan, Jaleswar, Khamuja, Krishnai, Kuchduwa, Lakhipur, Matia & Rongjuli.

### **1.4.2 Administrative Set up**

The District Planning and Monitoring Committee (DPMC) is the apex body at the district level for approving the shelf of schemes for development of the district. The DPMC is to function as the policy maker and planner for the development of the district and oversee the implementation of the District Development Programmes (DDPs) to be executed in the district. The Deputy Commissioner (DC) is the head of the district as well as Chairperson of Zilla Parishad (ZP) and District Rural Development Agency (DRDA). DC ensures co-ordination among DRDA, Panchayati Raj Institutions (PRIs), field offices and all other departments of the State Government. Besides, DC is also the sanctioning authority of various development schemes and releases funds to the respective agencies/executing departments on receipt of funds from the State Government.

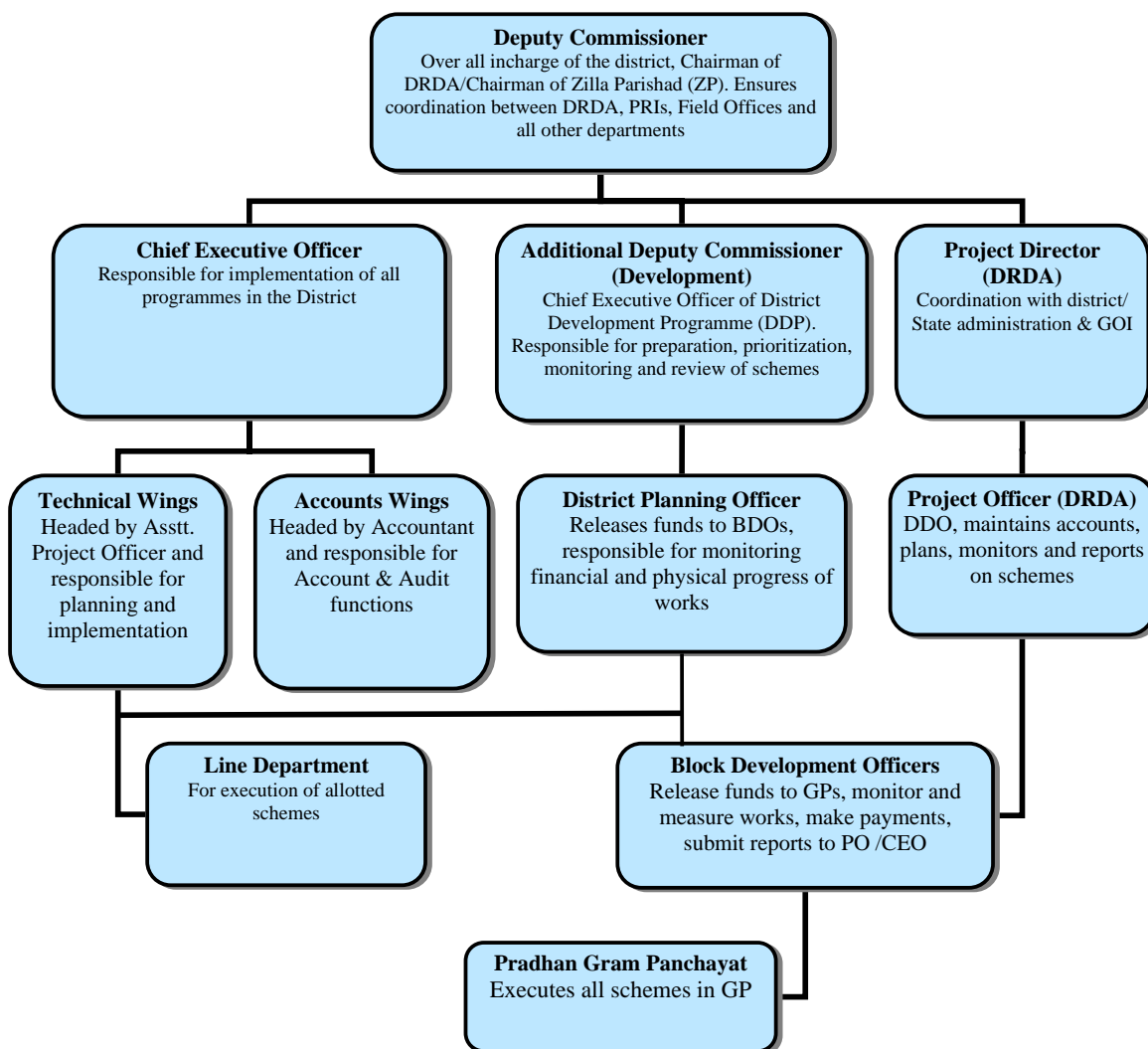
DRDA is the main organ at the district level for implementing various developmental programmes. It is responsible for planning and coordinating with various agencies-Governmental, non-governmental, technical and financial for successful programme implementation. DRDA enables the community and the rural poor to participate in the decision making process, oversees the implementation of various programmes to ensure adherence to guidelines, quality, economy and efficiency and reporting to the concerned authorities at prescribed intervals. It is also responsible for conduct of various surveys relating to BPL families etc., by the State Government from time to time. Project Director (PD) is the executive in charge of DRDA and the controlling officer for all the Block Development Officers (BDOs). BDOs are responsible for interaction with the District/State administration as well as the GOI and ensure co-ordination with ZP for implementation of various rural development programmes.

In Assam, ZPs were established in May 1994 under the Assam Panchayat Act, 1994. DC, Goalpara as the Chairman of ZP, approves all the developmental schemes under ZP, while the Chief Executive Officer (CEO), ZP, who is appointed by the State Government, is the sanctioning authority of schemes and controls the BDOs and Gram Panchayats (GP) for execution of works under ZP.

DC also functions as the Chairman of DRDA and as an Executive Director (ED) in the case of National Rural Employment Guarantee Scheme (NREGS), Indira Awas Yojna (IAY), ANNAPURNA etc. In other cases (State and Central Plan schemes implemented by various Departments), he is the District Programme Coordinator (DPC). In case of DRDA, Project Officer (PO) is the Drawing and Disbursing Officer (DDO) who maintains accounts and plans, monitors, and reports on the schemes to higher authorities.

The administrative set-up of the district is as below:

**CHART-1**



**1.4.3 Scope of Audit**

Performance audit of socio-economic developmental programmes in Goalpara district was conducted between June and August 2009 and included examination of the implementation of 10 selected schemes<sup>53</sup> and activities for 2004-09. The audit was based on the information furnished by different departments at the State level including State Planning Department and test-check of records in the offices of DC, Goalpara, DRDA along with three blocks<sup>54</sup>, ZP, six GPs and line departments. Expenditure of Rs.242.45 crore, being 56 per cent of the total amount of Rs.430.78 crore released against 27 programmes administered/monitored by DC during 2004-09 was covered in audit.

<sup>53</sup> NRHM, Untied fund, District Development Programme, NREGS, SJSRY, SGRY, SGSY, ARWSP, PMGSY and Integrated Development of Small and Medium Towns (IDSMT).

<sup>54</sup> Balijana, Ronjuli and Matia.

#### **1.4.4 Audit Objectives**

The objectives of audit were to:

- assess the adequacy and effectiveness of planning process in the district;
- assess the adequacy and effectiveness of procedures for receipt, utilisation and accounting of funds;
- assess the efficiency and economy in implementation of developmental programmes and projects; and
- assess the adequacy and effectiveness of processes of monitoring, inspection, reporting and evaluation.

#### **1.4.5 Audit Criteria**

Audit findings were benchmarked against the following criteria:

- District plans and annual plans;
- Guidelines of the concerned programmes/schemes; and
- Prescribed monitoring mechanisms.

#### **1.4.6 Audit Methodology**

The units for detailed scrutiny were selected based on random sampling method. An entry conference was held in June 2009 with the Additional Deputy Commissioner, Goalpara, Director of Planning and Development Department (PDD), Project Director, DRDA, Goalpara and Additional Secretary, Finance Department, wherein audit objectives, criteria and methodology were discussed. The audit findings were discussed (October 2009) with the Deputy Secretary, Government of Assam, General Administration Department, Additional Deputy Commissioner, Goalpara and eight other officials representing different departments and the views of the Governments wherever offered, have been incorporated at appropriate places in the report.

### **Audit Findings**

Important points noticed during audit are discussed in the succeeding paragraphs.

#### **1.4.7 Planning**

The GOI envisaged an inclusive and participative planning process for the development of the districts. The 74<sup>th</sup> Amendment to the Constitution mandated the establishment of a District Planning Committee (DPC) for consolidating the plans prepared by different line departments, panchayats and municipalities in the district into an integrated District Plan. All the three tiers of local administration viz., ZP, Blocks and GPs were to prepare an Annual Action Plan (AAP) at the beginning of each financial year and no work is to be taken up unless it forms part of the AAP.

District Planning and Monitoring Committee (DPMC), formed in August 2004, with a Cabinet ranked minister of the district as the Chairman of the Committee, is the apex body in the district. The committee is to meet as many times as felt necessary during

the year and should particularly meet in the month of August for scrutiny, amendment of district level plans, preparation of Perspective Plan and Integrated Plan for overall development of the district. Review and monitoring of implementation of the schemes is also the function of the DPMC.

Scrutiny revealed that the DPMC had not prepared any Perspective Plan or AAP or even shelf of schemes for overall development of the district. District Development Plan was not prepared prior to 2006-07. Schemes (2006-09) were sanctioned on ad-hoc basis by the DC based on the proposals of MLAs and MPs and members of ZP. The Committee had met only once in May 2006 during 2004-09 to review the progress of implementation of the development schemes.

The district authorities stated (October 2009) that planning was done at the district level based on the schemes selected by Gram Sabha and prioritized by MLAs/MPs for execution. The contention of the district authorities is not acceptable, as no such plan document could be shown to audit.

Thus, the envisaged planning process was not adhered to, to provide for basic amenities and improvement in the living standards of the people of the district.

Planning for urban development involves planning for employment generation in urban areas under the scheme “Swarna Jayanti Sahari Rojgar Yojana” (SJSRY) and also planning for infrastructure development under “Integrated Development of Small and Medium Towns” (IDSMT).

SJSRY includes two sub-schemes viz. “Urban Self Employment Programme” (USEP) and “Urban Wage Employment Programme” (UWEP). The scheme is to be administered by the District Urban Development Authority (DUDA), with active participation of the district units of Town and Country Planning (T&CP) and Urban Local Body (ULB). DUDA did not prepare any action plan for implementation of SJSRY. Besides, preparation of shelf of projects and identification of beneficiaries through survey was also not done.

In the implementation of IDSMT also, planning process started after receipt of funds based on the quantum of funds. Shelf of projects and AAPs were not prepared.

In the exit conference, the Deputy Director, T&CP stated (October 2009) that AAPs were prepared after receipt of funds, based on the quantum of funds received. Regarding survey to identify the beneficiaries, it was stated that although survey was initiated, reports were not generated as yet.

Thus, preparation of AAPs was done on an ad-hoc basis and survey and identification of beneficiaries were not done.

NREGS, Sampoorna Grameen Rozgar Yojana (SGRY) and Swarnajayanti Gram Swarozgar Yojana (SGSY) were implemented by DRDA through ZP and GPs during 2004-09. Annual action plans indicating location-wise distribution of works for execution based on proposals made by Village Level Committee/Gram Sabha, however, were not shown to Audit. Under NREGS/SGRY, 10,178 works were

sanctioned by DC, for execution in the district during 2004-09. But year-wise targets for employment generation were not fixed. As regards SGSY, transparent records exhibiting year-wise planning for creation of income generating assets for the rural poor was not made available to Audit. Hence, transparency in planning process as envisaged in the guidelines could not be ascertained in audit.

Thus, adequate and envisaged planning process was absent in the district. Schemes and programmes were implemented without assessing the actual requirement of the area/people.

#### **1.4.8 Financial Management**

Funds are allocated to the district through the State budget for various developmental activities. In addition, funds are released to the DRDA and implementing agencies for various socio-economic programmes by the Central Government. The DRDA releases the funds to the Blocks and other executing agencies by cheques based on the approved allocation for the individual schemes.

The GOI funds are received for specific programmes and are routed in most cases through the DRDA to the Blocks and GPs. The sanctions governing many of these programmes require that separate bank accounts are opened for operating the funds received for specific programmes. The system of maintaining separate bank accounts for different programmes was followed in the District at all levels.

Scrutiny of the records at the DC's office, DRDA and the test-checked blocks and GPs revealed that the system of recording and accounting for receipts was inadequate in blocks and GPs. Funds are transferred by the DC/DRDA to the Blocks through cheques/DDs and by the Blocks to the GPs in the same way. However, funds are shown as expended as soon as these are released to the next level i.e., the DRDA shows utilisation of funds as soon as these are released to the Blocks and the Blocks in turn show utilisation on release to the GPs.

The BDOs did not hold monthly meetings on a regular basis to apprise the concerned Panchayat Secretaries about the works sanctioned and release of funds. The money is entered in the cash book by the Panchayat Secretary and the work is executed by the developmental committee constituted with the President/Vice President of the Panchayat as one of the members. The data related to execution of works was not properly maintained in the works registers at the Block level. No control was exercised by the BDOs to see that the resolutions from GPs were received without delay and works were executed in a timely manner. As a result large amount of funds have remained unutilized.

The total quantum of funds received by the district during 2004-09 and the expenditure thereagainst was not available with the district authorities. As such, audit faced difficulties in determining the fund received in the district and expenditure incurred therefrom. However, funds received and reported expenditure in respect of certain significant departments and programmes have been collected by the audit team and reproduced below:



**Table – 1**

(Rupees in crore)

Scheme	Implementing agency	Funds released	Expenditure
Integrated Development of Small and Medium Towns (IDSMT)	Dy. Director, T&CP, Municipal Board and Town Committee	0.44	0.42
SJSRY	-do-	0.82	0.79
District Development Programme	Line Deptts. & Zilla Parishad	12.74	10.76
ARWSP <sup>55</sup>	PHED	7.85	7.85
SGRY	PD, DRDA	33.42 <sup>56</sup>	33.39
SGSY	-do-	19.65	18.16
NREGS	-do-	91.61	87.05
National Rural Health Mission (NRHM)	Joint Director of Health Services	1.43	0.90
Pradhan Mantri Gram Sadak Yojana (PMGSY)	PWD/Rural Roads	77.38	77.38
Untied fund (Kalpataru)	Municipal Board and Town Committee	5.74	5.72
<b>Total</b>		<b>251.08</b>	<b>242.42</b>

Source: Departmental Records.

Significant findings on implementation of various schemes are discussed in the subsequent paragraphs:

#### **1.4.8.1 Unutilised Funds**

The unutilised funds of Rs.8.66 crore (Rs.251.08 crore minus Rs.242.42 crore) were retained in the Bank accounts of ZP, DRDA and DC as of March 2009. The Government, while releasing the funds, stipulated to spend it within the same financial year. DC, however, while allocating funds to the executing agencies, viz., line departments, ZPs etc., did not specify any time limit for utilisation of the funds. Consequently, there were accumulated balances with the executing agencies.

The district authorities admitted (October 2009) the fact in the exit conference and assured utilisation of the balance in 2009-10.

#### **1.4.8.2 Release of Funds**

Funding pattern under SJSRY stipulated the GOI's share of 75 per cent and the State Government's share of 25 per cent. The details of funds released and expenditure incurred were as given below:

<sup>55</sup> Accelerated Rural Water Supply Programme.

<sup>56</sup> Rs.33.42 crore includes OB of Rs. 3.28 crore

**Table-2****(Rupees in lakh)**

Year	Fund released			Expenditure	Unspent balance
	GOI share	State share	Total		
2004-05	24.13	Nil	24.13	21.66	2.47
2005-06	--	2.87	2.87	2.87	--
2006-07	13.59	Nil	13.59	13.37	0.22
2007-08	33.00	8.00	41.00	41.00	--
2008-09	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>70.72</b>	<b>10.87</b>	<b>81.59</b>	<b>78.90</b>	<b>2.69</b>

*Source: Departmental figure.*

During 2004-09, the GOI released Rs.70.72 lakh while the State Government released Rs.10.87 lakh against its share of Rs.23.57 lakh, resulting in short release of Rs.12.70 lakh by the State Government. During 2008-09, the State Government received Rs.29.56 crore from the GOI for the State. The State Government neither made district-wise allocation of the fund nor released any amount to the districts. Reasons for non-release of funds for 2008-09 and amount apportioned for Goalpara district by the State Government was neither found on record nor stated. Thus, implementation of SJSRY during 2008-09 was adversely affected due to non-release of funds.

In the exit conference the Finance Department could not give any specific reason for non-release of funds.

The National Rural employment Guarantee Scheme (NREGS) was also funded on 75:25 basis by the GOI and the State Government. The details are given below:

**Table-3****(Rupees in crore)**

Year	Funds received			Total available funds	Funds utilized	Unspent balance
	GOI	State Govt.	Other misc. receipts			
2005-06	5.35	Nil	Nil	5.35	0.04	5.31
2006-07	40.05	6.76	1.25	48.06	30.20	17.86
2007-08	15.00	3.75	0.29	19.04	27.64	(-) 8.60
2008-09	16.65	2.51	Nil	19.16	29.17	(-) 10.01
<b>Total</b>	<b>77.05</b>	<b>13.02</b>	<b>1.54</b>	<b>91.61</b>	<b>87.05</b>	<b>4.56</b>

*Source: Departmental figure.*

DRDA, Goalpara received the GOI's share of Rs.77.05 crore during 2005-09. The State Government provided Rs.13.02 crore against its share of Rs.25.68 crore for employment schemes during 2005-09, resulting in short release of Rs.12.66 crore. Further, there was an unspent balance of Rs.4.56 crore with DRDA, Goalpara as of March 2009. Thus, 25.05 lakh<sup>57</sup> mandays could not be generated due to non-release of fund by the State Government and non-utilisation of available fund with the district.

<sup>57</sup> (Rs.12.66 crore + Rs.4.56 crore)/Rs.68.75 per manday = 25.05 lakh mandays.

In the exit conference the district authorities accepted the observation and stated that due to late receipt of funds, amounts remained unspent under NREGS. For non-release of State share no specific reason was assigned by the Government.

#### **1.4.8.3 Submission of Utilisation Certificates (UCs)**

PDD sanctioned 188 schemes for 2006-07 under District Development Programme (DDP) and released Rs.4.19 crore to DC, Goalpara in February and March 2007. In addition, the Mission Director, NRHM also sanctioned eight schemes for repair of doctors' and nurses' quarters and 14 schemes for construction of labour rooms during 2007-09 against Rs.1.43 crore released to DC, Goalpara. As per the sanction orders, UCs were to be furnished to the sanctioning authority within a year of sanction. But DC, Goalpara had not furnished UCs for Rs.5.62 crore<sup>58</sup> as of August 2009 in violation of the conditions laid down in the sanction orders.

However, at the instance of audit the UCs of Rs.5.62 crore were finally submitted to the appropriate authority in October 2009, copies of which were furnished in the exit conference.

#### **1.4.8.4 Diversion of Fund**

The guidelines of the scheme Integrated Development of Small and Medium Towns (IDSMT), prohibits diversion of funds meant for one project to another without prior approval of the GOI. It was seen in audit that Rs.10.74 lakh sanctioned and released for construction of Bazar Bus Stand was diverted (February 2003) for construction of Chowk Bazar Market (Super market) without any authority. Such diversion of fund was unauthorized. Besides, construction of Bazar Bus Stand, approved by the GOI, had not been taken up so far.

The district authorities accepted (October 2009) the fact of diversion but did not furnish any reason.

#### **1.4.8.5 Realisation of beneficiaries' contribution under ARWSP**

As per guidelines of ARWSP, 10 *per cent* of project cost was to be borne by the beneficiaries. In the test-checked divisions in Goalpara, beneficiaries' contribution of Rs.50.17 lakh was not realised as of March 2009. As a result, user groups' involvement in execution of works and in future maintenance of the water supply schemes was not ensured, besides leading to shortfall of funds to that extent.

The concerned Executive Engineer stated (October 2009) that efforts were on to realize the beneficiaries' contribution.

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<sup>58</sup> NRHM : Rs.1.43 crore for 2007-09 and DDP : Rs.4.19 crore for 2006-07.

## 1.4.9 Programme Implementation

Audit findings in respect of the seven schemes reviewed under economic services and three schemes under social services are discussed in the succeeding paragraphs.

### Economic Services

#### 1.4.9.1 Overview

Economic services are meant to provide production capacity (directly or indirectly) and are aimed at eradication of poverty with overall economic progress. A review of implementation of DDPs, Kalpataru, SGRY, NREGS, SGSY, PMGSY and SJSRY in the district was conducted to assess the development and achievement of the intended objectives of these schemes and their role in furthering the economic development of the district.

The objectives of DDP, aimed at providing infrastructural facilities under eight<sup>59</sup> different sectors were only partially achieved as 22 per cent of the schemes were not completed within the scheduled timeframe while in respect of 38 per cent of the works stated to have been completed and handed over to the line departments by ZP, the line departments denied receipt of the assets, rendering the execution doubtful.

Under employment generation scheme “Kalpataru”, implemented by Municipal Boards/Town Committees, the targets were achieved and in certain cases exceeded by reducing the quantum of Government assistance than the approved norm. In similar schemes implemented by DRDAs (NERGS/SGRY) the households provided with employment declined by 30 per cent in 2008-09 from that of 2006-07 raising doubts about effective implementation of the schemes.

Regarding road connectivity to the rural habitations, 87 road works connecting 193 habitations were taken up during 2004-08 for completion as of March 2009. Of these, only 20 roads, connecting 36 habitations (19 per cent) could be completed as of July 2009. Thus, a majority of the rural habitations were not connected although covered under the programmes.

#### 1.4.9.2 Doubtful execution of works under DDP

DC, Goalpara and CEO, ZP executed 473 schemes/works at Rs.10.76 crore under DDP during 2006-09 for completion by March 2009. Of these works, 188 were executed through the line departments and 285 directly by ZP. Of 473, 369 works were completed as of March 2009 at Rs.8.95 crore. The balance 104 works to be executed by ZP, remained incomplete (April 2009) after incurring an expenditure of Rs.1.81 crore. Reasons for non-completion of these works were not on record. DC had not conducted any physical verification or inspection of these works.

<sup>59</sup> Roads (119 schemes), Electrification (8 schemes), Agriculture (125 schemes), Irrigation (24 schemes), Dairy (33 schemes), Handloom (27 schemes), Housing (9 schemes) and other infrastructure (122 schemes).

One hundred and eighty one works executed by ZP at Rs.4.76 crore were reported to have been handed over to 13 line departments for maintenance. However these line departments viz., PW, PHE, T&CP, AH&Vety. and Agriculture stated (July 2009) that no assets were received from ZP for maintenance. The remaining eight departments had not responded (September 2009). Thus, execution of 181 works at Rs.4.76 crore remained doubtful.

In the exit conference (October 2009) the Assistant Programme Officer (Technical) representing Zilla Parishad failed to explain the present position of assets created against 181 works executed by the ZP. Subsequently, in a written reply the Chief Executive Officer, ZP stated (October 2009) that the assets were in the process of being handed over to the line departments, contradicting the earlier statement that the assets were already handed over (July 2009) to the line departments.

#### **1.4.9.3 Employment generation for the handicapped**

PDD sanctioned (February 2007) Rs.12 lakh under DDP from Untied Fund for setting up 100 pan shops for generating employment and net income of Rs.4,000/- per month per beneficiary for physically handicapped persons. DC released (February 2007 and January 2008) Rs.12 lakh to the District Social Welfare Officer (DSWO) for providing Rs.12,000 each to 100 beneficiaries. The DSWO, however, paid Rs.12 lakh to 255 persons at different rates<sup>60</sup>. Distribution of Rs.12 lakh among 255 persons against the sanction for 100 persons could have been a case of spreading the resources as far as generation of incomes among handicapped persons were concerned. No evaluation or impact study was undertaken and therefore, it could not be ascertained in audit whether the avowed objectives were met.

The District authority stated (October 2009) that ventures run by 100 beneficiaries were physically verified (September 2009) and found that only 22 ventures were successfully running. Thus, the intended objectives of the Government to generate self-employment for the handicapped with monthly income of Rs.4000/-could not be achieved in most of the cases.

#### **1.4.9.4 Employment generation under Untied Funds**

##### **KALPATARU Scheme**

The Government of Assam launched an employment generation scheme 'KALPATARU' in 2003-04 in the plain districts of the State under Untied Fund. The main objective of the scheme was to provide Government assistance to the unemployed BPL youth for taking up income generation activities. Under the scheme, the beneficiaries were to contribute 20 *per cent* of the total unit cost ranging from Rs.7,000 to Rs.25,000 and the balance 80 *per cent* would be contributed by the Government.

The BDOs/Municipal Boards/Municipal Corporations/Town Committees are the implementing agencies. The implementing agency was responsible for providing:

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<sup>60</sup> @ Rs.12,000 to 45 persons, @ Rs.6,000 to 10 persons and to @ Rs.3,000 to 200 persons.

- training to up-grade the entrepreneurial skill of the selected beneficiaries; and
- support services of technical institutions/line departments and other organisations as and when required.

DC, Goalpara received Rs.5.74 crore during 2004-07 for implementation of this scheme. No fund was released during 2007-09 by the State Government without any recorded reasons. Of Rs.5.74 crore, DC released Rs.5.72 crore to the implementing agencies during 2004-07. Achievement against the targets fixed for 2004-07 under the scheme was as below:

Table-4

Year	Target (No. of beneficiaries)	Achievement (No. of beneficiaries)	Short fall (-) Excess (+)
2004-05	2,015	2,409	(+) 394
2005-06	2,620	4,479	(+) 1859
2006-07	1,107	1,533	(+) 426
2007-08	-	-	-
2008-09	-	-	-
<b>Total</b>	<b>5,742</b>	<b>8,421</b>	<b>(+) 2,679</b> <b>(46.66 per cent)</b>

Source: Departmental figure.

The excess achievement of 46.66 per cent compared to the target for 2004-07 was mainly due to payment of assistance at lower rate (Rs.4,100 – Rs.6,000) as compared to the Government approved rate (Rs.7,000 – Rs.25,000) as disclosed from the records of the three sampled blocks of the district as shown in Table-5.

Table-5

Year	Name of the Block	No. of Trades	Amount (in Rupees) paid for each Trade (per capita)	No. of beneficiaries	Total amount paid (Rs. in lakh)	
2004-05	Krishnai	5	10,000	67	6.70	
	-do-	11	8,000	163	13.04	
	Balijana	6	10,000	81	8.10	
	-do-	8	7,000	82	5.74	
	Matia	6	10,000	204	20.40	
	-do-	1	9,000	1	0.09	
<b>Sub-total</b>				<b>598</b>	<b>54.07</b>	
2005-06	Krishnai	3	25,000	6	1.50	
	-do-	7	5,000	262	13.10	
	-do-	5	4,100	86	3.53	
	-do-	6	4,200	83	3.49	
	Balijana	52	4	6,000	69	4.14
	-do-	4	5,000	120	6.00	
	-do-	6	4,200	75	3.15	
	-do-	6	4,100	93	3.81	
	Matia	7	4,200	133	5.59	
	-do-	7	4,100	535	21.93	
<b>Sub-total</b>				<b>1,462</b>	<b>66.24</b>	
2006-07	Krishnai	19	7,000	135	9.45	
	Balijana	18	7,000	131	9.17	
	Matia	13	7,000	135	9.45	
<b>Sub-total</b>				<b>401</b>	<b>28.07</b>	
<b>Grand Total</b>				<b>2,461</b>	<b>148.38</b>	
					<b>Average =6,029.26</b>	

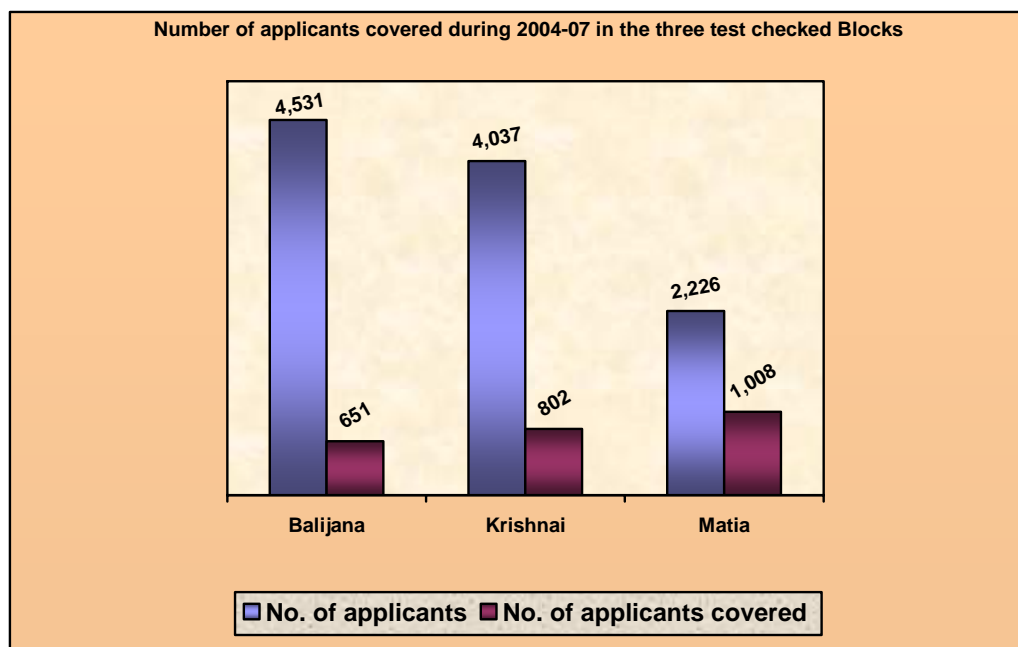
Source: Departmental figure.

As is evident from the table, in 52 cases (Sl. nos. 8-16 of the table above) payment was made at lower rates ranging between Rs.4,100 and Rs.6,000 per beneficiary as against the admissible rate of Rs.7,000-25,000.

The district authorities stated (October 2009) that lower rate of assistance was given to cover more beneficiaries but could not say anything about viability of the schemes.

➤ Though excess achievement was reported against the targets for 2004-07, there was a shortfall of 22-90 *per cent* in coverage of applicants in the three test-checked blocks. The details are given in Chart-2.

**Chart-2**



Source: Departmental figure.

Thus, fixation of target and calculation of achievement was not done as per the guidelines of the scheme. Further, the applicants covered under the scheme were neither given any technological support nor any training was arranged for upgrading their trade related skills. The District Level Committee, formed for monitoring the scheme, never assessed the outcome of the assistance given for generation of income of the beneficiaries from the activities undertaken by them.

#### **1.4.9.5 Urban Employment Generation**

The GOI launched SJSRY in 1997-98 on 75:25 funding basis between the Central and the State Governments. The objective of the scheme is to alleviate urban poverty through self-employment and wage employment for creating infrastructure and civic amenities for the urban poor. The scheme comprises of two sub-schemes viz., Urban Self Employment Programme (USEP) and Urban Wage Employment Programme (UWEP). The objective of USEP is to encourage under employed and unemployed urban youth to set up micro enterprises and skill development relating to services, petty business and manufacturing. UWEP sought to provide wage employment to

BPL beneficiaries under the jurisdiction of urban local bodies by utilizing their labour for construction of socially and economically useful public assets. SJSRY is implemented by the Town and Country Planning (T&CP) and Municipal Administration Departments. At the district level, the scheme is to be monitored by the district SJSRY Committee. Against the receipt of Rs.81.59 lakh (GOI: Rs.70.72 lakh and State: Rs.10.87 lakh), Rs.78.90 lakh was spent by the implementing agencies in Goalpara during 2004-09.

Under USEP, each beneficiary was to be paid 15 *per cent* of the project cost subject to a maximum of Rs.7,500, while 85 *per cent* was to be bank loan. Under UWEP, assistance of 100 *per cent* was to be provided with labour and material ratio of 40:60 of the cost of the project. The physical targets and achievement in the district during 2004-09 was as below:

Table-6

Component	Unit (Number/Mandays)	Target	Achievement	Shortfall	Percentage of shortfall
Subsidy under USEP	Number	170	143	27	16
Loan under USEP	Number	170	143	27	16
Wage component under UWEP	Mandays	1,447	648	799	55

Source: Departmental figure.

Thus, the shortfall in achievements under USEP and UWEP for 2004-09 was 16 and 55 *per cent* respectively. Reason for shortfall was not found on record. This resulted in denial of intended benefits to the targeted beneficiaries under the two sub-schemes.

The District authority admitted (October 2009) the shortfall and stated that proposals were pending with the banks.

#### 1.4.9.6 Rural Employment Generation (SGRY/NREGS)

SGRY was launched to provide food security, especially to the poor and vulnerable sections of the society and employment in the rural areas, as a means of poverty alleviation. The scheme was subsequently merged with NREGS in 2006-07.

The details of employment generated under SGRY during 2004-07 as reported by DRDA to the GOI were as follows:

Table-7

(Mandays in lakh)

Year	Total mandays generated	Mandays for SC/ST (including women)	Mandays for others (including women)	Mandays for women
2004-05	13.32	7.98	5.34	3.80
2005-06	13.71	8.20	5.51	3.91
2006-07	35.03	10.51	24.52	6.30
<b>Total</b>	<b>62.06</b>	<b>26.69</b>	<b>35.37</b>	<b>14.01</b>

Source: Departmental figure.

There were no annual targets relating to employment generation although DRDA planned to execute small works like construction of roads, culverts etc., for generating



employment. Therefore, the extent of employment generated vis-à-vis targets could not be ascertained. While 30 per cent of employment generated should have been in respect of women beneficiaries, DRDA reported only 14.01 lakh mandays for women out of 62.06 lakh mandays generated in the district during 2004-07, as against the mandated 18.62 lakh mandays, leading to a shortfall of 25 per cent in the mandays generated for women.

The status relating to employment generation in the three test-checked blocks was reported as follows:

**Table-8**

(Mandays in lakh)

Year	Total mandays generated	Mandays for SC/ST (including women)	Mandays for others (including women)	Mandays for women
2004-05	1.19	0.42	0.38	0.15
2005-06	1.31	0.36	0.31	0.23
2006-07	0.04	0.02	--	--
<b>Total</b>	<b>2.54</b>	<b>0.80</b>	<b>0.69</b>	<b>0.38</b>

Source: Departmental figure.

In the three sampled blocks, 637 works were completed during 2004-07 at Rs.1.97 crore in cash and foodgrains for Rs.2.22 crore. The data furnished is unreliable to the extent that total mandays (2.54 lakh) generated do not agree with the category-wise breakup aggregating 1.49 lakh mandays (SC/ST: 0.80 lakh plus Others: 0.69 lakh) for which no explanation was available on record. Out of three sampled blocks, the category-wise details of SC/ST and women beneficiaries, who were provided wage employment, were not properly maintained in Rongjuli, while in Krishnai and Matia blocks, basic records could not be verified due to non-production to audit. Thus, the veracity of the figures reported to the GOI could not be vouchsafed. The disaggregated details and totals in the said report stood evidence not only to the nonchalance with which the reports were being prepared, but also rendered the available data unreliable.

The National Rural Employment Guarantee Act (NREGA) was enacted (September 2005) with the objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. According to the Act, rural households have a right to register themselves with the local Gram Panchayats (GPs) and seek employment. Employment has to be provided within 15 days from the date of demand, failing which, the State Government was to pay unemployment allowance at the stipulated rates.

The performance relating to generation of employment in the district under NREGS during 2006-09 was as in Table-9.

Table-9

Year	Cumulative No. of applications received for registration	Cumulative No. of job cards issued				No. of Households demanded employment	No. of Households provided employment	No. of applications received for work	No. of persons offered employment	No. of Households completed 100 days	No. of works completed	No. of ongoing works	No. of persons whom employment was not provided
		SC	ST	Others	Total								
2006-07	1,39,701	10,929	38,386	90,386	1,39,701	1,03,778	1,03,719	1,11,531	1,11,531	2,863	1,401	395	Nil
2007-08	NA	11,092	39,420	95,351	1,45,863	1,00,528	96,417	NA	NA	1,779	556	481	Nil
2008-09	1,45,863	11,179	40,027	96,318	1,47,524	72,826	72,319	1,49,880	1,49,880	Nil	282	461	Nil
<b>Total</b>						<b>2,77,132</b>	<b>2,72,455</b>	<b>2,61,411</b>	<b>2,61,411</b>	<b>4,642</b>	<b>2,239</b>	<b>1,337</b>	Nil

Source: Annual Progress Report (NREGS).

Audit observed that:

During 2006-09, 1.48 lakh job cards were issued to the householders against application for registration of 1.46 lakh.

Against 1.48 lakh job cards, only 0.05 lakh (3 per cent) received 100 days of guaranteed employment.

While 2.77 lakh households demanded employment under the scheme, 2.72 lakh (98 per cent) received employment during 2006-09.

Of 3,576 works taken up during 2006-09, 2,239 (63 per cent) were completed despite the demand for wage employment and availability of funds.

Employment generation declined by 30 per cent in 2008-09 compared to 2006-07 raising doubts about effective implementation of the scheme.

Accepting the excess issue of job cards, the district authorities stated (October 2009) that initially these were issued to individuals instead of to households. Regarding decline in employment in 2008-09, it was stated that this was due to delay in opening bank/post office accounts etc.

### Payment of Wages and Unemployment Allowance

The year-wise position of applicants demanding wages and wages provided as per the Annual Progress Reports were as below:

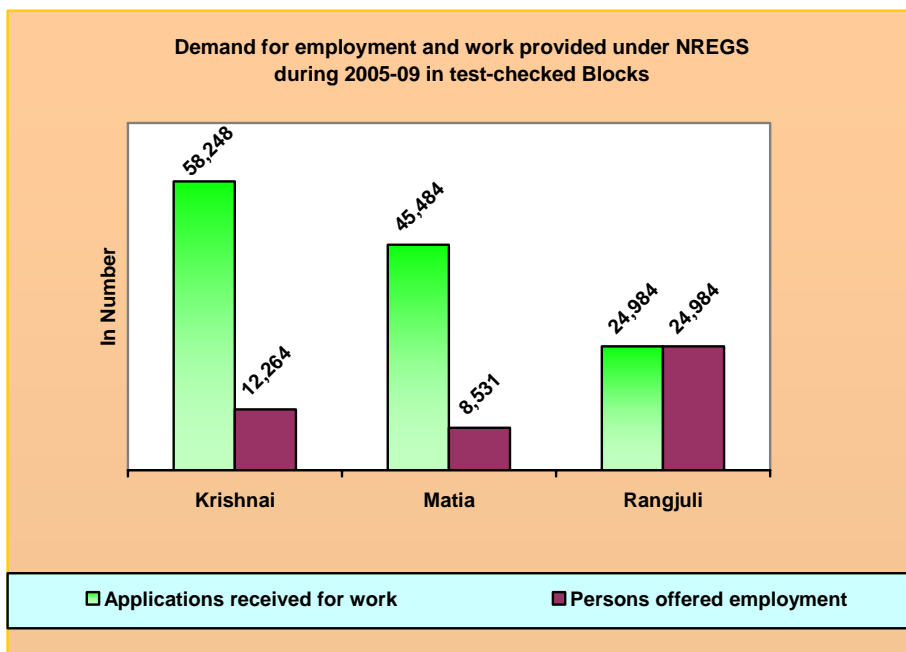
Table-10

Year	No. of applications received for work	No. of persons offered employment	No. of persons who could not be provided employment
2005-06	Nil	Nil	Nil
2006-07	1,11,531	1,11,531	--
2007-08	NA	NA	--
2008-09	1,49,880	1,49,880	--

Source: Annual Progress Report (NREGS).

As reported, all applicants were provided employment and therefore, payment of unemployment allowance was nil. However, audit scrutiny of records in the test-checked blocks showed the following position relating to employment provided against demands by job card holders.

**Chart-3**



*Source: Data provided by Blocks.*

As reported, 82,937 people (Krishnai: 45,984 and Matia: 36,953) neither got wage employment nor unemployment allowance during 2005-09, as envisaged in the NREGS. Further, in one GP (Tukura Barmohora) in Krishnai block, 1,936 people neither got employment nor unemployment allowance. It was stated by the BDO Krishnai that 100 *per cent* jobs could not be provided due to constraints of funds. No specific reasons were stated for non-payment of unemployment allowances.

Thus, unemployment allowance was not paid in accordance with the Act and the guidelines. Hence, not only the intended objective of providing 100 days of annual employment at the specified wage rates was not met, but the State Government also failed to pay the unemployment allowance defeating the objectives of the flagship programme of the GOI, NREGS.

### **Payment of wages through Bank/Post Office (PO) account**

Payment through postal or bank accounts is essential to minimize chances of leakage and payments to fictitious workers. The position of payment of wages through such accounts was as in Table-11.

**Table-11**

(Rupees in lakh)

Year	Total Job cards issued	No. of Bank accounts opened		Wages disbursed through Bank accounts	No. of PO accounts opened		Wages disbursed through PO accounts
		Individual	Joint		Individual	Joint	
Up to 2008-09	1,47,524	6,564	5,337	1.88	8,504	Nil	1.43

Source: Annual Progress Report (NREGS).

Wages was paid in cash up to 2007-08. During 2008-09, out of 1.48 lakh job card holders, wages amounting to Rs.3.31 lakh (0.19 per cent) were paid to 20,405 (14 per cent) card holders through bank/PO accounts. The balance Rs.17.80 crore (99.21 per cent) was paid in cash. As more than 99 per cent wages were paid in cash, chances of leakage and payment to fictitious workers were very high. Thus, the safeguards provided in the guidelines to avoid payments to fictitious workers were not adhered to.

### Resource Support

As per the provisions of NREGA, the State Government was required to appoint a full-time dedicated Programme Officer (PO), not below the rank of Block Development Officer (BDO), in each block, with necessary supporting staff for facilitating implementation of the scheme at block level. The operational guidelines also provided that it would be advisable to appoint “Gram Rozgar Sahayak” (GRS) in each GP, in view of the pivotal role of the GP in the implementation of NREGS.

The position of personnel engaged for capacity building and resource support was as below:

**Table-12**

Gram Panchayat level		Block level					
GRS		Accountant		Technical Assistant		Programme Officer	
Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
81	Nil	16	11	31	30	8	8

Source: Annual Progress Report (NREGS).

Thus, no GRS was appointed against the target of 81, which resulted in improper maintenance of basic records at the GP level. In the test-checked GPs<sup>61</sup>, registers such as Application Register, Job card Register, Demand for Job Register, Employment Register, MB Register, MR Complaint Register, Asset Register etc., were not maintained properly. As a result, it was difficult for Audit to verify employment demanded and allocation for each household, number of days of employment generated and entitlement for un-employment allowance etc.

Thus, the figures as reported, claiming achievement, were unreliable, as the maintenance of records was not proper. The District authority stated (October 2009) that GRSs have since been appointed.

<sup>61</sup> Ambari, Rangjuli, Matia, Harimura, Tukura and Jira.

### 1.4.9.7 Implementation of SGSY

The SGSY scheme was launched (April 1999) with the objective to bring the assisted poor families (Swarozgaris) above the poverty line by ensuring appreciable increase in their incomes over a period of time. This objective is to be achieved, *inter-alia*, by organizing the rural poor into Self Help Groups (SHGs) through a process of social mobilization, training and capacity building and provision of income generating assets through a mix of bank credit and Government subsidy.

The position of the targets fixed and achievement thereagainst in the three test-checked blocks during 2004-09 were as below:

**Table-13**

Name of the Block	Year	Total credit target		Achievement		Expenditure (Rupees in crore)					
		SHG/ Persons	Individuals	SHG	Individuals	Credit disbursed	Subsidy disbursed	Revolving Fund	Training	Programme	Total
Rangjuli	2004-09	238	18	231	18	3.62	2.30	0.52	0.16	0.33	6.93
Krishnai <sup>62</sup>	2004-09	207	105	213	2	3.36	2.25	0.33	0.19	0.10	6.23
Matia	2004-09	242	130	199	33	3.41	1.70	0.42	0.12	-	5.65
<b>Total</b>		<b>687</b>	<b>253</b>	<b>643</b>	<b>53</b>	<b>10.39</b>	<b>6.25</b>	<b>1.27</b>	<b>0.47</b>	<b>0.43</b>	<b>18.81</b>

Source: Departmental Records (Block).

The achievement against persons under SHG was 94 *per cent* whereas in the case of individuals, the achievement was only 21 *per cent*. The under achievement in case of individuals was mainly in Krishnai Development Block, where the achievement was as low as two against a target of 105 and Matia Development Block, where 33 individuals were provided support against a target of 130. The reason for under achievement and the basis on which targets were set, however, were not on record.

In the exit conference, the district authorities stated that the shortfall was due to non-receipt of loan component from banks but did not state anything about action initiated to overcome this.

## Roads

### 1.4.9.8 Inadequate achievement under PMGSY

PMGSY was launched in 2000 for providing connectivity to every habitation having a population of 1,000 or more through good all weather roads within three years, i.e., by 2003 and habitations with 500 people or more, by the end of the tenth plan i.e., by 2007. Out of 854 habitations/villages in the District, 193 habitations were taken up for road connectivity during 2004-09.

<sup>62</sup> In place of Balijana, Krishnai selected.

The details of road works taken up in the district during 2004-09 and the progress thereagainst were as under:

**Table-14****(Rs. in crore)**

Year	No. of habitations	No. of works taken up	Approved cost	Expenditure up to July 2009	Works completed			
					Number	Habitations	Expenditure	Delay in Months
2004-05	14	6	5.86	5.86	6	14	5.86	9 to 14
2005-06	23	13	28.06	24.13	8	12	9.07	10 to 32
2006-07	55	26	51.17	28.12	5	9	7.17	4 to 11
2007-08	101	42	80.56	19.28	1	1	1.55	--
2008-09	--	--	--	--	Nil	Nil	Nil	Nil
<b>Total</b>	<b>193</b>	<b>87</b>	<b>165.65</b>	<b>77.39</b>	<b>20</b>	<b>36</b>	<b>23.65</b>	

Source: Departmental figures.

During 2004-08, 87 works were taken up for providing all weather roads to 193 habitations without obtaining administrative approval and technical sanction of the competent authority. Of 193, only 36 habitations of the district could be provided roads by completing 20 works as of July 2009. This represented coverage of 19 per cent of habitations in the district. The delay in completion of works ranged between 4 to 32 months. Sixty-seven roads were not completed leading to delay in providing road facility to the remaining 157 habitations of the district.

Reasons for delays, attributed by the divisional offices test-checked, were land disputes, communication gap and delay in receipt of drawings and designs. Audit found that 16 road works could not be completed due to inability to carry road material to site, on account of weak Semi-Permanent Timber (SPT) bridges (six cases), delay in preparing working estimates (three cases), bad law and order situation (three cases), late receipt of drawing and design (two cases), land dispute (one case), and non-completion of approaches (one case). Thus, due to lack of adequate work plan and initiative of the State Government in providing road connectivity to the rural habitations, the objectives of the PMGSY remained unachieved.

The concerned Executive Engineer (EE) accepted (October 2009) the facts in the exit conference.

## Social Services

### 1.4.9.9 Overview

A review of the implementation of Accelerated Rural Water Supply Programme (ARWSP), National Rural Health Mission (NRHM) and Integrated Development of Small & Medium Towns (IDSMT) revealed that under ARWSP the actual coverage during 2005-09 was only 125 partially covered (PC) (17 per cent) and 160 not covered (NC) habitations<sup>63</sup> (12 per cent) against 756 PC and 1284 NC habitations as

<sup>63</sup> **Fully Covered:** Habitations which receive 40 litres of water per capita per day (lpcd) and are located within 1.6 km of water source or at an elevation of 100 metres in mountainous areas.

on 31 March 2005, leaving a majority of the habitations without any access to safe drinking water.

Under health infrastructure, there was a shortfall of five CHCs (63 *per cent*) and 13 SCs (eight *per cent*) in the district. Further, works taken up under IDSMT for urban development in Goalpara town remained incomplete in 38 *per cent* cases.

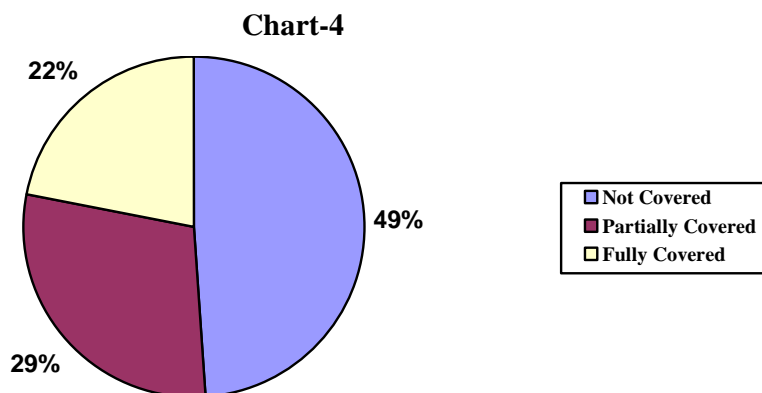
## Water Supply

### 1.4.9.10 Accelerated Rural Water Supply Programme

The objectives of ARWSP were to cover all rural habitations with access to a minimum of 40 litres of drinking water per capita per day, ensure sustainability of drinking water systems and sources, tackle the problem of water quality in affected habitations and institutionalize the reform initiative in rural drinking water supply sector. To achieve the above objectives, a Comprehensive Action Plan (CAP) was prepared by the GOI (1991) by identifying the Not Covered (NC) and Partially Covered (PC) habitations. CAP envisaged coverage of all uncovered rural habitations by the year 2011-12.

#### Status of habitations

Based on the survey carried out in March 2005, the Public Health Engineering Department (PHED) reported the status of 2,632 habitations in the district as on 1 April 2004, as 592 fully covered (FC), 756 partially covered and 1,284 not covered habitations in the district as shown in Chart-4.



Comprehensive plan to provide drinking water to all the habitations in a time bound manner was not prescribed as would be revealed from the inadequate targets fixed and insignificant achievements thereagainst as discussed below. The concerned Executive Engineer also admitted (October 2009) that CAP was not prepared at the district level.

#### Targets and Achievement

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**Partially Covered:** Habitations that have a safe source within the distance or elevation but whose water availability ranges from 10 to 40 lpcd.

**Not Covered:** Habitations which do not have any water source within the prescribed distance or elevation.

The year-wise targets for coverage of habitations and achievements thereagainst during 2004-09 were as below:

**Table-15**

Year	PC Habitations			NC Habitations		
	Target	Achievement	Shortfall	Target	Achievement	Shortfall
2004-05	-	-	-	5	4	1
2005-06	-	-	-	1	1	-
2006-07	-	-	-	-	-	-
2007-08	100	47	53	130	61	69
2008-09	114	78	36	152	98	54
<b>Total</b>	<b>214</b>	<b>125</b>	<b>89</b>	<b>288</b>	<b>164</b>	<b>124</b>

Source: Departmental figures.

The shortfall in coverage of PC and NC habitations was mainly due to improper site selection, lack of adequate planning and absence of scheduled work plan.

➤ Goalpara Division took up 908 schemes (31 PWSSs and 877 spot sources) covering 502 habitations for execution during 2004-09 without obtaining technical sanction of the competent authority. Of 908, 516 schemes (6 PWSS + 510 Spot Source) covering 289 habitations had been completed as of March 2009 at Rs.2.71 crore and 392 schemes were in progress after due date of completion, incurring an expenditure of Rs.2.30 crore.

The Department intimated that the delay in completing the schemes was due to delays in land acquisition, lack of power supply, excess expenditure on account of operation and maintenance and excess expenditure over approved cost. Audit observed that there were delays in completion of five pipelines, construction of three underground reservoirs, two power connections and construction of one pump house. Thus, inability of the Department to complete the works on time deprived the habitations of envisaged access to safe drinking water.

➤ Scrutiny of records revealed that 21 PWS schemes, constructed between 1984 and 1994 at Rs.2.12 crore, became non-functional since April 2004 due to non-repair of major components like transformer, distribution system etc. Action had been taken for revival of the schemes by incorporating these in the Annual Action Plans of the divisions. Thus, due to absence of timely action, PWSS remained non functional for the last one to five years. As a result, 61 habitations, with population of 26,709, remained deprived of access to safe drinking water through PWS.

➤ Sub-Mission Programme under ARWSP was to be taken up by the State for providing safe drinking water to rural habitations facing problems of quality water supply and for ensuring source sustainability through rain water harvesting, artificial recharge etc. PHED received Rs.2.42 crore from the GOI during 2004-09 for 20 PWSSs estimated at Rs.5.73 crore. Goalpara Division took up the work during 2004-09. The schemes were scheduled to be completed within 12 to 18 months.

➤ PWSSs (19 per cent) were completed (March 2009) while the balance 14 PWSSs were lying incomplete after spending Rs.1.28 crore. It was observed that



major components of works like underground reservoir, treatment plant, distribution system etc. were yet to be constructed in respect of 13 schemes and one scheme was awaiting power connection. The physical progress of the balance 14 schemes was between 35 to 90 *per cent*.

➤ As per guidelines, each village panchayat, block and district authority were required to maintain a complete inventory of drinking water sources created under ARWSP, indicating the date of commencement and completion of the project, cost of completion, depth in case of the spot sources, agency responsible for operation and maintenance and other relevant details. The inventory of assets so created was also required to be available with the field functionaries of the implementing department. It was, however, noticed during test check of GPs, Blocks and district that records of assets (PWSS: 6 and Spot source: 510) created with an investment of Rs.5.02 crore during 2004-09 had not been maintained. Thus, proper documentation of the assets was absent in the district.

In reply the EE stated (October 2009) that the assets register would be maintained after formation of new panchayat body as there was no elected panchayat body in the district as of date.

## Health

### 1.4.9.11 Deficient infrastructure

#### Number of health institutions

According to the guidelines of the National Rural Health Mission (NRHM) for setting up of health care centres, one Sub Centre (SC) is required to be set up for a population of 5,000, one Primary Health Centre (PHC) for a population of 30,000 and one Community Health Centre (CHC) for a population of 1,00,000. Against the required number of CHCs, PHCs, and SCs to be set up in the district, the Department intimated (July 2009) setting up of centers as below:

**Table -16**

Centre	Projected number to be set up as per norms	Nos. in position	Shortfall	
			Numbers	Percentage
CHC	8	3	5	63
PHC	27	34	(excess) 7	-
SC	164	151	13	8

*Source: Departmental figures.*

Shortfall in the number of CHCs and SCs was 63 and 8 *per cent* respectively. The abnormal shortfall in the number of CHCs indicated that the district was deficient in referral health care facilities.

### Availability of Manpower

Based on the prescribed staffing norms of the Indian Public Health Standard (IPHS), the CHCs, PHCs and SCs are to be manned and equipped with sufficient basic physical infrastructure and essential equipment to provide essential/specialist services. The requirement of medical officers/ specialists and paramedical staff in respect of CHCs, PHCs and SCs as per norm and actual men in position were as below:

**Table-17**

Category of Centres	No. in position	Manpower required (as per IPHS norm)		Manpower in position		(-) Shortage / (+) Excess	
		Medical Officers/ Specialists	Para-medical Staff	Medical Officers/ Specialists	Para-Medical Staff	Medical Officers/ Specialists	Para-Medical Staff
CHCs	3	21 (7 each x 3)	39 (13 each x 3)	23	33	(+) 2	(-) 6
PHCs	34	68 (2 each x 34)	306 (9 each x 34)	60	79	(-) 8	(-) 227
SCs	151	Nil	302 (2 each x 151)	Nil	153	Nil	(-) 149

Source: Joint Director Health Services, Goalpara.

Although there were two excess doctors in the CHCs, the shortfall of doctors in PHCs was eight. The shortfall of paramedical staff in the CHCs, PHCs and SCs were 15, 74 and 49 *per cent* respectively, showing abnormal deficiency affecting the medical facilities in the district adversely.

### Physical infrastructure

The details of facilities available in the CHCs, PHCs and SCs are shown below:

**Table-18**

Categories of services	Availability of services in		
	CHCs	PHCs	SCs
Waiting room for patients	3	1	Nil
Labour room	3	26	Nil
Operation theater	1	2	Nil
Clinic room	3	37	Nil
Emergency/casual room	3	3	Nil
Residential families for staff	3	27	Nil
Separate utility for male/female	Nil	Nil	Nil
Blood storage	1	Nil	Nil
New born care	Nil	Nil	Nil
24x7 deliveries	3	17	Nil
In-patient	3	5	Nil
X-ray	1	Nil	Nil
Ultra sound	Nil	Nil	Nil
BCG	Nil	Nil	Nil
Obstetric care	1	Nil	Nil
Emergency services (24 hours)	3	5	Nil
Family planning (Tubectomy & Vasectomy)	Nil	Nil	Nil
Intra natal care	3	34	151
Pediatric	1	Nil	Nil

Source: Joint Director Health Services, Goalpara.

Scrutiny of the records also revealed that the centres had not been provided with the requisite basic physical infrastructure and essential equipment as discussed below:

### Community Health Centres (CHCs)

None of the three CHCs had separate utility room for male/female, new born care facilities, ultrasound and ECG machines, arrangements for tubectomy and vasectomy. Only one CHC had operation theatre, blood storage facility, x-ray facility, obstetric care and pediatric care facilities. Essential equipments<sup>64</sup> required to run the CHCs were not available in the two out of three CHCs.

### Primary Health Centres (PHCs)

None of the 34 PHCs had separate utility room for male and female, blood storage facilities, new born care, obstetric care, and family planning facilities. Only one PHC had waiting room for patients, two PHCs had operation theatre, three PHCs had emergency/casual room and five PHCs had inpatient facilities.

### Sub Centres (SCs)

Basic infrastructure facilities were almost non-existent in SCs except intra-natal facilities of gynecological condition.

Thus, not only were the number of centres inadequate (except PHCs) compared to norm, but these were also not functioning effectively due to the absence of the required manpower and other infrastructural facilities.

The Department admitted (October 2009) the shortfall in the exit conference.

## Urban Development

### 1.4.9.12 Project execution

Under IDSMT, the GOI approved (August 1995) eight projects at Rupees two crore. The status of these projects as of March 2009 was as follows:

Table-19

Sl. No.	Name of the Project	Approved cost (Rs. in lakh)	Expenditure incurred	Status of completion
1	Bus Terminus at Hasila Beel, Goalpara	38.78	14.67	Incomplete
2	Chowk bazaar market, Goalpara	39.24	13.35	Incomplete
3	Super Market near ASTC, Goalpara	61.97	72.71	Complete
4	Bazar Bus Stand, Goalpara	10.74	Nil	Not taken up
5	Development of Park near Press Club, Goalpara	3.95	3.95	Complete
6	Marriage cum Community Hall near PHE, Goalpara	9.94	9.93	Complete
7	Shop Module No. 1 at Bapujinagar, Goalpara	1.77	1.77	Complete
8	Development of Roads and drains	33.61	33.61	Complete

Source: Departmental records.

<sup>64</sup> Essential equipment (like Boyles apparatus, EMO machine, Cardiac machine for OT, Defibrillator for OT, Ventilator for OT, Horizontal High Pressure sterilizer, OT care/ fumigation apparatus, Oxygen Cylinders, Stretcher on trolley and Medicine cabinet etc)

Out of these eight, five projects were completed as of March 2009 at Rs.1.22 crore as against approved cost of Rs.1.11 crore. While in four cases there was no cost overrun, in case of construction of supermarket, extra expenditure of Rs.10.74 lakh was incurred by diverting funds meant for construction of Bazar Bus Stand (Sl. 4 of table above) without any authority. Thus, Bazar Bus Stand was not constructed as of October 2009. The remaining two projects (Sl. Nos. 1 and 2 of table above) were not completed and expenditure of 36 *per cent* of the approved cost of Rs.78.02 lakh was incurred as of March 2009. As the State Government failed to arrange loan from HUDCO, as per provision of the scheme, completion of three projects appeared to be remote, leading to idling of expenditure of Rs.28.02 lakh. Thus, 38 *per cent* works were not completed and Governmental effort for timely completion of the projects to improve the quality of life of people was lacking.

#### 1.4.10 Monitoring and Evaluation

DC is responsible for monitoring the progress of implementation of various developmental programmes in the district and ensuring that these were executed within the specified timeframe and approved budget. While most of the Central and State plan schemes specify the monitoring requirements, in general, most schemes require that the DC monitor the progress on a monthly/quarterly basis. DPMC is also required to review the progress of schemes every quarter. In addition, the State Government has also specified the extent of supervision to be carried out at various levels with regard to the developmental works/projects, as below:

**Table-20**

Designated Officer	Percentage of Inspection to be carried out
Block Development Officer/Junior Engineer	100
District Planning Officer	15
Addl. DC/Addl. DM	5
Sub-Divisional Officer	10
Deputy Commissioner	4
Official from State Planning Department	1

*Source: Departmental records.*

Apart from the stipulated personal inspections and supervisions, review of the execution of schemes was also to be done through periodical review reports and statements of expenditure (SOEs) to be sent from various levels – GPs to the Blocks, Blocks to the DRDA/DC and DC to the State Government.

Audit observed the following:

The monitoring and supervision of the progress of implementation of various schemes in the district was perfunctory. DPMC met only once since its constitution in May 2006. Additional DC, who was entrusted for field visit and inspection of 60 *per cent* of developmental schemes, stated that field visits and inspections were carried out. However, there was no documentary evidence to this effect. DC holds monthly meetings with the BDOs to review the progress of execution of works/schemes. But

minutes of discussions were not drawn and thus, the decisions taken in the meetings and suggestions, if any, for execution of the schemes and follow up were not known.

In the sampled Blocks and GPs, it was observed that the GPs did not send the SOEs every month to the Blocks. Although the Blocks sent monthly SOEs to the DC, but these were based on the details of the amounts released to the GPs rather than the actual amount utilized by the GPs including the physical progress of the schemes. Addl. DC stated that BDOs release funds to the GPs only after ascertaining the progress of work from the JEs. However, there was nothing on record to confirm this.

Schemes implemented through DRDA were monitored by Vigilance and Monitoring Committee (VMC) at District level. The Committee met twice (August 2007 and 2008) against required 10 times during 2004-09. The Committee also suggested (August 2007) that the GPs conduct Social Audit in consultation with Village Committee Members and Programme Officers. The Social Audit team was accordingly constituted in August 2008. The position of Social Audits conducted and inspection by VMC during 2006-09 was as below:

**Table-21**

Year	Social Audit (per cent)		Inspections conducted by VMC (per cent)		No. of complaints disposed by PO, DPCs (per cent)	
	Due	Completed	Due	Completed	Due	Completed
2006-07	--	--	NIL	NIL	NIL	NIL
2007-08	--	--	NIL	NIL	NIL	NIL
2008-09	147	17 (12)	366	286 (78)	37	28 (76)

*Source: Annual/Monthly Progress Report.*

There was no report regarding monitoring and redressal of grievances during 2006-08. However, during 2008-09, a satisfactory trend was noticed regarding inspection by VMC and disposal of complaints at 78 and 76 *per cent* respectively except Social Audit, which was only 12 *per cent*. In the exit conference (October 2009) the District authority stated that Social Audit of all the 81 GPs had been completed in August 2009. Samples of Social Audit Reports checked, however, did not disclose any effective and meaningful audit findings.

The State Government did not evolve any mechanism for assessing the outcome of implementation of various schemes/programmes in the district. Hence, the result of investment of public funds was never assessed either at the State or district level. SGSY guidelines stipulated that DRDAs regularly review and monitor the progress of the groups through periodic evaluations and regular interaction. An analytical report on the working and performance of the facilitators /community coordinators was to be presented for discussion in the governing body of DRDA and in the District level SGSY committee. But no such report was made available to audit. The District authority accepted (October 2009) the above facts in the exit conference.

#### 1.4.11 Conclusion

Considering that Goalpara is one of the backward districts of the State, implementation of various socio-economic development programmes should have brought about the desired improvement in the living standard of the people in the district. However, due to non-formulation of perspective and annual action plans and multiplicity of implementing agencies coupled with poor internal controls relating to utilisation and accountal of funds, the district could not progress at the envisaged pace. Despite short release of funds by the State Government, funds accumulated with the implementing agencies. As a result works were not completed in time. While 22 *per cent* works under DDP remained incomplete, assets created against 38 *per cent* works were not handed over to the line department for maintenance and upkeep. Employment Generation under NREGS/SGRY declined by 30 *per cent* in 2008-09 compared to 2006-07 raising doubt about effective implementation of the scheme. Under PMGSY only 19 *per cent* of the habitations targeted for road connectivity by March 2009 could be connected as of July 2009. Under ARWSP, majority of the habitations were not provided with adequate and safe drinking water as of March 2009. Works taken up under IDSMT for urban development of Goalpara town remained incomplete in 38 *per cent* cases. System of monitoring of schemes/programmes implemented in the district during 2004-09 was not satisfactory and fruitful. Thus, the socio-economic developmental programmes were implemented in the district in an isolated and uncoordinated way without keeping in view the overall development of the people of the district.

#### 1.4.12 Recommendations

- District Plan should be prepared on the basis of structured process of obtaining inputs from Blocks and GPs as well as the other stakeholders.
- The District administration should formulate long term and medium term plans for connecting all the habitations/villages in the district and also prepare a strategic and comprehensive plan to provide potable drinking water to all the identified habitations in a time bound manner.
- The district authorities should utilize the funds provided for various socio-economic developmental programmes for the intended purpose in an efficient and effective manner.
- The DRDA should ensure proper maintenance of records/ report in the prescribed format at the Blocks and GPs to assess the extent of employment generated in respect of various categories of people so that focused initiatives can be taken to provide adequate employment opportunities to the targeted beneficiaries.
- Payment of unemployment allowance is to be done suo moto in case wages could not be provided within 15 days after receipt of application. District authorities should take effective measures to get accounts opened for all card holders and payment of wages made through the accounts.

- Vigilance and Monitoring Committees at the district level should keep vigil to oversee the effective implementation of the employment and other poverty alleviation programmes.
- Periodical monitoring and review of the actual implementation vis-à-vis plans, needs to be carried out to evaluate outcome of major bottlenecks of development. Monitoring, inspection and supervision needs to be strengthened at all the tiers of local administration to ensure that the programmes are executed on time and within cost, and timely corrective action is taken in cases of slippage.

## CHAPTER-II

### AUDIT OF TRANSACTIONS

#### 2.1 Cases of fraud/misappropriation/losses

##### Education Department

#### 2.1.1 Loss due to missing inventory

**Assam Sarva Shiksha Abhijan Mission incurred a loss of Rs.50.50 lakh, being the cost of missing computers and accessories issued to 500 SMART Schools.**

Mention was made in Para-3.2.12.3 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 2006 regarding procurement of 2000 computers alongwith accessories worth Rs.9.14 crore and their distribution among 500 SMART Schools of the State during 2003-04. The computers were subsequently taken back (February 2006) from the schools and brought to the District Mission Office of the Sarva Siksha Abhijan (SSA) for repair.

Further scrutiny (January-February 2009) of records of the Mission Director (MD), SSA revealed that M/S NIIT, Chennai was engaged (April 2007) for repair and maintenance of these computers. A contract was executed (April 2007) by the Mission with NIIT for Rs.9.16 crore for (i) one time repair and replacement of damaged systems (Rs.1.60 crore); (ii) comprehensive annual maintenance of 2,000 computers from 2007 to 2010 (Rs.3.01 crore); (iii) 10 days teachers training for 1,000 teachers per year from 2007 to 2010 (Rs.3.08 crore); and (iv) engagement of 100 roaming para teachers for the years 2007 to 2010 (Rs.1.47 crore).

As per the terms of contract, NIIT was asked (May 2007) to survey the computers before undertaking repair. As per the survey report of NIIT, 93 desktop computers, 48 UPS, 30 printers and a number of computer parts/accessories valued at Rs.50.50 lakh<sup>1</sup> were found missing. Though first information reports (FIRs) were lodged by the concerned district/school authorities, results of police verification have not yet been received (October 2009).

Thus, due to poor physical access controls and non-provision of adequate infrastructure to secure the computers and accessories in rooms with strong doors and

1

Item	Quantity	Rate (Rs.)	Value (Rs.)
Desktop computers	93	35,487	33,00,291
UPS	48	14,514	6,96,672
Printers	30	9213	2,76,390
Computer parts	--	--	7,76,525
<b>Total</b>			<b>50,49,878</b>



windows with iron grills and adequate locking facilities etc., the Mission had to incur a loss of Rs.50.50 lakh.

During discussion, the Mission Director accepted that security was inadequate and stated (February 2009) that now grills were fitted in the windows to make the computer rooms secure and safe.

The matter was reported to Government in June 2009; their replies had not been received (October 2009).

## **Panchayat and Rural Development Department**

### **2.1.2 Presumptive fraud**

#### **The BDO, Sissibargaon failed to produce any evidence in support of utilisation of Rs.60.98 lakh received under National Food For Work Programme.**

The Deputy Commissioner-cum-nodal Officer of National Food For Work Programme (NFFWP), Dhemaji, sanctioned (June 2006) Rs.64.08 lakh to the Block Development Officer (BDO), Sissibargaon under District Rural Development Agency (DRDA), Dhemaji for execution of 41 works taken up during 2005-06 under NFFWP.

Scrutiny (November-December 2008) of records of the BDO, Sissibargaon revealed that the BDO drew on 4 August 2006 Rs.60.98 lakh out of this amount for completion of the work relating to 40 schemes and expended the amount on the same day against the 40 schemes in the payment side of the Cash book. No vouchers, Muster Rolls and Measurement Books (MBs) in support of payment for the works were made available to audit. In reply to audit query, the BDO stated (December 2008) that the vouchers, Actual Payees Receipts (APRs), MBs etc., were not submitted by the concerned Junior Engineer /the then BDO. In the absence of records in support of utilisation of Rs.60.98 lakh even after 16 months of drawal, it is presumed that the funds have been misappropriated. Further, the National Rural Employment Guarantee Scheme (NREGS) had already been launched with effect from February, 2006 in the district. NREGS subsumed the two erstwhile schemes, viz., NFFWP and Sampoorna Gramin Rozgar Yojana since the date of its launch. Therefore, the DC should not have released funds under NFFWP, as it was a scheme which had already been closed.

Neither the Project Director (PD) nor the BDO took any action against the concerned JE/BDO except writing (December 2008) to the then BDO for submission of the vouchers, other related vouchers etc., to the audit team.

In July 2009, the PD intimated the Commissioner of Panchayat and Rural Development Department that the relevant MBs and MRs had been received from BDO, Sissiborgaon but could not be produced during audit as the concerned JEs were under orders of transfer at that time. The reply is not acceptable because the records should have been collected before transfer of the JEs and produced during the course

of audit as there was ample time between the drawal of the amount (August 2006) and the date of audit (December 2008). Reply of the Government is yet to be received (October 2009).

### 2.1.3 Misappropriation of funds in purchase of furniture

#### **Rupees 16.79 lakh is suspected to have been misappropriated in the office of the PD, DRDA, Golaghat in procurement of furniture.**

Scrutiny (November 2007 to January 2008) of records of the Project Director (PD), DRDA Golaghat revealed that the PD issued (13 September 2005) a notice inviting quotations for purchase of furniture to be delivered to the Gaon Panchayats under the district. The quotations considered by the PD were received (between 5-8 August 2005) more than a month before floating the notice based on which the lowest rates of M/s Bee Bee Associates were accepted and order was issued (October 2005) for supply of the articles. The items were received (28 February 2006) by a person who was not a member of the establishment of PD, DRDA, Golaghat and nobody from his office certified that the items were received in full and in good condition. An amount of Rs.16.79 lakh<sup>2</sup> was paid (28 February 2006) in connection with the purchase. There was nothing on record in support of accountal of stock, distribution of the articles supplied; nor was there any acknowledgement in support of their delivery to the Gaon Panchayats. The Gaon Panchayat Secretaries of four blocks stated (December 2007) in reply to audit query that they had not received any item of furniture from the DRDA.

Thus, as the PD could not furnish any record in support of receipt/distribution of the furniture and as the GP Secretaries denied having received any such items it is evident that the purchase was fictitious and the amount involved in the purchase (Rs.16.79 lakh) was misappropriated.

Moreover, the PD failed to find out the whereabouts of the items during the last 15 months and stated (April 2009) that the matter would be investigated and report would be submitted soon. As of August 2009, no such report could be submitted by the PD.

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Sl. No.	Name of the items	Quantity (number)	Rate (Rs)	Value
1.	Almirah	102	7750	7,90,500
2.	Secretariat table	102	4575	4,66,650
3.	Executive Chair	102	2650	2,70,300
4.	Plastic Chair	204	395	80,580
				<b>Total Rs.16,08,030</b>
				<b>AGST @ 4.4%</b>
				<b>Rs.70,753</b>
				<b>Rs.16,78,783</b>

The matter was reported to Government in May 2009 and also discussed in the meeting held on 8 October 2009 with the Principal Secretary, P&RD Department; but the Government did not offer any comments.

#### **2.1.4 Misappropriation of funds in purchase of gravel**

**An amount of Rs.18.47 lakh is suspected to have been misappropriated in the DRDA, Golaghat in purchase of gravel.**

As per Para-3 of Chapter X of Accounting Procedure for District Rural Development Agencies/Societies (As amended in 2001), PDs, DRDA can issue cheques for sums upto rupees one lakh in each case. Cheques for payment in excess of rupees one lakh are to be issued under the joint signature of the PD and the Executive Director (ED) i.e., the Deputy Commissioner. Again Para-11 of the same Chapter prohibits issue of bearers' cheques in any case.

Scrutiny (November 2007 to January 2008) of the Cash Book and the Cheque Issue Register of the PD, DRDA, Golaghat revealed that an amount of Rs.18.47 lakh was paid (28 February 2006) to a person, who was not an approved supplier of the Agency, on account of supply of gravel without recording book the voucher number against the transaction in the Cash Book. The payment was made by 22 bearer cheques by splitting the amount without the knowledge and signature of the ED. There was nothing on record in support of the utilisation of any gravel relating to this transaction as no muster roll of gravel spreading and measurement book could be produced to Audit. Further, all the 22 cheques were issued without making entries in the cheque Issue Register.

In the absence of any record in support of the transaction and utilisation of the gravel in any work, misappropriation of the amount of Rs.18.47 lakh could not be ruled out.

At the instance of Audit, a Technical Committee (TC) was constituted by the ED on 8 January 2008 to investigate into the matter. The TC was to submit its report within 30 January 2008. No report was, however, submitted (April 2009) as intimated by the PD.

The matter was reported to the Government in May 2009 and was also discussed in the meeting held on 8 October 2009 with the Principal Secretary, P&RD Department; but the Government did not offer any comments.

### **2.1.5 Misappropriation of SGRY and IAY funds**

**Twenty six cheques for Rs.21.83 lakh issued by the PD, DRDA, Golaghat, were not received in the concerned blocks, though these were drawn from the bank.**

As per Para-6 of Chapter-II of Accounting Procedure for District Rural Development Agencies/Societies (as amended in 2001) all receipts of money should be entered in the Cash Book on the date of their receipt. Each Block should maintain a Consolidated Receipt Register indicating the name of the scheme, amount received, sanction number, date of receipt of funds and source of funds i.e., DRDA, others etc. There should also be a system of reconciliation of differences, if any, between the cheques issued by the DRDA and cheques received by the Blocks.

Scrutiny (November 2007 to January 2008) of records relating to release of funds by the Project Director (PD), DRDA, Golaghat and a cross-check with records (Cash Book and bank account) maintained by the blocks revealed that 26 cheques for Rs.21.83 lakh issued by the PD for implementation of schemes under Sampoorna Grameen Rozgar Yojana (SGRY) and Indira Awaas Yojana (IAY), were not received by the concerned Blocks. The cheques were, however, encashed from the banks.

In the absence of records in support of receipt and utilisation of the scheme funds in the Blocks, the likelihood of the entire amount of Rs.21.83 lakh being misappropriated could not be ruled out. This was facilitated due to non-observance of requisite procedures and failure of internal control system of reconciling the difference between cheques issued by the DRDA and cheques received by the Blocks. Even after being pointed out in Audit (January 2008), during the last 15 months, the PD could not find out the details of encashment of the cheques and only in April 2009 intimated that the matter was being taken up with the BDOs and position would be clarified to audit.

The matter was reported to the Government in May 2009 and was also discussed in the meeting held on 8 October 2009 with the Principal Secretary, P&RD Department; but the Government did not offer any comments.

### **2.1.6 Suspected misappropriation of funds**

**Rupees 20 lakh is suspected to have been misappropriated in the Block Development Offices of Lowairpoa and Dullavcherra under DRDA, Karimganj.**

The PD, DRDA, Karimganj received (March 2006) Rs.20 lakh from the Director, Panchayat and Rural Development Department through Bank Draft, being the State share under Sampoorna Grameen Rozgar Yojana (SGRY) for 2005-06. The fund was to be utilised exclusively in the areas predominantly inhabited by SC and ST population.

Scrutiny (February-March 2008) of records of the PD, DRDA, Karimganj revealed that the PD released the entire amount of Rs.20 lakh to the Block Development Officer (BDO), Lowairpoa (Rs.10 lakh) and the BDO, Dullavcherra (Rs.10 lakh) in July 2006 by splitting up the amount into 20 bearer cheques of rupees one lakh each. Cross examination of the relevant records maintained in the Blocks concerned revealed that none of the 10 bearer cheques issued to the Lowairpoa Development Block was received in the Block, though all the cheques were encashed on 16 August 2006. The BDO, Dullavcherra, on the other hand, produced a separate Cash book wherein receipt of 10 cheques for Rupees one lakh each was recorded on 9 August 2006 and the entire amount of Rs.10 lakh was shown as disbursed on the same day against 12 vouchers, but as per bank statement of DRDA, Karimganj (A/c No. 2274 of Cachar Gramin Bank, Karimganj Branch) the cheques were encashed only on 10 August 2006 (six cheques) and later (four cheques). The funds also did not appear in the Receipt and Payment Accounts of the two Blocks. Considering the following facts, it was presumed that the fund of Rs.20 lakh was misappropriated:

- The funds were released in 20 cheques of Rupees one lakh each instead of in two cheques of Rs.10 lakh each to avoid approval of higher authority.
- The funds were released through bearer cheques instead of account payee cheques.
- No records showing receipt and utilisation of Rs.10 lakh by BDO, Lowairpowa was found available.
- The fund of Rs.10 lakh was shown (in a separate Cash Book) as disbursed by the BDO, Dullavcherra on a single day before actual encashment from the DRDA's bank account.
- Non-inclusion of the amounts in the Receipt and Payment Accounts of the respective Blocks.

Moreover, during the last one year the PD could not confirm the utilisation of the funds of Rs.20 lakh and only in April 2009, against an audit query, intimated that the matter is under investigation.

In a reply furnished (September 2009) to the Government, which was handed over to Audit by the Principal Secretary, P&RD Department, during discussion (8 October 2009), the PD accepted the fact of issuing 20 bearers cheques of Rupees one lakh each without the approval of the Deputy Commissioner, Karimganj. Regarding Rs.10 lakh released to Lowairpoa Development Block, nothing could be furnished except a utilisation certificate signed (without date) by the concerned BDO. The BDO, Dullavcherra, on the other hand, in his reply furnished (September 2009) to the PD stated that 12 schemes were executed against the drawal of Rs.10 lakh, but could not explain how the payments were disbursed before actual drawal of the cheques. The PD also accepted that no records relating to implementation of the above schemes were available in his office. The Government did not offer any comment during the discussion (October 2009).

## 2.2 Avoidable/unfruitful expenditure/undue favour to contractors

### Health and Family Welfare Department

#### 2.2.1 Avoidable expenditure

#### **Non-payment of rent for requisitioned land in time by the Health and Family Welfare Department resulted in avoidable expenditure of Rs.37.92 lakh towards payment of interest.**

The Guwahati Medical College and Hospital shifted to its present location at Narakachal hill from Panbazar area with effect from April 1968. As the college and hospital complex expanded, acquisition of some more land became necessary. Scrutiny (May 2009) of records of the Director of Medical Education (DME), Assam revealed that the Principal, Guwahati Medical College took possession (1981) of a plot of land measuring 3 katha 13 lessa without initiating acquisition proceedings. Although, the said land was requisitioned in 1981 for construction of Guwahati Medical College Complex, notification for acquiring the land was given only in October 2002 and proposal for drawal of the estimated amount of acquisition (Rs.26.10 lakh) was sent to the Government by DME in March 2003. The State Government, however, did not sanction the amount and the acquisition proceedings lapsed.

In accordance with Section 11 (4) of Assam Land (Requisition and Acquisition) Act, 1964 the owners of the land are entitled to compensation in the form of annual rent @ 7.5 per cent on the current market value of land and interest thereon (9 per cent per annum) since the date of requisition. Only a paltry sum of Rs.0.85 lakh was paid (date of payment is not available) to the owners and the aggrieved owners filed (date not available) cases in the court of law. The District and Sessions Judge, Kamrup ordered (September 2006) payment of compensation along with interest thereon till the date of payment. Due to non-compliance of the DME with the court order, the owners lodged money execution case for realization of the sum due and the Hon'ble court passed order for payment of Rs.86.74 lakh (Rent: Rs.48.82 lakh + Interest: Rs.37.92 lakh) on or before 18 March 2008. The amount was drawn by the DME in March 2008 and sent to Deputy Commissioner, Kamrup for payment to the owners.

Thus, due to failure of the Government to make payment of rent in time, it incurred an avoidable expenditure of Rs.37.92 lakh towards interest payment.

Besides, during the four years 2003-07 the cost of the land had already escalated by 140 per cent, and would keep increasing further. Thus, due to non-acquisition of the land in 2002-03 (at Rs.26.10 lakh) not only the cost of acquisition would increase but the recurring liability of payment of rent would also continue.

The matter was reported to Government in June 2009; replies had not been received (October 2009).

## Planning and Development Department

### 2.2.2 Unfruitful expenditure

**The District Level Committee on Rastriya Sam Vikas Yojana, Karbi Anglong took up ill conceived schemes and subsequently abandoned them resulting in unfruitful expenditure of Rs.95 lakh.**

Rastriya Sam Vikash Yojana (RSVY) is a 100 *per cent* Centrally assisted scheme to be implemented through action plans approved by District Level Committee (DLC) constituted for the purpose. In pursuance of the approved Action Plan under RSVY the Deputy Commissioner (DC), Karbi Anglong sanctioned (August 2005) Rs.95 lakh, being 50 *per cent* of the total outlay for implementation of four Horticulture Development Schemes. The first instalment of Rs.71.25 lakh was released by the DC to the District Agriculture Officer (DAO), Diphu in August 2005 for implementation of the schemes.

Scrutiny (February-March 2009) of records of the DC, Karbi Anglong revealed that the District Level Committee (DLC) in its meeting held in March 2006 dropped all the four schemes and took up four new schemes in their place. The reasons for dropping the schemes were recorded as unviability of the schemes and existence of similar schemes under normal plan schemes. The DC, however, released the second instalment of Rs.23.75 lakh to the DAO in May 2006 though the schemes were dropped by the DLC in March 2006. In reply to a query the DAO stated (August 2009) that the second instalment was utilised for meeting pending/committed liabilities. The DAO utilised the entire fund of Rs.95 lakh towards purchase of seeds/seedlings, fertiliser/pesticides, medicinal plants, construction of Mushroom Units, financial assistance to Participating Peoples Societies/Self Help Groups and training etc., and furnished (May 2006) utilisation certificate for Rs.95 lakh. The time frame for implementation of the scheme was three years (2004-05 to 2006-07) and till March 2006, 100 *per cent* physical target for the year 2004-05 had been achieved as stated (August 2009) by the DAO.

Abandonment of the schemes without any valid reason after first year, though these were scheduled to continue for three years to reap the benefit was unjustified and resulted in unfruitful expenditure of Rs.95 lakh.

The Government stated (September 2009) that the DLC which approved the original schemes, was constituted in May 2004 and that a newly constituted DLC dropped (March 2006) the original schemes and took up four new schemes. It was also stated that the dropping of the original schemes and taking up of new schemes was a matter of difference in the perception of priority of the two Committees and it had nothing to do with viability factor.

The decisions taken by the DLC cannot be discarded by another DLC on the grounds of perception of priorities alone, given the fact that Rs.95 lakh had already been spent on the basis of the decision taken by the earlier DLC.

## Public Works Department

### 2.2.3 Avoidable expenditure

**The Executive Engineer Guwahati City Division III incurred avoidable expenditure of Rs.1.65 crore due to idling of machinery and interest for delayed payment to the contractor.**

State Government accorded (May 2004) revised administrative approval (AA), of Rs.13.17 crore for the work, Construction of RCC Bridge over river Kollong at Kajalimukh under RIDF III of NABARD. Against the original AA of Rs.2.10 crore, accorded in March 1988 the work was allotted (January 1989) to a firm 'A'<sup>3</sup> at a tendered cost of Rs.1.92 crore with the stipulation to complete the work within July 1991. Due to poor progress of work, (only 17.58 per cent upto April 1992) the work was rescinded (July 1996) without invoking the penalty clause and after inviting tender the balance work was allotted (November 1997) to another firm 'B'<sup>4</sup> at a tendered value of Rs.5.07 crore with the stipulation to complete the work within November 1999. While executing the actual work the contractor encountered major problems in the construction of the wells No.1, 2 and 6 which were on rocky strata instead of sandy strata as indicated in the survey report. Well No.2 was abandoned and constructed at a new site at a distance of 10 metre from the original site. This involved construction of 48m span pre-stressed concrete hollow box girder in place of the original 38m span beam and slab and consequent extra expenditure. There were delays of seven months on the part of Department to take decision as found out by the Arbitral Tribunal. Finally, the tendered value was again enhanced (June 2002) to Rs.7.61 crore by executing two supplementary tenders with firm 'B' and the stipulated date of completion was extended upto October 2002. Meanwhile, the machinery brought to site by the contractor remained idle for 16 months and there were delays in payment of bills to the contractor. The work was completed (October 2002) at an expenditure of Rs.7.73 crore.

Scrutiny of records (April 2008) of the Executive Engineer, Guwahati City Division III revealed that, against the final bill of Rs.7.73 crore, an amount of Rs.1.37 crore remained unpaid as of 10 July 2003. Due to delay in payment of the claim to the firm 'B', amounting to Rs.4.21 crore which included price escalation, AGST, compensation due to idling of machinery, interest etc., apart from balance amount of Rs.1.37 crore. The contractor made (February 2004) an appeal to constitute an arbitration tribunal according to the tender agreement. The tribunal directed (7 February 2005) to pay an amount of Rs.3.20 crore including an amount of Rs.51.88 lakh as interest upto 7 February 2005. As of March 2008, an amount of Rs.3.44 crore

<sup>3</sup> Firm 'A': M/s Bridge & Building Construction Co. (P) Ltd.

<sup>4</sup> Firm 'B': M/s. Hi-Tech Construction



was paid (20 March 2006) to firm 'B' including further interest of Rs.23.90 lakh from 8 February 2005 to 20 March 2006.

Thus, delay by the Department to take decision to continue with the work which involved idling of machinery of contractor and non-payment of contractor's bills resulted in an avoidable expenditure of Rs.1.65 crore<sup>5</sup> in the form of compensation for idle machineries (Rs.89.63 lakh) and interest for delayed payment (Rs.75.78 lakh).

The matter was reported to Government in July 2009; reply had not been received (October 2009).

#### 2.2.4 Undue financial benefit

**Public Works Department did not comply with the rules relating to grant of mobilization advance resulting in to undue temporary financial benefit of Rs.5.47 crore to two contractors.**

According to Para 31.6 of CPWD Works Manual 2003, mobilization advance (MA) to contractor is admissible in respect of certain specialized and capital intensive works costing not less than Rupees two crore and is restricted to 10 *per cent* of the estimated cost or tendered value or Rupees one crore, whichever is less, at 10 *per cent* simple interest on the outstanding MA. Two Public Works Divisions, however, paid MA in excess of permissible limit and did not recover any interest as detailed below:

(a) The work relating to construction of a flyover at Six Mile junction of G.S Road and Rupkonwar Jyoti Prasad Agarwalla Road was administratively approved (September 2005) for Rs.46.67 crore. The Chief Engineer (CE), PWD (Roads), awarded (October 2005) the work to Simplex Concrete Piles (India) Limited at a tendered value of Rs.40.70 crore with a stipulation to complete it within April 2007. The work started in October 2005 but the overall progress of the work suffered mainly due to non-completion of land acquisition, non-shifting of installations of MES, BSNL & ASEB etc. Meanwhile the division prepared (date not available) a revised estimate of Rs.76.08 crore for the flyover for some additional items of work and also due to major increase in quantities proposed in the sanctioned estimate. State Government accorded (November 2008) administrative approval to the revised estimate and the work was technically sanctioned (December 2008) by the CE.

5

Sl. No.	Particulars of claim	Amount of claim (Rs.)	Amount of award (Rs.)
1.	Compensation for losses suffered/expenses incurred as a result of idling of machinery	2,05,42,102.00	89,63,694
2.	Interest due and payable on delayed payments/non-payment of bills	37,09,778.56 (provisional upto 30.4.04)	51,87,712 (upto 7.2.05) 23,89,834 (8.2.05 to 20.3.06)
<b>TOTAL</b>			<b>1,65,41,240</b>

Subsequently, the original tendered value of the work was revised (December 2008) to Rs.58.54 crore after allowing for price adjustment and interest payment according to tender agreement and the targeted date of completion was extended up to January 2009. As of March 2009, Rs.49.63 crore was paid to the firm against a physical progress of 88 *per cent*.

Scrutiny (June-July 2007) of records of the Executive Engineer, Guwahati City Division No.II and further information collected (May 2009) revealed that the division paid (March 2006) Rs.4.07 crore as MA to the contractor in one instalment against the maximum admissible limit of Rupees one crore i.e. an excess of Rs.3.07 crore in contravention of rules. The entire MA paid to the firm was recovered (September 2006 to January 2009) in nine instalments without recovering any interest. Thus, failure of the Department to restrict the MA to Rupees one crore as admissible and recover 10 *per cent* simple interest thereon resulted in temporary financial benefit of Rs.3.07 crore and loss of interest of Rs.58.03 lakh to the Government calculated at the average borrowing rates of the State Government prevailing during 2006-09.

(b) The State Public Works Department accorded (August 2005) Administrative Approval (AA) of Rs.38.92 crore for the work “Construction of flyover at Bhangagarh at G.S. Road”. Due to increase in the scope of work, the AA was revised (December 2008) to Rs.56.91 crore. The Chief Engineer (CE), PWD (Roads) Assam awarded (September 2005) the work to M/S Simplex Infrastructures Limited at a tendered cost of Rs.34 crore with the stipulation to complete it by March 2007. Subsequently, the tender value was revised (December 2008) to Rs.44.48 crore with extension of time up to January 2009. As of September 2009, the overall physical progress was 98 *per cent* and the contractor was paid Rs.34.35 crore.

Scrutiny (January 2009) of records of the Executive Engineer, Guwahati City Division No.I revealed that the division paid (December 2005) Rs.3.40 crore to the contractor in one installment against the maximum limit of Rupees one crore i.e. an excess of Rs.2.40 crore in contravention of rules. The division adjusted the MA between March 2006 and January 2009 in 12 installments. The division also did not recover any interest on the outstanding MA as of January 2009.

Thus, failure of the Department to restrict the MA to Rupees one crore as admissible and recover 10 *per cent* simple interest thereon resulted in temporary financial benefit of Rs.2.40 crore to the contractor and loss of interest of Rs.50.18 lakh to Government calculated at the average borrowing rates of the State Government prevailing during 2006-09.

In reply the Government stated (October 2009) that the clause of mobilization advance was incorporated in the tender agreement on the lines of the relevant clause of the Standard Bidding Document of the Union Ministry of Surface Transport, Department of Road transport and Highway. The fact remains that Assam PWD Manual, which is followed by the PWD, has no provision for granting MA and therefore CPWD Manual should have been followed instead of bidding document of a particular Ministry of the GOI.

### 2.2.5 Undue financial benefit

**The Executive Engineer, PWD, Guwahati City Division No. III extended undue financial benefit of Rs.1.04 crore to the contractor by way of non-deduction of security deposit.**

The work, 'Improvement and construction of RCC drain cum footpath from Chandmari Police Point to ROB Noonmati along MR Dewan Road (Ch.3,060 m to 6,080 m)', was administratively approved (December 2006) by the Guwahati Development Department for Rs.15.70 crore under Twelfth Finance Commission award for the year 2006-07. The work was awarded (February 2007) by the Chief Engineer, PWD (Roads) to a contractor at an enhanced tender value of Rs.14.06 crore with the stipulation to complete it within February 2009. The original tender value was enhanced (February 2007) from Rs.95.84 lakh to Rs.14.06 crore by changing the nomenclature of the original work of 'Special Repair to GNB Road (MR Dewan Road) in between Ch.3,060 m to 4,200 m' to 'Improvement and construction work' under Twelfth Finance Commission award. An expenditure of Rs.9.70 crore was incurred on the work with a physical progress of 80 *per cent* as of March 2009.

Scrutiny (April 2008) of records of the Executive Engineer, Guwahati City Division No. III revealed that according to clause 1 of special conditions of contract, 10 *per cent* security deposit was to be deducted from the contractor (two *per cent* of total value of work before commencement of the work and eight *per cent* from the interim bills paid to the contractor). Against the original tender value of Rs.95.84 lakh, a sum of Rupees two lakh was deposited by the contractor as security deposit. However, earnest money convertible to security deposit amounting to Rs.26.12 lakh (two *per cent* of enhanced tender value of Rs.14,06,11,600 – Rs. 2,00,000 already recovered) was not recovered from the contractor. Further, eight *per cent* of security deposit amounting to Rs.77.60 lakh (eight *per cent* of Rs.9.70 crore) was also not deducted from the interim bills paid to the contractor.

Non-deduction of security deposit from the contractor's bills according to the terms of the contract led to undue financial benefit of Rs.1.04 crore (Rs.26.12 lakh + Rs.77.60 lakh).

Government stated (October 2009) that since 80 *per cent* work was completed by the contractor and Rs.2.44 crore (Rs.11.24 crore – Rs.8.80 crore) was payable to the contractor, security deposit of Rs.1.04 crore was not deducted. The reply is not acceptable because as per provision of tender agreement, eight *per cent* security deposit should be deducted from each payment made to the contractor, which accumulated to Rs.1.04 crore as of March 2009. Besides, the security deposit is retainable by the Government for a period of five years from the certified date of completion and therefore not adjustable with balance payment to the contractor.

### 2.2.6 Undue financial benefit

**The Executive Engineer, Guwahati Road Division extended undue financial benefit of Rs.79.45 lakh to the contractor through machinery advance against key equipments.**

The Chief Engineer, PWD (Roads) awarded (January 2006) the work of construction of roads from (A) Ghilabari to Silobori and Raipara to Balapara and (B) Passamtola to Paschim Dhuli and Aggumi to Hatipara to a contractor at a tendered value of Rs.5.60 crore and Rs.5.72 crore respectively under Pradhan Mantri Gram Sadak Yojana (PMGSY) with the stipulation to complete the works by 31 October 2006 and 5 November 2006 respectively. Till July 2008 an expenditure of Rs.5.47 crore and Rs.5.69 crore respectively was incurred on the completed works.

Scrutiny (August 2008) of the records of the Executive Engineer (EE), Guwahati Road Division, Guwahati revealed that according to tender agreement, the qualification of a bidder was to provide evidence of ownership of key equipment such as tipper and also to demonstrate the availability of the equipments for construction work either owned, or on lease or on hire. Thus, the provision for machinery advance in the tender agreement was obviously meant for the equipments other than the key equipments because the possession of key equipment like tipper was the pre requisite qualification of a bidder. However, the Head of Project Implementation Unit, Kamrup district paid (March 2006) an amount of Rs.79.45 lakh to the contractor as machinery advance for eight 'SK 1613/36 8 CM CMVR T-RAM tippers' against the bills passed by EE on a copy of proforma invoice dated 7 March 2006. Records in support of actual procurement of the machinery could not be made available to audit. The advance was adjusted from the payments made to the contractor and the works were also completed in April 2007 and March 2007 respectively.

Thus, providing machinery advance for key equipments such as tippers, the possession of pre-requisite for a bidder, resulted in extension of undue financial benefit of Rs.79.45 lakh.

The matter was reported to Government in May 2009; reply had not been received (October 2009).

**Revenue and Disaster Management Department**

**2.2.7 Undue financial benefit**

**The Deputy Commissioner, Karimganj allowed unauthorised adjustment of rice of inferior quality with those of superior quality resulting in undue financial benefit of Rs.33.99 lakh to the supplying agency.**

Scrutiny (February-March 2008) of records of the Deputy Commissioner (DC), Karimganj revealed that during the flood of September 2007 the DC issued (9 to 15 September 2007) 20 supply orders to M/S Karimganj Wholesale Co-operative Stores (KWCS) for supply of 465.16 tonne rice for distribution among the flood affected people of the district. The variety/specimen of rice and the rate at which the rice was to be supplied were not mentioned in the supply orders issued by the DC. The agency was, however, supplying rice (APL) for relief purposes @ Rs.8,663.80 per tonne during 2007-08. The agency started the supply (against the above orders) since 9 September 2007 and supplied the full quantity of 465.16 tonne rice as on 15 September 2007.

On receipt (14 September 2007) of allotment of 1,500 tonne rice (against the total requirement of 1,228 tonne) from the Government of Assam, Revenue and Disaster Management Department for distribution among the flood affected people of Karimganj District, the DC engaged (15 September 2007) the same agency, i.e., KWCS for lifting the allotted rice from FCI Badarpurghat godown and distribution among various circles of the district for eventual distribution to the flood affected people. The agency lifted (between 16 September 2007 and 4 October 2007) a total quantity of 1,228 tonnes of rice valued at Rs.2 crore<sup>6</sup> including transportation and loading/unloading charges of Rs.2.33 lakh.

Scrutiny revealed that the KWCS issued a total quantity of 1,228 tonne rice to various circles, out of which 465.16 tonne were issued from its own stock of APL rice. The agency, however, did not submit any claim for the cost of the rice supplied from its own stock. It, instead, adjusted the rice from the rice lifted from FCI.

Thus, by allowing adjustment of cheaper variety of APL rice (Rs.8,663.80/tonne), with costlier FCI rice (Rs.15,970/tonne), the DC extended undue financial benefit of Rs.33.99 lakh to the supplying agency.

<sup>6</sup>

(In rupees)	
1228 tonne @ Rs.15,970	1,96,11,160
Add VAT @ 1%	1,96,112
<b>Amount paid to FCI on 29.02.2008</b>	<b>1,98,07,272</b>
Transportation @ Rs.90 per tonne = 1228 X Rs.90	1,10,520
Loading and unloading @ Rs.50 per tonne = 1228 X Rs.50	61,400
Loading to Relief parties @ Rs.50 per tonne = 1228 X Rs.50	61,400
<b>Paid to KWCS on 24.10.2007</b>	<b>2,33,320</b>
<b>Grand total</b>	<b>2,00,40,592</b>

In reply, the DC, Karimganj admitted (June 2009) that the firm was allowed to adjust costlier FCI rice with the cheaper APL rice issued by the firm. Reply from the Government is awaited (October 2009).

### **2.3 Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.**

#### **Health and Family Welfare Department**

##### **2.3.1 Non-achievement of objectives of NMHP**

**Central funds of Rs.21.34 lakh, received by the Principal, Gauhati Medical College and Hospital under District Mental Health Programme, remained blocked in the bank for more than four and a half years, which resulted in non-achievement of the objectives of NMHP.**

National Mental Health Programme (NMHP) was launched in the country in 1982 with the objectives of (i) ensuring availability and accessibility of minimum mental health care for all in near foreseeable future, particularly to the most vulnerable sections of the population; (ii) encouraging mental health knowledge and skills in general health care and social development and (iii) promoting community participation in mental health service development and to stimulate self-help in the community.

The GOI sanctioned and released (October 2004) Rs.26.20 lakh to the Principal-cum-Chief Superintendent (Principal), Gauhati Medical College and Hospital (GMCH) for implementation of five components of the four year long District Mental Health Programme (DMHP) under NMHP in Nalbari district.

Scrutiny (April-May 2006) of records of the Principal and further information collected (April 2009) revealed that out of the funds of Rs.26.20 lakh, only Rs.4.86 lakh could be utilised by the implementing authority as of April 2009. The balance Rs.21.34 lakh remained unutilised in the bank ostensibly due to the delay in selection and appointment of the Nodal Officer for the Programme.

The Government in its reply stated (September 2009) that the delay in appointment of Nodal Officer was due to shortage of staff in Psychiatry department of GMCH and unwillingness of the eligible doctors to act as the Nodal officer. The reason given by the Government for non-achievement of the objectives of the programme are not valid since the Government should have considered engagement/recruitment of manpower before initiating the programme. Also, while the Nodal Officer was appointed in October 2007 the programme could not be implemented even thereafter.

Thus, due to lack of timely action by the Government, the objectives of NMHP remained unachieved besides blocking Central funds of Rs.21.34 lakh in the bank account for more than four and a half years. Further, 1,278 patients of the District, suffering from mental illness were deprived of the intended benefit under the scheme.

### **2.3.2 Unproductive expenditure**

**The Health and Family Welfare Department incurred unproductive expenditure of Rs.54.97 lakh towards pay and allowances of idle staff of the departmental offset press.**

The departmental offset press of Health and Family Welfare Department, Assam was set up in 1973 and went into production in January 1974. It is a full fledged printing press with 13 printing and other related machinery and 22 regular technical/skilled staff. The objective and function of the offset press is to produce various printing materials for the entire Health and Family Welfare Department.

Scrutiny (April 2009) of records of the Superintendent, Offset Press, Hedayatpur revealed that 7 out of the 13 machinery of the Press had been lying out of order for periods ranging from six to fifteen years for want of repairs. Thus, 10 of the 22 technical/skilled staff of the Press had been sitting idle for the corresponding periods and drawing their pay and allowances without any work. During the last six years the Department incurred Rs.54.97 lakh towards the pay and allowances of these idle staff without utilising their services, resulting in unproductive expenditure of Rs.54.97 lakh.

Further, due to obsolete machinery and consequent idling of nearly 50 *per cent* of the technical/skilled staff, the production capacity of the Press was adversely affected and as a result the Department had to offload major portion (88 *per cent*<sup>7</sup>) of printing works under National Rural Health Mission, to private presses during 2005-09.

Though, the Superintendent of the Printing Press took up the matter with the higher authorities time and again, no action was initiated by the Directorate/Department for gainful utilisation of the services of the idle staff.

The matter was reported to Government in June 2009; their replies had not been received (October 2009).

## **Labour and Employment Department**

### **2.3.3 Idle expenditure**

**Due to poor planning and non-provision of funds and manpower by Labour and Employment Department, the Regional Boiler Testing Laboratory remained incomplete resulting in unproductive expenditure of Rs.1.99 crore.**

The North Eastern Council (NEC), Shillong sanctioned Rs.2.43 crore (Rs.0.60 crore for civil work and Rs.1.83 crore for plant and machinery) to the Government of

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<sup>7</sup> During 2005-09, out of total printing works worth Rs.11.01 crore under NRHM, printing works worth Rs.9.69 crore was done by private presses.

Assam, Labour and Employment Department, during 2004-05 (Rs.1.50 crore) and 2005-06 (Rs.0.93 crore) for setting up a Regional Boiler Testing Laboratory at Guwahati. The project was to be implemented by the Chief Inspector of Boilers (CIB) under the Central Scheme for Promotion of Industries in NER (SPINE). The GOA released (2004-05) Rs.1.49 crore (Rs.0.60 crore for civil work and Rs.0.89 crore for plant and machinery), which was drawn by the CIB in March 2005. The laboratory was to be commissioned by 31 March 2007.

Scrutiny (March 2009) of records of the CIB and collection (May 2009) of further information from the CIB revealed that the civil work (earth filling, security wall and construction of building) was completed in March 2007 at an expenditure of Rs.60 lakh. Meanwhile, in March 2006, after observing all formalities, the CIB issued a supply order to a Kolkata based firm (M/s Blue Star Limited) for supply of machinery and equipment worth Rs.88.66 lakh. The terms of the supply included satisfactory delivery, installation and commissioning of the listed machinery and equipment/instruments and demonstration and training to officers/operators for specified period as decided by the CIB. However, although the plant and machinery were installed (July 2007), these could not be made operational due to lack of manpower and funds from the Government. Further, according to the conditions of the supply order, demonstration and training was to be imparted to the officers/operators by the supplier free of cost, which could not be undertaken due to the failure of the Government to post staff to operate the machines.

In reply, the Government stated (July 2009) that machinery worth another Rs.50 lakh were procured and installed by the end of 2008-09 and the remaining funds of Rs.44 lakh meant for some more machinery were to be released by the NEC. It was further intimated that instead of recruitment of technical manpower to run the laboratory, the Government is now considering outsourcing the works to private consultants.

As per terms of the sanction of NEC the project should have been completed by March 2007. There were intermittent delays in installation of the machinery and consequent delay in obtaining further releases from NEC. Further, the Government had not decided whether to go for recruitment of manpower or outsourcing the work. Thus, the project remained incomplete even after 28 months of the due date of its completion, rendering the expenditure of Rs.1.99 crore idle. Besides, the objective of setting up the laboratory i.e., statutory testing of materials related to boilers, pipelines, pressure parts etc., as per requirement of Indian Boiler Regulation, 1950, remained unachieved. Further, because of non-commissioning of the Laboratory, the objective to minimize the recurrence of boiler related failures in the industries located in North Eastern region due to bad workmanship and inferior quality of materials leading to accidents in industries/factories, could not be achieved.



**Panchayat and Rural Development Department**

**2.3.4 Diversion of funds**

**The Project Directors, DRDA Dhemaji and Jorhat diverted scheme funds of Rs.52.29 lakh towards transportation cost.**

As per guidelines of “Sampoorna Grameen Rozgar Yojana” (SGRY) and “National Food For Work Programme” (NFFWP) the State Government should bear the transportation cost and handling charges (including taxes, if any) for the foodgrains (wheat/rice) component received from the GOI under the scheme, and funds provided under the scheme are not to be utilised for payment of transportation cost.

Scrutiny (March-April 2008 and November-December 2008) of records of the Project Directors (PD), DRDA Jorhat and Dhemaji revealed that during 2005-07 the PDs lifted and transported 27,221 tonne<sup>8</sup> (SGRY: 25,527 tonne and NFFWP: 1,694 tonne) of rice from FCI godown to the Block/DRDA godowns/warehouses etc. In violation of the scheme guidelines, the PDs incurred an expenditure of Rs.52.29 lakh (SGRY: Rs.47.02 lakh and NFFWP: Rs.5.27 lakh) towards transportation cost out of the scheme funds meant for rural employment generation. Due to this diversion, 76,058 mandays (@ Rs.68.75 per manday) of employment could not be generated and the eligible beneficiaries were deprived of the benefit of employment to that extent. The PDs did not initiate any action to get the amount reimbursed by the State Government.

Further, the National Rural Employment Guarantee Scheme (NREGS) had already been launched with effect from February, 2006 in Dhemaji district. NREGS subsumed the two erstwhile schemes, viz., SGRY and NFFWP since the date of its launch. Therefore, the PD, DRDA, Dhemaji should not have incurred expenditure under SGRY and NFFWP during 2006-07, as it was a scheme which had already been closed.

In reply, the Executive Directors, DRDA, Jorhat and Dhemaji stated (October 2009) that the transportation cost was met from the schematic contingency of the programmes, which is permissible as per Annual Report – 2004-05 published by the Rural Development Ministry of GOI.

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PD, DRDA concerned	---	SGRY	NFFWP	Total
Jorhat	Rice lifted (in tonnes)	18151	--	18151
	Expenditure incurred in lakh of Rupees	25.63	--	25.63
Dhemaji	Rice lifted (in tonnes)	7376	1694	9070
	Expenditure incurred in lakh of Rupees	21.39	5.27	26.66
<b>Total</b>	<b>Rice lifted (in tonnes)</b>	<b>25527</b>	<b>1694</b>	<b>27,221</b>
	<b>Expenditure incurred in lakh of Rupees</b>	<b>47.02</b>	<b>5.27</b>	<b>52.29</b>

It was, however, noticed that the relevant paragraph of the Annual Report says that North Eastern States are permitted to meet the transportation cost out of their respective cash component subject to permissible ceiling for each State. As per guidelines of SGRY, the District Panchayats and Intermediate Panchayats can spend upto two *per cent* of the respective share of funds released during the year, which is specifically meant for administrative contingencies and not for transportation cost. The fact that diversion of scheme funds towards transportation is not permissible, would be further evident from the instance of reduction of funds by the GOI in case of DRDA, Karimganj (Ref: Paragraph-2.5.2).

The matter was reported to Government in May 2009 and was also discussed in the meeting held on 8 October 2009 with the Principal Secretary, P&RD Department; the Government did not offer any comments.

### **2.3.5 Non-achievement of project objectives**

**Inaction on the part of the Government/Department resulted in non-completion of project and non-achievement of the objectives, besides blocking Central funds amounting to Rs.4.33 crore.**

The GOI allocated Rs.46.69 crore per year as Local Body Grants to the Government of Assam under the Eleventh Finance Commission award for Panchayati Raj Institutions (PRIs). The objective of the scheme (Local Body Grants) was to finance the maintenance of civic services in rural and urban areas. A portion of the grants (Rs.2.16 crore per year) was provided for development of database on finances of the PRIs.

Audit scrutiny (July 2008) of records of the Director, Panchayat and Rural Development (P&RD), Assam, and further information collected (April 2009) revealed that the Director, P&RD received a total of Rs.6.49 crore in December 2003 (Rs.2.16 crore), March 2005 (Rs.2.16 crore) and in March 2006 (Rs.2.17 crore) for development of the database of the PRIs. Out of Rs.6.49 crore, Rs.2.16 crore was utilised and the balance Rs.4.33 crore was retained by the Directorate for a period ranging from 15 to 24 months without utilisation.

The funds released to the Zilla Parishads (ZPs) in June 2006 (Rs.2.16 crore) and March 2008 (Rs.2.17 crore), out of Rs.6.49 crore also remained unspent with the ZPs as of April 2009. The State Government, however, intimated (June 2006) the GOI that the entire amount of Rs.6.49 crore was utilised for the approved project.

As such, the desired aims and objectives had not been achieved as the project remained incomplete despite availability of required funds.

In reply, the Commissioner of P&RD stated (October 2009) that though a proposal for the process of computerization upto GP level had been submitted (November 2005) to the Government, no decision in this regard had been taken by the Government as of date except constituting few sub-committees for formulating the procedures. As the

Government is yet to finalise the process of utilisation, the amount is lying unutilised with the ZPs (October 2009). The Government, however, stated (October 2009) that steps are now being taken for immediate implementation of the project.

### **2.3.6 Diversion of SGRY funds**

**The Project Director, District Rural Development Agency, Karimganj diverted SGRY funds of Rs.20.11 lakh towards purchase/construction of inadmissible items.**

The objective of Sampoorna Grameen Rozgar Yojana (SGRY) is to provide additional wage employment in rural areas and thereby provide food security and improve nutritional levels besides creation of durable community, social and economic assets and infrastructural development in rural areas. According to the scheme guidelines, while creating rural infrastructure, emphasis should be given to labour intensive works and purely material oriented works are not to be taken up. SGRY funds cannot be utilised for creation of assets in the urban areas nor can the funds be diverted for creation of assets for Government offices.

Scrutiny (February-March 2008) of records of the Project Director (PD), DRDA, Karimganj revealed that the PD diverted SGRY funds of Rs.20.11 lakh during 2005-06 (Rs.14.61 lakh) and 2006-07 (Rs.5.50 lakh) for purchase of furniture and computer, installation of air conditioner and renovation of the conference hall of the Deputy Commissioner's establishment, shifting of office, construction of shed in the PD's establishment etc.

Expenditure incurred towards inadmissible items amounts to unauthorised diversion of rural development funds of Rs.20.11 lakh. Further, due to this diversion, 0.29 lakh mandays<sup>9</sup> employment could not be generated and the eligible beneficiaries were deprived of the benefit of employment to that extent.

The PD in his reply furnished (September 2009) to the Commissioner of P&RD accepted diversion of Rs.9.44 lakh and stated that records relating to the balance expenditure of Rs.10.67 lakh were not traceable in his office. The Government did not offer any comments during the discussion (October 2009).

## **Planning and Development Department**

### **2.3.7 Blocking of funds**

**Injudicious drawal of funds by the Deputy Commissioner, Nalbari in advance of requirement, resulted in blocking of Rs.1.81 crore for periods ranging from 18 to 32 months.**

The Government of Assam launched an employment generating scheme by the name of "KALPATARU" under untied fund from the year 2003-04. The main objective of

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<sup>9</sup> Rs.20.11 lakh/Rs.68.75 per manday.

the scheme is to provide the unemployed youth a source of income through self employment and to bring them above the poverty line. The fund is to be placed at the disposal of the Deputy Commissioner (DC) of the respective districts who will act as the nodal agency of the scheme. The amount of financial assistance under the scheme ranges from Rs.7,000 to Rs.25,000. The beneficiary's contribution would be 20 *per cent* of the total unit cost.

Scrutiny (February-March 2009) of records of the DC, Nalbari revealed that the DC drew Rs.1.81 crore in February 2007 (Rs.93 lakh) and in March 2008 (Rs.88 lakh) as sanctioned by the Government for implementation of the scheme KALPATARU. However, though a period of two years has elapsed since the drawal of the first instalment, the DC could not utilise the fund (Rs.1.81 crore) as of March 2009 due to non-selection of beneficiaries and the entire amount remained locked in the current bank account of the DC.

Though sufficient publicity was given to the scheme by calling applications from interested candidates, adequate steps were not taken by the DC, Nalbari in case of selection of beneficiaries. The District Level Committee (DLC) meeting was held once each in 2007 and 2008 and twice in 2009. Due to disagreement among the DLC members in finalising the list of beneficiaries and lack of adequate follow up action to convene successive meetings to sort out the disagreement, implementation of the scheme has been delayed.

The Government in reply stated (August 2009) that the list of beneficiaries is under process and the fund will be utilised within a very short period. In September 2009 the DC, Nalbari stated that the beneficiaries had been selected during the 4<sup>th</sup> DLC meeting held on 9 June 2009 and the fund has been released.

The fact, however, remains that plan funds of Rs.1.81 crore remained blocked with the bank for periods ranging from 18 to 32 months due to drawal of funds before selection of beneficiaries. Blocking of funds for periods upto 32 months also resulted in denial of intended benefit of employment to the unemployed youth.

## Public Works Department

### 2.3.8 Diversion of Calamity Relief Fund

**The Executive Engineer, PWD, Barpeta Rural Road Division incurred an expenditure of Rs.63.08 lakh on restoration work by diverting funds provided under Calamity Relief Fund.**

The Special Secretary and Central Relief Commissioner, GOI informed (September 2001) the State Chief Secretary that the Eleventh Finance Commission had considered and categorically rejected the State proposal to meet expenditure on restoration and reconstruction of roads etc., from Calamity Relief Fund (CRF). The relief fund was to

be utilised for immediate repair/restoration of damaged infrastructure caused by calamities such as cyclone, drought, earthquake, fire, flood and hailstorm to communication, power, public health, drinking water supply, primary education and community owned assets in social sector. It was emphasised in the GOI's instruction (September 2001) that the scope of this provision is strictly confined to repair/restoration of immediate nature is a major departure from earlier provision viz. "restoration to pre-calamity level".

Scrutiny of records (May 2008) of the Executive Engineer, Rural Road Division, Barpeta revealed that the State Revenue (General) Department sanctioned (February 2006) Rs.63.11 lakh for the work, 'CRF Flood Damage Repair (FDR) to unmetalled original Bamakhata-Kardeguri Road for 2005-06 (Breach filling and protection work at Gohinpara)' and directed to utilize the funds according to CRF norms which entails repair/restoration of immediate nature for carrying relief and essential commodities to the site. The Chief Engineer, PWD, (Roads) awarded (May 2006) the work to a contractor at a tendered value of Rs.63.11 lakh with the stipulation to complete it within 60 days from the date of issue of work order. The work was completed in June 2006 at a cost of Rs.63.08 lakh. Scrutiny, however, revealed that the work related to restoration of a portion of the road which was damaged during the flood of July 2004 and there was nothing on record to show that the work for which the amount was sanctioned was in the nature of immediate repair/restoration for carrying relief materials to the site.

Thus, taking up restoration work under CRF after almost 2 years of occurrence of flood not only violated the GOI guidelines but also went against the requirement of immediacy of relief measures and therefore, resulted in diversion of central funds to the tune of Rs.63.08 lakh. The reply (July 2009) of the Executive Engineer explaining that the delay was due to survey, preparation of detailed estimate, delay in sanction etc., also confirms that there was no immediate requirement.

The matter was reported to Government in April 2009; reply had not been received (October 2009).

## Transport Department

### 2.3.9 Blocking of plan funds

**Injudicious drawal of funds by the Commissioner of Transport, Assam in advance of requirement, resulted in blocking of Rs.40 lakh over a period of three years.**

"Tourist Cab-2005", a project under the Chief Minister's transport oriented self employment scheme for educated unemployed youth with minimum qualification of Higher Secondary School Leaving Certificate (HSSLC), was introduced during 2005-06. Under the project, the beneficiaries were permitted to operate self driven taxi

service within the State. A margin money of Rs.0.25 lakh was allowed to each beneficiary besides other concessions like refund of excise duty, rebate on Motor Vehicle Tax, reduced rate of interest on loan etc. For implementation of the project the Government of Assam sanctioned (November 2005) Rs.50 lakh as margin money in respect of 200 beneficiaries.

Scrutiny (July 2008) of records of the Commissioner of Transport revealed that the Commissioner drew the entire amount of Rs.50 lakh on Abstract Contingent (AC) bill in February 2006. The Department failed to give wide publicity through print media for general awareness of educated unemployed youth about the scheme except publishing an advertisement in two local newspapers on a single day. No awareness campaign was also arranged in rural areas through Panchayats/Town Committees etc., to attract the youth towards the scheme. The District Transport Officers also did nothing for publicising of the scheme. As a result, the project could not generate adequate response among the eligible beneficiaries and the Commissioner could utilise only Rs.10 lakh towards payment of margin money to 40 beneficiaries between February 2006 and June 2007. The unutilised balance of Rs.40 lakh remained blocked in the form of Deposit at Call (DAC) with the State Bank of India, Dispur Branch (May 2009). During these three years the Department took no action towards utilisation or refund of the unspent balance in spite of repeated requests from the Commissioner. Further, the drawal of AC bill was not regularised (September 2009) by submission of Detailed Countersigned Contingent (DCC) bills.

Thus, due to lack of proper publicity, the project failed to attract attention of unemployed youth of the State and the objectives of the project were not achieved. Besides, injudicious drawal of funds in advance of requirement resulted in blocking the plan funds of Rs.40 lakh with the bank for over a period of three years.

The matter was reported to the Government in June 2009; their replies had not been received (October 2009).

## **2.4 Regularity issues and others**

### **Animal Husbandry and Veterinary Department**

#### **2.4.1 Non-utilisation of Central assistance**

**The State Government did not release Central assistance of Rs.18.41 crore received for conduct of Livestock Census.**

The GOI sanctioned and released Rs.2.90 crore to the State Government during the Tenth plan period (2002-07) under 100 *per cent* Central Sector Scheme "Assisting the States/UTs in the conduct of 17th Livestock Census". Till the end of the 10th plan, the State Government released only Rs.1.05 crore, which was utilised by the Nodal Officer (Director, Animal Husbandry and Veterinary Department). The lapsed

balance of Rs.1.85 crore was, however, revalidated (August 2007) by the GOI for utilisation during 2007-08.

Scrutiny (July 2008) of records of the Director, Animal Husbandry and Veterinary (AH & Vety) and further information collected (September 2009) revealed that during 2007-08 the State Government released (January 2008) only Rs.50 lakh out of the revalidated amount of Rs.1.85 crore, which was utilised by the Director, AH & Vety. The balance Rs.1.35 crore lapsed again in March 2008, which was again revalidated in March 2009. During 2007-09, the GOI released another Rs.17.06 crore<sup>10</sup>, which remained unutilised as of September 2009.

Further, due to delay in release of funds by the State Government, the work of the Livestock Census could not be completed in time. Enumeration for the districts could be completed only in September 2008; other schematic works are lying incomplete as of September 2009.

The matter was reported to Government in June 2009; their replies had not been received (October 2009).

## **Public Works Department**

### **2.4.2 Unauthorised expenditure**

#### **Action of the Department in taking up the work without administrative approval and also shifting the location of approved work led to unauthorised expenditure of Rs.5.02 crore.**

The work of 'Improvement of GNB Road to 4 lane carriageway' (widening the existing hard crust including construction of footpath cum drain) from chainage 1230 m to 1,920 m under Annual Plan 2004-05 was administratively approved (November 2004) by the State Public Works Department (PWD) for Rs.6.12 crore. The Chief Engineer (CE), PWD (Roads), awarded (December 2004) the work to a contractor at a tendered cost of Rs.4.39 crore without stipulating any target date for completion. As of January 2009, Rs.5.02 crore was paid to the contractor against the completed (December 2006) work which was done from chainage 1,780 m to 2,465 m instead of chainage 1,230 m to 1,920 m including other works not included in the administrative approval.

Scrutiny (January 2009) of records of the Executive Engineer (EE), Guwahati City I Division revealed that due to proposed construction of a flyover at the original location of the work, the improvement work of the chainage was changed 1,780 m to 2,465 m instead of chainage 1,230 m to 1920 m. For execution of the work at the new location, a working estimate (WE) for Rs.6.12 crore was prepared on the strength of the original administrative approval with inclusion of an altogether new item 'extension and

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<sup>10</sup> Rs.1.45 crore in September 2007; Rs.11 lakh in December 2007; Rs.6 crore in March 2008 and Rs. 9.50 crore in June 2008.

renovation of office building of CE, PWD (Roads) for Asom PWD Computerisation Project and Tender Receiving Centre' for Rs.68.62 lakh and the original tender value of Rs.4.39 crore was enhanced (February 2005) to Rs.5.08 crore. As most part of the chainage was changed and new items of work viz. 'building renovation and extension' was included in the fresh estimate, the division was required to obtain fresh administrative approval and technical sanction, which was however not obtained.

Thus, the action of the Department in taking up the work without administrative approval and also shifting the location of approved work led to unauthorised expenditure of Rs.5.02 crore.

The matter was reported to Government in May 2009; reply had not been received (October 2009).

## Revenue and Disaster Management Department

### 2.4.3 Unauthorised payment and irregular retention of funds

#### **The Deputy Commissioner, Sivasagar made an unauthorised payment of Rs.25.03 lakh and irregularly retained Rs.26.07 lakh from Calamity Relief Fund.**

Government of Assam, Revenue and Disaster Management Department sanctioned (December 2007) and released (March 2008) Rs.53.17 lakh to the Deputy Commissioner (DC), Sivasagar for payment of outstanding claims of FCI for supply of relief materials to the flood affected areas during 2007. In terms of the sanction letter the funds were to be utilised exclusively for clearance of outstanding dues of current year's (2007-08) liabilities of FCI. The unutilised funds or excess amount, if any, were to be refunded to the Government.

Scrutiny (February-March 2009) of records of the DC, Sivasagar revealed that only Rs.2.07 lakh, that too pertaining to 2002-03, was paid (August 2008) against the outstanding claims of FCI. Out of the balance Rs.51.10 lakh, the DC unauthorisedly paid (October-December 2008) Rs.25.03 lakh to five private suppliers<sup>11</sup> for supply/transportation of relief material to Dhakuakhana Sub-division of Lakhimpur District during the flood of 2008 retaining the balance of Rs.26.07 lakh in his current account without surrendering (March 2009) it as required in the instructions contained in the sanction letter.

Thus, the DC made unauthorised payment of Rs.25.03 lakh and irregularly retained Rs.26.07 lakh in violation of Government instructions.

<sup>11</sup> (1) M/S Pirdhan Chhaganlal, Sivasagar	Rs.12.28 lakh
(2) M/S Kamakhya Roller Floor Mills, Sivasagar	Rs. 0.35 lakh
(3) M/S Bhattar Traders, Sivasagar	Rs. 9.36 lakh
(4) President, Sivasagar Mini Truck Owners Association	Rs. 1.77 lakh
(5) M/S Nanchand Manikchand & Co., Sivasagar	<u>Rs. 1.27 lakh</u>
	<b>Rs.25.03 lakh</b>



In reply, the DC, Sivasagar stated (August 2009) that as the outstanding dues of FCI for the year 2007 (Rs.72.90 lakh) was already cleared (March 2008) from the available funds Rs.1.25 crore released by the Government of Assam during 2007, there was no outstanding liabilities with the FCI when Rs.53.17 lakh was released. On receipt (30 August 2008) of wireless telegraphic (WT) message from DC Lakhimpur and telephonic direction from the Principal Secretary, Revenue and Disaster Management Department, the relief materials were sent to Dhakuakhana and subsequently the payments were made to the suppliers. The unutilized fund of Rs.26.07 lakh was retained to meet emergent situation of flood relief either for Sivasagar district or for Dhakuakhana.

The reply of the DC cannot be accepted as the WT message dated 30 August 2009 from DC, Lakhimpur clearly stated that the bill for the relief items was to be sent to them for payment. The DC, Sivasagar remained silent on why he himself made the payment instead of forwarding the bills to DC, Lakhimpur for payment. Regarding telephonic direction of the Principal Secretary, no follow up written confirmation from the Government was made available by the DC, Sivasagar. Further, retention of the balance fund without any directive from the Government was also irregular.

The matter was reported to Government in June 2009; their replies had not been received (October 2009).

## 2.5 General

### 2.5.1 Follow up on Audit Reports

#### Non-submission of suo-moto Action Taken Notes

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative departments are required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to the Accountant General (AG), (Audit) without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC in turn is required to forward the ATNs to AG (Audit) for vetting before its comments and recommendation.

As of March 2009 the PAC discussed 922 out of 1,413 paragraphs and reviews pertaining to the years 1983-2008. However, ATNs pertaining to none of the paragraphs/reviews was received *suo-moto* either from the Departments or through the PAC. Consequently, the audit observations/comments included in these paras/reviews are yet to be settled by PAC as of March 2009.

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**2.5.2 Action taken on recommendations of the Public Accounts Committee**

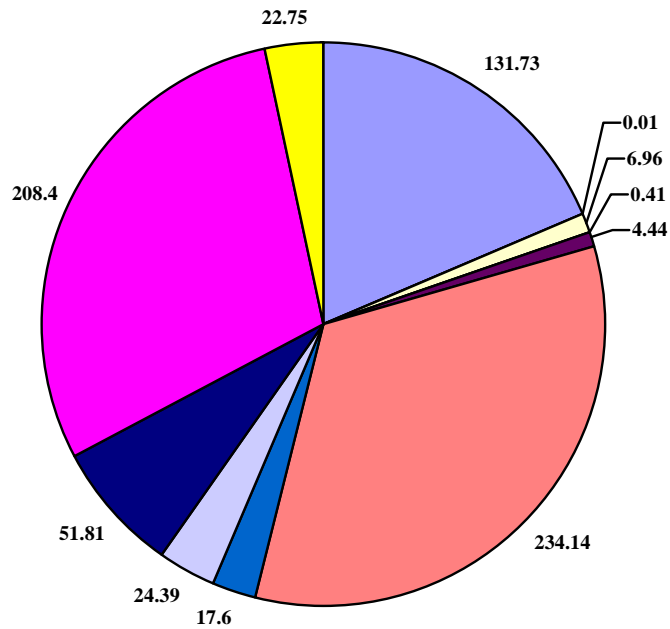
Three hundred and fifty two recommendations of the PAC, made in its Fifty Fifth to Hundred and Eighteenth Report with regard to 36 Departments, were pending settlement as of March 2009 due to non-receipt of Action Taken Notes/Reports.

**2.5.3 Response to audit observations and compliance thereof by senior officials**

The Principal Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records according to prescribed rules and procedures. When important irregularities, detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures. The authorities of the Offices and Departments concerned are required to examine the observations contained in the IRs in the light of the given rules and regulations and prescribed procedures and rectify the defects and omissions promptly wherever called for and report their compliance to the AG. A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments concerned to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2008 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/Irrigation and Inland Water Transport Department disclosed that 17,177 paragraphs pertaining to 4,304 IRs were outstanding for settlement at the end of June 2009. Of these, 1,066 IRs containing 2,522 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 39 departments in respect of 1,318 IRs issued between 1975-76 and 2008-09. As a result, serious irregularities, commented upon in 2,133 paragraphs involving Rs.702.64 crore, had not been addressed as of June 2009 as shown in Chart-1.

**Chart-1**



- Non-observance of of rules relating to custody and handling of cash, maintenance of Cash Book and Master Rolls et.
- Securities from persons holding cash and stores not obtained
- Stores not maintained properly etc.
- Improper maintenance of logbook of departmental vehicles
- Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction
- Delay in recovery of receipts, advances and other charges
- Payment of grants in excess of actual requirement
- Want of sanction to write off loan, losses, etc.
- Over-payments of amount disallowed in Audit not recovered
- Wanting utilisation certificates and audited accounts in respect of grants-in-aid
- Actual payee's receipts wanting

A review of the IRs, which were pending due to non-receipt of replies in respect of 39 departments, revealed that the Heads of Departments (Directors/Executive Engineers) had not furnished replies to a large number of IRs indicating their failure to initiate action in regard to defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the Departments concerned, who were informed of the position through half-yearly reports, also failed to ensure that the officers concerned of the Departments took prompt and timely action.

The above mentioned facts also indicated inaction against the defaulting officers thereby facilitating continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

In view of large number of outstanding IRs and Paragraphs, the Government has constituted two Audit Objection Committees at State level for consideration and settlement of outstanding audit observations relating to Civil and Works departments. During 2008-2009, 226 meetings (Civil: 175; Works: 51) of the Committees were held, in which 1,891 IRs and 6,859 Paragraphs were discussed and 158 IRs and 2,276 Paragraphs settled.

It is recommended that Government review the matter and ensure that effective system exists for (a) action against defaulting officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/ overpayments in a time bound manner, and, (c) revamp the system to ensure prompt and timely response to the audit observations.

## CHAPTER-III

### INTEGRATED AUDIT

#### **3.1 Animal Husbandry and Veterinary Department**

*The Animal Husbandry and Veterinary Department is responsible for all round development of livestock wealth in the State. An integrated audit of the Department revealed that during 2004-09, the Department did not achieve its goal because of non-implementation of the schemes and programmes due to short receipt of funds from the State Government and lack of adequate internal controls in the Department. The State Government could not generate adequate financial resources for various schemes and create avenues of self-employment for the unemployed youth of the State.*

#### **Highlights**

**Budgeting in the Department was unrealistic. There were substantial savings ranging between 33 and 41 per cent during 2004-09.**

**(Paragraph-3.1.8.1)**

**Funds amounting to Rs.34.14 crore were lying unutilised as of March 2009 with the State Government (Rs.23.39 crore), the Department (Rs.8.67 crore) and Assam Live stock Development Agency (Rs.2.08 crore) against 11 Centrally Sponsored Schemes.**

**(Paragraph-3.1.8.2)**

**There was rush of expenditure (between 33 and 37 per cent) in 4<sup>th</sup> quarter and heavy cash balances (between Rs.3.53 crore and Rs.18.20 crore) were retained at the end of the years during 2004-09.**

**(Paragraph-3.1.8.5)**

**The Department incurred unfruitful expenditure of Rs.2.49 crore during 2004-09 on 15 defunct poultry farms. Three other farms were running uneconomically as revenue during 2004-09 was only nine per cent of the administrative cost (Rs.3.01 crore) during the period.**

**(Paragraph-3.1.10.3)**

**Monitoring system for implementation of various schemes was non-existent in the Department and no evaluation was ever carried out to assess the impact of various activities of the Department during 2004-09.**

**(Paragraph-3.1.12)**

### 3.1.1 Introduction

The Animal Husbandry and Veterinary (AH & Vety.) Department implements various programmes relating to Livestock Development by genetic improvement of animals through artificial insemination (AI) and steady supply of fodder throughout the year. During the 10th plan period (2002-07) the Department proposed to take up Assam Agricultural Competitiveness Project (AACP Phase-II) and National Cattle and Buffalo Breeding Project (NCBBP) to develop the animal resources of the State so that farmers and breeders can earn their livelihood through livestock farming and generate resources for themselves as well as for the State. For achieving its goal, the Department set up a network of offices from the Directorate to Zonal Offices and then to District and Sub-divisional levels and finally at the grass root level in the villages to ensure that benefits of the programmes reach the targeted beneficiaries and help them become self sufficient in all spheres.

The Assam Livestock and Poultry Corporation (ALPCO) Limited, a State Government undertaking under the administrative control of AH & Vety Department with its Headquarters at Khanapara, was established in 1994. The main objectives of ALPCO are to undertake development of livestock and poultry trade in the State through co-operative societies, improve the socio-economic conditions of livestock and poultry breeders, introduce modern economic techniques of livestock and poultry keeping and production of livestock products, impart training to farmers etc. The State Government set up (January 2004) the Assam Livestock Development Agency (ALDA) (a Society registered under Societies Act) with the objective of encouraging, promoting and viably carrying out all activities to improve the breeding and management of livestock to enhance livestock production leading to higher farm income and better quality of life for livestock farmers.

The Department planned to take up 24 schemes for implementation during 2004-09. Of the 24 schemes, 11<sup>1</sup> were under State Plan and the remaining 13<sup>2</sup> were Centrally Sponsored Schemes (CSS), of which ten are funded 100 *per cent* by the GOI, one funded on 75:25 share basis and two schemes funded on 50:50 share basis between GOI and the State Government. As of March 2009, there were 1,310 Veterinary Institutions (Veterinary Hospitals–27, Veterinary Dispensaries– 331 and others – 952) in the State.

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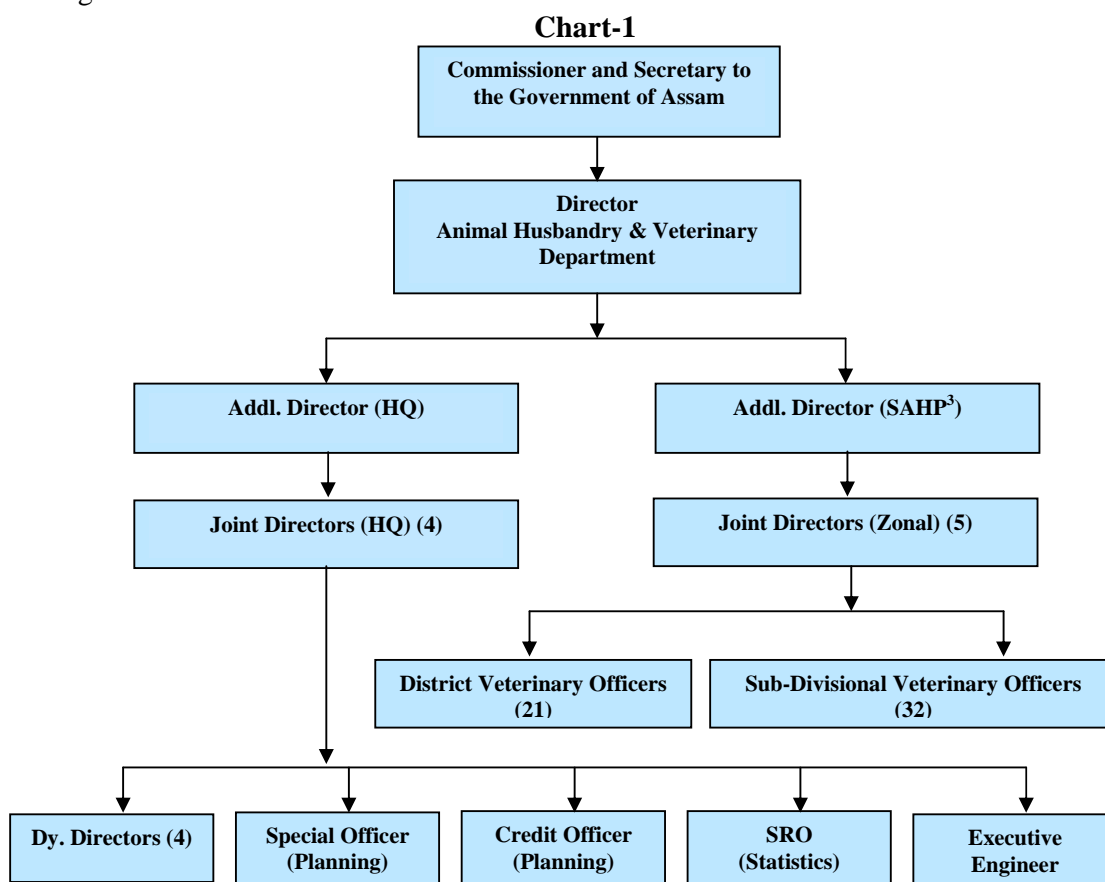
<sup>1</sup> Strengthening of Poultry Farm, Birubari; Strengthening of Duck Breeding Farm, Sipajhar; Assam Livestock Development corporation; Rehabilitation Programme; Renovation of Veterinary Dispensary Complex; Repairing and Renovation of Veterinary sub-centres etc.; Compensation control and containment of Bird flu in Dhubri and Kokrajhar District; Purchase of Medicines, vaccines etc; Strengthening of poultry farms; Cattle induction programme; and Assam Veterinary Council.

<sup>2</sup> National Project on Rinderpest; Regional Disease Diagnostic Laboratories (RDDL); Assistance to State Poultry Farms; Livestock Census; Feed and Fodder Development; National Project on cattle and Buffalo Breeding (NPCBB); Integrated Piggery Development; Integrated Poultry Development-Silcoorie; Assam Agricultural Competitiveness Project (Livestock Development); Livestock Insurance – all 100 *per cent* funded by GOI; Assistance to States for Control of Animal Diseases (ASCAD) (75:25); Professional Efficiency Development (50:50); and Integrated sample survey (50:50).

The livestock population in the State was 354.08 lakh (census 2003) which included 84.20 lakh cattle, 6.78 lakh buffaloes, 29.87 lakh goats and 233.23 lakh other animals (pigs, sheep, poultry and ducks)). The livestock census for 2007 had not been finalised as of March 2009.

### 3.1.2 Organisational Set up

The Department of Animal Husbandry and Veterinary (AH&Vety) is headed by the Commissioner and Secretary to the Government of Assam. The programmes and activities are implemented by the Director of Animal Husbandry and Veterinary through two Additional Directors, nine Joint Directors (four at headquarters and five at district level) and 53 District level officers viz., District Veterinary officers and Sub-Divisional Veterinary officers. The organisational chart of the Department is given below:



### 3.1.3 Scope of Audit

Integrated audit of the Department was carried out during January-June 2009 covering the functioning of the Department during the period 2004-09. Records of the Director, Animal Husbandry and Veterinary; eight Drawing and Disbursing Officers (DDOs) situated in eight<sup>4</sup> out of 26 districts and four<sup>5</sup> out of 27 Veterinary Hospitals, 22 out of

<sup>3</sup> Special Animal Husbandry Programme.

<sup>4</sup> Cachar, Golaghat, Kokrajhar, Morigaon, Nagaon, Sivasagar, Sonitpur and Tinsukia.

<sup>5</sup> Cachar, Nagaon, Golaghat and Kokrajhar.

331 Veterinary Dispensaries; and the Assam Livestock Development Agency (ALDA) were examined during the course of review. Major schemes relating to implementation of various veterinary and animal husbandry services were studied and evaluated to assess whether outlay on these programmes resulted in the desired outcome. Out of five State schemes and eleven CSS taken up for implementation by the Department, two<sup>6</sup> State schemes and seven<sup>7</sup> CSSs were taken up for scrutiny during the course of review. Expenditure covered under the review was Rs.106.03 crore, which was 23 *per cent* of the total expenditure (Rs.452.27 crore) of the Department during this period.

#### **3.1.4 Audit Objectives**

The integrated audit was carried out with the objective of assessing whether there existed in the Department:

- efficient financial administration with reference to allocated priorities and resources were utilised optimally;
- efficient management of human resource;
- effective programme management in terms of achieving the goals of the schemes/programmes; and
- adequate internal control mechanism.

#### **3.1.5 Audit Criteria**

Audit findings were benchmarked against the following criteria:

- Annual Action Plans/Budget documents.
- Government notifications and instructions issued from time to time for the implementation of different schemes.
- Departmental Manual/State Financial Rules.
- Prescribed Monitoring Mechanism.

#### **3.1.6 Audit Methodology**

An entry conference was held in March 2009 with the Joint Secretary of the Department and Director, Assistant Development Officer and Special Officer (Planning) of the Directorate wherein audit objectives, criteria and methodology were discussed. The district units for detailed audit were selected based on simple random sampling without replacement method. Audit findings were discussed with the Commissioner and Secretary of the Department in the exit conference (September 2009) and replies of the Government have been suitably incorporated at appropriate

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<sup>6</sup> Strengthening of Poultry Farm, Birubari and Assam Livestock and Poultry Corporation.

<sup>7</sup> Assistance to State Poultry Farms; Feed and Fodder Development; National Project on Cattle and Buffalo Breeding; Livestock Insurance; Assam Agricultural Competitiveness Project (Livestock Development); Assistance to States for Control of Animal Diseases and Integrated Sample Survey.



places in the review. The important points noticed during audit are discussed in the succeeding paragraphs.

### Audit findings

Audit findings are discussed in details in succeeding paragraphs.

#### 3.1.7 Planning

The Department did not prepare any perspective plan for 2004-09. The Director stated during exit conference (September 2009) that concept of perspective plan was not known to them. Annual Action plan for all departmental programmes/schemes bringing out month-wise and quarter-wise break-up of targets of each activity to be achieved during each financial year was also not prepared during 2004-09, except in case of vaccination programme under ASCAD. Annual plan was prepared showing only the broad objectives of employment generation; production of milk, eggs, and meat; and generation of financial resources without quantifying any targets to be achieved. District level planning was also not undertaken.

As no targets were fixed, achievement of livestock products in the State could not be assessed in audit. There was also nothing on record to show that the Department carried out any assessment or review of its targets and achievements, shortfalls and remedial measures.

#### 3.1.8 Financial Management

##### 3.1.8.1 Budget outlay and expenditure

The year-wise allocation of funds and expenditure incurred thereagainst by the Department during 2004-09 were as below:

**Table-1**

Year	Original Budget	Supplementary budget	Total	Expenditure	(Rupees in crore)
					Savings (Percentage)
2004-05	136.14	5.71	141.85	85.91	55.94 (39)
2005-06	124.78	5.50	130.28	85.47	44.81 (34)
2006-07	138.38	3.95	142.33	95.37	46.96 (33)
2007-08	147.32	7.78	155.10	92.23	62.87 (41)
2008-09	152.08	2.31	154.39	94.70	59.69 (39)
<b>Total</b>	<b>698.70</b>	<b>25.25</b>	<b>723.95</b>	<b>453.68</b>	

Source: Appropriation Accounts.

As can be seen from the above details there were considerable savings in all the years ranging from 33 to 41 *per cent* of budget allocation. Savings occurred mainly due to non-release of funds by the State Government.

Supplementary provisions were obtained every year despite the Department's inability to exhaust the funds provided in the budget year after year during 2004-09. Nor did the Department surrender the anticipated savings in time. This indicated that expenditure was not monitored defeating the concept of budgeting and the budget estimates of the Department, therefore, were unrealistic.

No reply was furnished by the Department regarding non-release of funds and non-surrender of savings. The matter was taken up in the exit conference (September 2009) but the Department did not give any reply for reasons on non release of funds while on non surrendering of savings the Department assured to verify the position.

Non-release of funds had significant adverse impact on the implementation of the development schemes as brought out in the succeeding paragraphs.

Besides, the above figures of expenditure differ from the expenditure figures furnished by the Department to the extent of Rs.1.41 crore understated by the Department due to non-reconciliation of the Departmental figures with the books of the Accountant General as required in terms of MSO (A&E) Vol-I.

There were also significant inter-year variations between the two sets of figures. The Department stated (August 2009) that proper reconciliation was not undertaken due to shortage of manpower in the accounts branch. The Department needs to ensure that adequate internal controls are put in place to avoid such differences in the books of accounts and institute a mechanism for reconciliation of its figures with those booked by the AG at intervals specified by the Government.

#### **3.1.8.2 Utilisation of funds**

In respect of nine CSS, of which six schemes were fully funded by the Central Government and the remaining three schemes on cost sharing basis, the GOI released Rs.39.22 crore during 2004-09. However, as against this the State Government released (2004-09) only Rs.22.47 crore and a total amount of Rs. 23.39 crore including State share remained unutilized with the State Government. Further, the implementing authorities/agencies utilised only Rs.13.80 crore during 2004-09 and the balance Rs.8.67 crore was parked in bank account.

In respect of two other CSS implemented by direct funding from the GOI to Assam Livestock Development Agency (ALDA), only Rs.4.76 crore was utilised out of Rs.6.84 crore received during 2005-07. The balance Rs.2.08 crore was retained in the current bank account of ALDA as of March 2009.

While the State Government did not release the allocated funds to the Department, the implementing agencies could not utilise even the funds released by the State Government. Non-utilisation of funds by the implementing agencies has been discussed under programme implementation in Paragraph-3.1.10.2.

#### **3.1.8.3 Drawal of funds on Abstract Contingent Bills**

The Directorate had drawn Rs.2.43 crore on AC bills against two schemes during March 2005 and February 2008. Out of this, Rs.41 lakh (RDDL: Rs.31 lakh and ASCAD: Rs.10 lakh) were adjusted as of March 2009 through the relevant Detailed Countersigned Contingency (DCC) bills but the balance, Rs.2.02 crore, was yet to be adjusted (March 2009). Non-submission of DCC bill despite the lapse of one to three years is fraught with the risk of fraud, misappropriation, diversion etc., remaining unaddressed in the Department.

In reply to a query, the Special Officer (Planning) of the Directorate stated (July 2009) that the balance funds was diverted for the control of bird flu. In the exit conference it was stated that the Government authorized utilisation of the funds for bird flu with the assurance to replenish it. The diversion of fund from ASCAD, affected the modernisation of IVP and establishment of disease diagnosis centers for production of vaccines.

#### 3.1.8.4 Parking of funds

The Director drew Rs.2.54 crore, being Central and State share of funds (State share: Rs.0.61 crore during 2005-07 and Central Share: Rs.1.93 crore during 2007-08), for implementation of Assistance to State for Control of Animal Diseases (ASCAD) scheme during 2005-08. Out of this, Rs.17.11 lakh remained undisbursed which was kept in DCR/DDO's bank account as of March 2009. Further, a sum of Rs.6.67 lakh under Piggery Development was kept in the form of DCRs (four) between June 2006 and October 2008. The amount remained unutilised as of March 2009. Thus, the Department drew Rs.23.78 lakh without immediate requirement. The Director stated (September 2009) that funds were received at the fag end of the financial year and as such the expenditure spills into the next financial year. The reply of the Department was not specific to the audit point as the amounts already drawn were lying outside the Government account for long periods. This was indicative of lack of adequate control over drawals and expenditure of Government money.

#### 3.1.8.5 Expenditure Control

There was poor monitoring of expenditure at the Directorate level indicating weak or no expenditure control as manifested by rush of expenditure and retention of heavy cash balances at the end of March each year during 2004-09.

#### Rush of expenditure at the fag end of the year

General Financial Rules (GFR) provide that Government expenditure should be evenly phased throughout the year as far as possible. Rush of expenditure at the closure of financial year is prone to the risk of Government not getting proper value for money as expenditure is likely to take place without due diligence and care. During the last five years 33 to 37 *per cent* of the total expenditure of the Department had taken place in the 4<sup>th</sup> quarter (January-March) as compared to 17-21 *per cent* in the 1<sup>st</sup> quarter (April-June) of the respective years. The details were as below:

Table-2

(Rupees in crore)

Year	Total expenditure	Expenditure during 1 <sup>st</sup> Quarter (April to June) (Percentage)	Expenditure during 4 <sup>th</sup> Quarter (January to March) (Percentage)
2004-05	75.80	14.36 (19)	26.22 (35)
2005-06	78.99	14.66 (19)	29.16 (37)
2006-07	82.55	17.66 (21)	27.23 (33)
2007-08	108.03	18.74 (17)	38.13 (35)
2008-09	106.90	20.67 (19)	35.49 (33)

Source: Departmental figures.

Rush of expenditure in the last quarter of the financial years was indicative of weak internal controls and imprudent financial management within the Government, Department and the Directorate.

### **Retention of heavy cash balances**

Scrutiny of Cash Book maintained in the Directorate revealed that there were closing balances amounting to Rs. 4 crore, Rs.9.31 crore, Rs.3.83 crore, Rs.3.53 crore and Rs.18.20 crore<sup>8</sup> at the end of March during the years 2004-2009 respectively. Thus, heavy cash balances were retained in the Department. The Director of AH&Vety stated (May 2009) that the Department usually receives Fixation of Ceiling (FOC) at the fag end of the year. Therefore, the schemes always spilled over to the following financial year for implementation and as such retention had become a regular feature. However, the requirements were not assessed in the Department prior to drawal of funds from the Government exchequer. Besides, detailed analysis showing the date and purpose of drawal of amount were not recorded in the Cash Book. Even physical verification of cash was not done regularly. The Directorate stated (September 2009) that regular physical verification was not taken up for want of knowledge of relevant Financial Rules. The reply is shocking and signifies a lack of effective financial management and expenditure control in the Department.

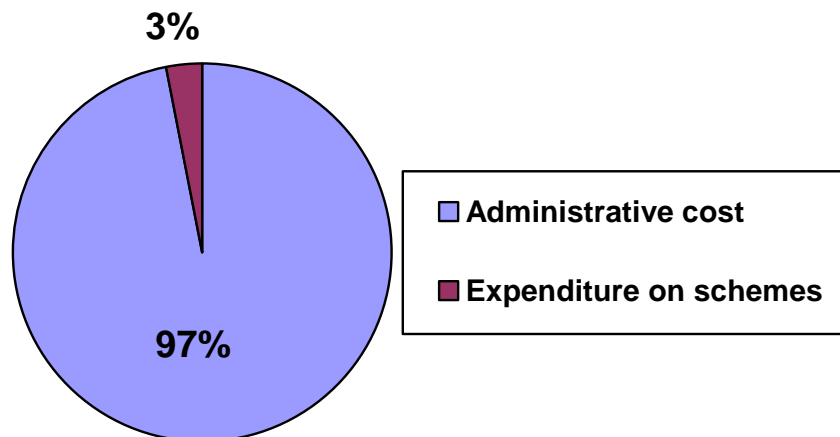
### **Establishment and other Administrative cost**

The Department did not have any norms for expenditure on administration and programme implementation. Staff costs and other administrative expenses were very high during 2004-09 resulting in non-availability of sufficient resources for implementation of various programmes/schemes. Chart-2 represents the comparison of expenditure on administration (Rs.438.06 crore) and developmental schemes (Rs.14.21 crore) during 2004-09.

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<sup>8</sup> Rs.17.82 crore in Director's bank account and Rs.0.38 crore in the form of DCR/Bank Draft.

Chart-2



**Total expenditure for 2004-09: Rs.452.27 crore.**

*Note: Expenditure figure at Chart-2 and figures at Table-1 are different since Chart-2 is based on Departmental figures and Table-1 is based on Appropriation Accounts. This has been discussed under Para-3.1.8.1.*

While staff costs and administrative expenses ranged between 92.82 and 99.93 per cent of the total expenditure, the expenditure on programme implementation remained at an average of 3.14 per cent during 2004-09. The Commissioner and Secretary stated in the exit conference that adequate number of technical staff had to be maintained for rendering service to the public and that, as the Department was both technical and welfare oriented, the administrative cost was high. Against the total sanctioned strength of 7,258 staff under various categories in the Department, man in position was 6,611. The Department did not conduct any review of manpower requirement to assess the actual requirements of the staff. But in view of more than 96 per cent of the total expenditure incurred towards administrative cost the Department is not in a position to address the issue without manpower assessment review. Thus, the reply of the Department is not acceptable.

### **3.1.9 Human Resource**

#### **3.1.9.1 Idling of manpower**

The Department did not carry out assessment of its manpower requirement vis-a-vis work load. Scrutiny revealed that 71 out of 226 different types of vehicles had been auctioned during 2000-08. Out of the remaining 155 vehicles, 114 vehicles remained off-road prior to 2004-05 and only 41 vehicles were on-road during 2004-09. Against these 41 vehicles, 161 regular drivers were engaged since 2004-05 as against the requirement of 41 drivers. As a result, 120 drivers were maintained in excess of requirement involving an expenditure to the tune of Rs.1.84 crore towards payment of salary and wages for 2004-09. This led to maintenance of idle manpower and unfruitful expenditure which indicated poor manpower management in the Department.

The Department stated (May 2009) that new posts of drivers were created during the launching of different schemes. However, some drivers were being utilised in the office of the Special Project Director under the administrative control of the Department, Commissioners, Deputy Commissioners and Ministers. The Department also stated that the drivers would be put to use as soon as the State Government allowed the Department to purchase new vehicles after lifting the austerity measures. It was, however, seen in audit that the Department had not submitted any proposal to the Government for procurement of new vehicles.

The Regional Broiler Chicks and Demonstration Farm at Birubari established in 1983-84, was not functional between 1 October 1994 to 24 May 2007. During the said period the Department incurred expenditure of Rs.3.19 crore towards pay and allowance of 36 staff members of different categories who continued to be on the payrolls of the farm. As the Department could not utilise their services, the expenditure of Rs.3.19 crore proved unfruitful.

### **3.1.10 Programme Implementation**

The Department took up five State schemes and 11 CSSs for implementation during the period under review. Out of these two State schemes and seven CSSs were taken up for scrutiny during the course of the review. Audit findings in this regard are given below:

#### **3.1.10.1 Immunisation programme**

Government of India approved (2003-04) a proposal for Rs.4.03 crore for control of contagious diseases under 'ASCAD' on 75:25 sharing basis between the Centre and the State for implementation during 2004-07 and released the funds in March 2004. Out of this amount (Central share: Rs.3.04 crore and State share: Rs.0.99 crore), the State Government released Rs.3.65 crore (Central share: Rs.3.04 crore and State share: Rs.0.61 crore) to the Department and the latter spent Rs.2.05 crore during 2004-09. For controlling and preventing outbreak of epidemic diseases and to ensure proper animal health, the Directorate undertook vaccination programme during

2004-05. In 2003-04, GOI released Rs.3.04 crore as Central share and based on the released fund the Department set targets under the ASCAD action plan for 2003-04. Since the State Government released the funds in a phased manner, the implementation of the scheme of 2004 was spread over the period 2004-09.

The approved proposal for Rs.4.03 crore (August 2003) provided for modernisation of Institute of Biological Veterinary at Khanapara, Guwahati and three Diagnostic Laboratories at Rs.2.26 crore. After incurring an expenditure of Rs.55 lakh, the work was stopped (March 2009) as Rs.1.43 crore was diverted towards bird flu operation. Thus, the benefit contemplated in the approved proposal remained unachieved.



(Photographs of incomplete laboratories of IBV, Khanapara, Guwahati)

### 3.1.10.2 Livestock Development Programme

#### National Cattle and Buffalo Breeding Project

The GOI launched (October 2000) the “National Project for Cattle and Buffalo Breeding (NPCBB)” on national level as a CSS on 100 *per cent* funding basis to restructure and implement the cattle and buffalo breeding operations effectively. The project was to be spread over a period of 10 years from 2004-05 and completed in two phases of five years duration each. The project was to be taken up in the year 2000 itself in Assam. But since ALDA, the designated state implementing agency (SIA) for the project, was set up only in January 2004 by the State Government, the project was taken up for implementation only from 2005-06. The Department did not say any thing as to why the programme could not be started in 2000 itself by setting up the SIA.

The project aimed at strengthening the following:

- Liquid Nitrogen storage, transport and distribution system;
- Sperm Stations, Semen Banks and AI Centres;
- Acquisition of high pedigree bulls for sperm stations and for Natural Service in remote areas;
- Training facilities; and
- Computerisation.

During 2005-07, the GOI released Rs.5.49 crore directly to ALDA for implementation of the project. ALDA drew a plan for 15 items of work at Rs.5.49 crore during 2004-09 covering the five areas detailed above. Scrutiny of records as well as information furnished by the ALDA revealed that out of Rs.5.49 crore released by the GOI, only Rs.4.01 crore was utilized by the ALDA during 2004-09 for strengthening the five areas under the above mentioned items of work. Due to delayed commencement from 2005-06 instead of from the year 2000 itself the scheme was in nascent stage, building up infrastructure as of March 2009. Thus, the benefits derivable from the scheme were delayed due to inability of the Department to commence it in time.

### Livestock insurance scheme

National Scheme of Livestock Insurance, a 100 *per cent* Centrally Sponsored Scheme, was taken up by the Government of India during the 10<sup>th</sup> Plan period on pilot basis with the objective of providing protection to the farmers and cattle rearers against any eventual loss of their animals and to demonstrate the benefit of the Scheme to the people and to popularise it with the ultimate goal of attaining qualitative improvement in livestock and their products.

The Scheme envisaged payment of 50 *per cent* subsidy on insurance premium from Central funds in the form of grants-in-aid, payment of honorarium to the Veterinary practitioners and publicity. Remaining premium cost was to be borne by the beneficiaries. GOI released Rs.1.35 crore (during 2005-07) to the CEO, ALDA, the State Implementation Agency in Assam, for implementation of the scheme in two sampled districts viz., Barpeta and Jorhat.

The target for taking up insurance cases during 2006-08 and achievement and expenditure incurred thereagainst in the two sampled districts were as below:

**Table-3**

Year	Target	Achievement	Expenditure
	Physical (Cases)	Physical (Cases)	(Rs. in lakh)
2006-07	14,500	1,138 (8)	13.50
2007-08	27,000	432 (2)	3.27
<b>Total</b>	<b>41,500</b>	<b>1,570 (4)</b>	<b>16.77</b>

*Source: Records of Assam Livestock Development Agency.*

*Note: Figures in bracket indicate percentage.*

As evident from the table above, physical achievement of the scheme during 2006-08 was only four *per cent*. The reasons for such unimpressive performance as per ALDA were (i) lack of professionalism by Insurance Agents/Development officers, (ii) nominal incentive for Veterinary Officers and no incentive to assisting para-vets who were to identify the animals, and (iii) lack of fund for publicity during 2007-08. Audit scrutiny, however, revealed that fund released for the scheme was not based on any requirement. ALDA never conducted any survey as regards prospects of the Scheme being implemented in these two districts nor did the sanctioning authority ever enquire ALDA about steps that were required to make the scheme a success. The basis on which target was fixed was neither explained by ALDA nor was available on record.



However, the Scheme was discontinued in the two districts from April 2008 and two other districts viz., Kamrup and Nagaon were taken up from January 2009. In the new two districts, against the physical target of 18,587 cases of insurance during January–March 2009, the achievement was 18,120 cases. Thus, the achievement was 97 per cent. This was mainly due to fixation of lower rate of premium (2.17 per cent for one year insurance and 4.62 per cent for three years) as compared to the rate prevalent during 2006-08 (between 3.25 and 7.78 per cent). Only two other districts (Morigaon and Sonitpur) were extended the benefit of insurance under the scheme. This scheme needs to be extended to all the districts in the State.

### **Livestock development under Assam Agricultural Competitiveness Project**

The Assam Agricultural Competitiveness Project (AAP) was set up in February 2005 with the objective of increasing the genetically improved variety of indigenous cattle through artificial insemination (AI). The major objective of the project was to increase AI for augmentation of milk production. The State Government released (2005-08) Rs.12.29 crore to the Department for this project.

The Director drew Rs.12.29 crore (Rs.5.85 crore in March 2006 and Rs.6.44 crore in March 2008) and disbursed it to the Special Project Offices of Assam Rural Infrastructure and Agricultural Services Project (ARIASP) for implementing the project (Livestock Development Component) through AAP which spent only Rs.5.42 crore as of March 2009. The balance Rs.6.87 crore was lying in the Current Account of ARIASP. Reasons for non-release of amount to AAP were neither stated by ARIASP nor by the Department.

The target fixed for artificial insemination of livestock and achievement thereagainst during 2004-09 were as below:

**Table-4**

<b>Year</b>	<b>Target (Cases)</b>	<b>Achievement (Cases)</b>	<b>Percentage of achievement</b>	<b>No. of calves born</b>
2004-05	1,84,680	88,909	48.14	38,415
2005-06	1,84,680	1,12,913	61.14	39,172
2006-07	1,84,680	1,20,224	65.10	51,256
2007-08	1,84,680	1,19,400	64.65	51,214
2008-09	2,00,160	1,38,787	69.34	50,590
<b>Total</b>	<b>9,38,880</b>	<b>5,80,233</b>	<b>61.80</b>	<b>2,30,647</b>

*Source: Nodal Officer, Assam Agricultural Competitiveness Project.*

The achievement of targets over a period of five years was 62 per cent. Success rate of calves born was 35 to 43 per cent which was more than All India average rate of 35-40 per cent as per the Directorate. The Directorate stated (September 2009) that efforts would be made to improve the position. Employment generated by employing private AI workers during 2004-09 was as below:

**Table-5**

Year	Target (Nos.) of AI	Achievement (Nos.)	Percentage of achievement
2004-05	Nil	Nil	Nil
2005-06	80	33	41
2006-07	80	85	106
2007-08	80	48	60
2008-09	400	166	42

*Source: Nodal Officer, Assam Agricultural Competitiveness Project.*

While there was higher achievement during 2006-07 over the target, achievement during 2005-06 and 2007-09 varied between 41 to 60 *per cent*. Reasons for low achievement was attributed by the Department to lack of public awareness, lack of funds for awareness campaign, wrong or late detection of oestrus by the owner, cost of insemination etc. The Department was in a position to overcome the cited constraints as unspent funds were available with the Department. That these constraints were not overcome reflected lack of initiative on the part of the Department.

### **3.1.10.3 Poultry Development Programme**

#### **Defunct poultry farms**

To strengthen the poultry sector, the Department set up 18 State Poultry and Duck farms as of March 2009. The farms were established with the objectives of (a) demonstration and (b) quality seed (chick) production. As per the information furnished by the Department, 15 out of these 18 farms became non-functional prior to 2004-05 due to lack of funds. Thus, the objectives were not achieved since the farms ceased functioning during the period 2004-09. However, the Department incurred an expenditure of Rs. 2.49 crore towards payment of salary to 143 numbers of different categories of staff of those fifteen farms. The Department stated (May 2009) that steps were taken during 2007-09 for making 13 farms functional, but because of outbreak of bird flu, this could not be done. As outbreak of bird flu is a recent event, contention of the Department is not correct. Failure to revive the farms reflected lack of adequate initiative on the part of the Department. The position of remaining three functional farms is discussed below:

#### **Operation of poultry farms**

Three farms (Silcoorie, Khanapara and Birubari) were functioning. As per records made available to Audit and information furnished by the Directorate (September 2009) following was the performance of the two farms during 2004-09.

Table-6

	Poultry and Duck Farm, Silcoorie (In numbers)	Central Chick Rearing Farm, Khanapara (In numbers)
Number of eggs produced	1,35,148	7,17,430
Number of chicks produced	10,867	NA
Number of chicks distributed	10,420	69,964
Number of beneficiaries supported with chicks	328	4,164
Number of farmers trained	198	693

Source: Departmental records.

Targets set against the above activities of the farms were not found on record. Therefore, no evaluation of their performance could be made by Audit.

Scrutiny of records in Poultry and Duck farm at Silcoorie and Central Chick Rearing Farm at Khanapara revealed that revenue earned (Rs.22.16 lakh), as percentage of total expenditure (Rs.2.06 crore) on these farms during 2004-09, was merely 11 *per cent*.

The farm at Birubari was non functional during October 1994 to May 2007 after the North Eastern Council discontinued funding of the farm after September 1994. However, during 2006-07 (February 2007) the State took steps for revival of the farm by allocating Rs. 20 lakh under the State plan. Production of eggs and chicks in the farm during 2007-09 were 50,116 and 14,011 respectively. Assessment of achievement in this regard could not be done in audit as no target was fixed. During 2007-09, while the farm incurred Rs. 94.54 lakh on payment of salary to its staff, the revenue earning during this period was a meager Rs. 3.63 lakh.

None of the above farms was running economically and total revenue earning of the three farms accounted for only nine *per cent* of the administrative cost (Rs.3.01 crore) during this period.

#### 3.1.10.4 Livestock processing plants

For hygienic slaughter of livestock (poultry, pigs, sheep and goat), Assam Livestock and Poultry Corporation Limited (ALPCO) planned to take up construction of five processing plants/slaughter houses at three<sup>9</sup> places at an estimated cost of Rs.13.98 crore with financial assistance from the GOI and State Government (Poultry processing plant, Pork Processing plant and Sheep & Goat processing plant at Khanapara and Slaughter house at Silchar on 50:50 basis and Pork processing plant at Nazira on 75:25 basis). GOI released Rs.8.11 crore during 1991-2009 and the State

<sup>9</sup> Khanapara-3 poultry/pork/sheep/goat processing plants.  
Nazira -1 pork processing plant.  
Silchar -1 sheep/goat slaughter house.

Government released Rs.1.90 crore (June 2004: Rs.1.12 crore and June 2008: Rs.0.78 crore). ALPCO took up the works in March 1992 to be completed by 31 October 1996 and spent Rs.10.26 crore as of March 2009 towards construction of five plants.

Scrutiny revealed that the plant at Nazira was completed in March 2008 at Rs.3.04 crore and ran on trial basis as of March 2009. Construction work of the plant at Silchar, taken up in 1996-97, was stopped during 2005-06 after incurring an expenditure of Rs.40.83 lakh out of the approved cost of Rs.95 lakh due to price escalation claimed by the contractor. The physical progress of civil work was 65 per cent and procurement of machinery was 50 per cent. In case of the other three plants, ALPCO incurred an expenditure of Rs.6.81 crore (72 per cent) against the approved cost of Rs.9.43 crore and the works remained incomplete as of March 2009 due to non-release of balance funds by the GOI/State Government, as stated. While the GOI held up its share of the balance fund because of non-release of State share, reasons for non-release of funds by State Government were not on record. Due to lack of systematic work plan and proper management of funds including adequate monitoring, ALPCO failed to complete the four plants even after lapse of 12-13 years of the target dates of completion<sup>10</sup>. Due to delay in completion of works, intended services of providing hygienic animal products/processed meat to the consumers was not achieved and no alternative method was adopted by the State Government so far for this purpose. Thus, it resulted in not only idle investment of Rs.7.22 crore<sup>11</sup> but also put the public at the risk of contracting diseases from consumption of unhygienic animal products. Managing Director, ALPCO accepted (September 2009) the audit contention that the people were at the risk of contracting diseases from consumption of unhygienic animal products.

### **3.1.11 Inventory Control**

As per AFR (Rule 195), Stock Registers are to be maintained and balance in stock should be physically verified half yearly. Scrutiny of records revealed that Central Veterinary Store (CVS) under the AH & Vety Department maintained Stock Book in respect of medicines and appliances only. In respect of other perishable and non-perishable items, Stock Book was not maintained. In seven out of eight test-checked districts (except Cachar) the position was the same. Besides, the system of physical verification of stock was not in place in the Directorate or in the test-checked districts. Against the indent of medicines placed by the District offices including farms, the CVS purchased medicines worth Rs.4.51 crore during 2004-09 and entered all the medicines in the Stock Register. But scrutiny of stock book revealed that no physical verification was done at prescribed intervals during 2004-09,

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<sup>10</sup> Polutry processing plant, Khanapara 16-4-1996  
Pork processing plant, Khanapara 16-4-1996  
Sheep & Goat processing plant, Khanapara 16-4-1996  
Slaughter House, Silchar 31-10-1996

<sup>11</sup> Rs.0.41 crore + Rs.6.81 crore.

as required. As such Audit could not ascertain the authenticity of the closing balance as shown in the Stock Book.

Thus, control measures prescribed for Stores and Stock were not adhered to in both the Directorate and in the District offices. The CVS accepted (July 2009) the audit observation and stated that physical verification would be done as per rules in future.

### **3.1.12 Internal Control, Monitoring and Evaluation**

Internal control is an integral process that is affected by an entity's management and is designed to provide reasonable assurance that the following general objectives are being achieved:

- Fulfilling accountability obligations;
- Compliance with applicable rules and regulations;
- Implementation of programmes in an orderly, economical, efficient and effective manner.

The Department, including the district units covered in test-check, did not maintain Expenditure Control Registers to record the details of drawal of funds against allocation and expenditure thereagainst showing year-wise position. Reporting system was also inadequate and periodical reports/ returns from the field offices in respect of implementation of various schemes and other activities in the districts were not obtained. Failure of the Directorate to conduct periodical reconciliation with the books of Accountant General (A&E), periodical physical verification of cash and store, daily and monthly closing of cash book with DDO's signature, non-regulation of drawal by AC bill etc., showed that the Directorate failed to discharge its accountability obligations and comply with rules. Non-fixing of targets, non-release of funds and non-utilisation of funds in respect of schemes reflected that implementation of the programmes was not being undertaken in an orderly and efficient manner. Thus, monitoring system, essential for ensuring compliance in terms of physical and financial implementation of schemes/programmes, was non-existent. No evaluation was ever carried out by the Department to assess the impact of implementation of programmes/activities undertaken through different agencies. The Department stated (July 2009) that since there were no targets for schemes it was not possible to carry out evaluation. In the absence of targets and evaluation of performance of the schemes and their impact in terms of accrual of intended objectives to the people of the State in a time bound manner, audit could not ascertain the performance of the Department.

### **3.1.13 Settlement of audit observations**

Assam Financial Rules (AFR) stipulates that the Departmental officers should attend promptly to audit observations raised by the office of the Principal AG (Audit) and send replies within a fortnight of their issue. Besides, the DDO should maintain a Control Register for recording the observations and watch disposal thereof. None of the units test-checked, including the Directorate, maintained the Control Register in a proper and systematic manner. As of March 2009, 220 Inspection Reports (IRs) containing 599 paragraphs were outstanding for settlement against the auditee units of the Department since October 1988.

### **3.1.14 Internal Audit**

Internal Audit is an important instrument to examine and evaluate the level of compliance with departmental rules and procedures. An internal audit wing manned by two Internal Auditors from Assam Audit Service, two UDAs and one LDA was in place in the Directorate. The Department had no Audit Manual of its own. The internal audit wing had not conducted any audit of the Directorate or any other office/farm under the control of the Directorate. Its main function so far was limited to assisting the Department in settling the audit observations of the office of the PAG (Audit). The wing did not draw any annual audit programme because of want of manpower as stated by the Department. Thus, the internal audit wing of the Department was non-functional. The Directorate stated (September 2009) that the proposal for strengthening internal audit with required manpower was under the consideration of the competent authority.

### **3.1.15 Conclusion**

The Department did not prepare any Annual Action Plan for implementation of the schemes/programmes during 2004-09. Financial Management under the schemes was ineffective as the State Government did not release adequate funds and the Department also did not optimally utilise the funds available. Manpower resources were also not utilised optimally. Implementation of programmes suffered due to deficiencies in conducting survey, immunization, development of livestock and poultry population, providing insurance to cattle population etc. Farms were either defunct or running uneconomically. There were serious weaknesses in internal controls, monitoring mechanism and internal audit.

### **3.1.16 Recommendations**

- The Department should draw up a clear road map and fix year-wise targets and time lines for up-gradation of indigenous cattle.

- State Government should release allocated funds to the Department in a timely manner so as to facilitate implementation of various programmes targeted for the development of livestock sector in the State.
- Requirement of manpower should be assessed and available manpower should be utilised optimally.
- Internal controls relating to planning, fund utilization, implementation of programmes and monitoring should be strengthened.

**Guwahati**  
**The**

**(Mukesh P. Singh)**  
**Principal Accountant General**

**Countersigned**

**New Delhi**  
**The**

**(Vinod Rai)**  
**Comptroller and Auditor General of India**

**Appendix-1.1**  
(Ref: Paragraph-1.3.3)  
**List of sample projects selected for detailed check**

(Rs. in crore)

Sector	Sample No.	Name of selected project(s)	Date of Approval	Approved cost	Name of implementing Division/Agency	Fund released	Fund utilized	Stipulated date of completion	Physical status/ progress March'09
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Public Works Department (General)</b>	1	Improvement of Bhangagarh-Bharalu mukh VIP Road for National Games 2005	17.3.05	9.83	Guwahati City Division-I	8.93	8.93	30.4.06	Completed (30.9.06)
	2	Construction of Road from Beltola Chariali to Sarusojai (Bishnu Rabha Path), Guwahati	27.12.05	7.77	Guwahati City Division- II	6.93	6.83	1.9.2007	Completed (1.7.2008)
	3	Improvement of Road between Hatigaon Bhetapara Road for National Games 2005	17.3.05	4.56	Guwahati City Division- II	4.15	4.15	28.1.2005	Completed (31.1.2007)
	4	Construction of 4 lane Tripura Road including electrical works from NH-37 to G.S. Road	28.3.08	11.37	Guwahati City Division- II	3.58	3.58	23.4.2010	Completed (15.02.2009)
	5	Installation of street lights from Lokopriya Gopinath Bordoloi International Airport upto Jalukbari near Guwahati University for National Games 2005	24.12.04	2.39	Guwahati Electrical Division	2.17	2.17	9.7.2007	Completed (9.7.2007)
	6	Improvement of 1.33 km road and width of single lane standard with metalling and black topping at stretches from Kahilipara to Don Bosco School at Dakhingaon	31.12.07	2.52	Guwahati City Division-I	1.13	1.13	30.12.2009	53 per cent
	7	Widening and Raising of Naziraghat-Sonapur Road (Length- 6km)	26.12.07	2.65	Guwahati Rural Road Division	1.08	1.02	22.2.09	46 per cent
	8	Improvement of Rampur model Road (starting from N.H.- 37)	5.3.08	2.25	Guwahati Rural Road Division	0.71	0.71	22.4.09	83 per cent



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	9	Construction of RCC Bridge No. 13/1, 14/1, 15/1, 20/3 and 22/1 on Silchar Kumbhirgram Road	*8.8.05	*5.68	Silchar Rural Road Division	5.18	4.95	28.4.2007	97 per cent
	10	Construction of Indoor Stadium at Silchar	20.6.07	4.94	Silchar Building Division	1.40	0.70	10.7.2009	40 per cent
	11	Construction of road and minor bridge from Motigar to Bhubal Hill Temple-Phase I	*24.7.08	*3.26	Silchar Rural Road Division	1.02	NIL	28.7.2009	42 per cent
	12	Construction of RCC Bridge at 7 km of Kathal Road over river Ghagra including approaches and protection work	*11.8.08	*2.50	Silchar Rural Road Division	0.79	NIL	18.01.2010	31 per cent
	13	Construction of Road from Bhangarpar to Chandranathpur via Baburbazar (length 5.5 km)	*12.11.08	*2.48	Silchar Rural Road Division	0.81	0.49	14.11.2009	35 per cent
	14	Construction of RCC bridge No. 3/1, 3/2, 6/3, 6/4, 6/6, 10/5, 12/1, 13/1, 21/1 and 23/1 on Border Road (Gar-Ali)	*26.8.05	*3.98	Jorhat Rural Road Division	3.63	3.63	13.8.2007	Completed on 25.11.2007
	15	Construction of RCC Bridge No. 4/2, 9/2, 10/2 and 17/1 on Met Na-Ali Jorhat Titabor	*30.7.05	*1.42	Jorhat State Road Division	1.30	1.19	September 2006	Completed (4.8.2008)
	16	Construction of RCC Bridge No. 4/1 & 6/1 with approaches on J.B. Road	21.6.07	3.24	Jorhat Rural Road Division	1.01	1.01	12.11.2009	46 per cent
	17	Improvement of Roads in Jorhat Town	20.12.07	2.50	Jorhat State Road Division	0.96	0.91	20.11.2008	49 per cent
	18	Construction of RCC Bridge No. 11/1 on Teok Boloma Nakachari Road with approaches	*24.9.07	*1.09	Jorhat State Road Division	0.34	0.34	11.4.2009	34 per cent
	19	Construction of RCC Bridge no. 1/1 over river Shantijan on Srimanta Sankardev Govesona Kendra Road	28.3.08	2.81	Nagaon Rural Road Division	0.88	NIL	6.5.2010	19 per cent
	20	Construction of RCC Bridge No. 4/1 and 15/1 including approaches in Nagaon-Bhura Gaon Road	16.5.05	4.34	Nagaon State Road Division	3.87	3.37	14.10.2008	87 per cent
	21	Construction of RCC Bridge No. 1/1 an 4/1 on Nilbagan-Hojai Road	2.6.06	1.92	Nagaon State Road Division	1.71	1.40	4.1.2009	90 per cent
	22	Improvement of Nagaon- Barapujia Road	22.11.07	2.98	Nagaon State Road Division	0.94	0.94	28.5.08	63 per cent

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	23	Improvement of Nagaon-Moriklong Nanoi Dakhinpat Road.	26.12.07	1.99	Nagaon State Road Division	1.77	1.09	17.11.2009	55 per cent
	24	Construction of RCC Bridge no. 2/3, 5/1, 9/1, 11/1, 15/3, 16/1, 18/1 and 19/4 on Itakhola Pavoi Road with approaches	18.10.05	8.75	Sonitpur Rural Road Division	3.13	3.13	14.3.08	39 per cent
	25	Construction of RCC Bridge No. 3/1 over River Mansiri on Charduar Road with approaches	18.10.05	1.66	Sonitpur State Road Division	1.48	1.48	3.07.07	Completed (20.01.08)
	26	Construction of RCC Bridge No. 6/1 on Chariali Pavoi Road with approaches, protection work and sub-way	18.10.05	0.89	Sonitpur Rural Road Division	0.49	0.49	18.7.2007	65 per cent
	27	Construction of additional two lane Rail-Over-Bridge (ROB) at Maligaon.	16.12.05	13.56	State Road Division , Guwahati	13.28	13.28	31.8.07	Completed (2/08)
	28	Construction of RCC Bridge No. 156/2, 159/1, 163/2, 165/3, 172/2, 174/2, 177/1 & 182/2 on Dhodat Ali Road.	30.9.04	3.51	Charaideo Rural Road Division, Sonari	3.42	3.42	21.3.07	Completed (18.2.08)
	29	Construction of R.C.C. Bridge No. 1/2 on Manja to Hidim Teron Road in K.A. District	*22.3.05	*1.78	Diphu Rural Road Division	1.62	0.82	30.11.2006	50 per cent
	30	Construction of Joisingh Doloi Auditorium Hall at Dipuh	1.2.07	3.54	Diphu Building Division	1.12	1.12	28.2.2009	39 per cent
<b>Power</b>	31	Construction of 220/132 KV 2x50 MVA Azara Sub-station with 220 KV LILO line from one circuit of 220 KV DC Agia-Sarusajailine alongwith construction of 132 KV SC line to Boko with terminal bay at 132/33 Boko Sub-station.	26.9.07	36.22	Assam Electricity Grid Corporation Ltd. (AEGCL) Guwahati	11.41	NIL	September 2010	NIL
<b>Education</b>	32	Construction of academic cum Administrative building of K. K. Handique Govt. Sanskrit College	21.6.207	2.38	Guwahati Building Division No. II	0.93	NIL	27.02.2010	NIL
	33	Sarva Siksha Abhiyan for Assam (2006-07)	29/6/06	102.93	Axom Sarva Siksha Mission	100.54	100.54	NA	Completed

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Irrigation</b>	34	Champamati irrigation Project	31.10.05	43.85	Chamapati Irrigation Project Division	39.47	37.35	3/2010	90 per cent
<b>Agriculture</b>	35	Construction of cold storage at Kokrajhar District	*15.3.07	4.14	E. E. Agriculture Kokrajhar Division	1.96	1.96	27.5.08	60 per cent
<b>Urban Development</b>	36	Improvement of Roads to Natural drainage system within Greater Tezpur Town	28.3.07	25.52	(A) Tezpur Development Authority (B) P.W.D. state Road Division, Tezpur (C) Tezpur Municipal Board	3.48	NIL	April 2009	12 per cent
<b>-Do-</b>	37	Road Net net Project of Jorhat Master Plan Area	12.9.06	4.61	Jorhat Development Authority, Jorhat	4.03	1.42	7.3.2008	75 per cent
<b>Sports</b>	38	Diphu Sports Complex at Diphu	*16.3.05	*5.01	Diphu Building Division	3.22	1.40	6.1.2007	63 per cent
<b>Health</b>	39	Construction of two storied building of Homoeopathic Medical College, Panjabari	12.11.2008	2.66	Project Implementation Committee with Deputy Commissioner, Kamrup, Metro as Chairman	0.82	NIL	October 2010	NIL
		<b>Total</b>		<b>349.48</b>		<b>244.69</b>	<b>214.95</b>		

\* AA issued by the GOI not made available. However, figure as per AA of the State Government as furnished

### Glossary of Abbreviations

AACP	Assam Agricultural Competitiveness Project
AAP	Annual Action Plan
ACA	Additional Central Assistance
ADC	Autonomous District Council
AFR	Assam Financial Rules
AH&Vety	Animal Husbandry and Veterinary
AI	Artificial Insemination
ALDA	Assam Livestock Development Agency
ALPCL	Assam Livestock and Poultry Corporation Limited
ALPCO	Assam Livestock and Poultry Corporation Limited
APP	Annual Profile of the Projects
ARIASP	Assam Rural Infrastructure and Agricultural Services Project
ARWSP	Accelerated Rural Water Supply Programme
ASCAD	Assistance to State for Control of Animal Diseases
ASEB	Assam State Electricity Board
AUWSP	Accelerated Urban Water Supply Programme
AUWSSB	Assam Urban Water Supply and Sewerage Board
BDO	Block Development Officer
CAP	Comprehensive Action Plan
CEO	Chief Executive Officer
CHC	Community Health Centre
CSS	Centrally Sponsored Schemes
CVS	Central Veterinary Store
DC	Deputy Commissioner
DCC	Detailed Countersigned Contingency
DCR	Deposit-at-call Receipts
DDO	Drawing and Disbursing Officer
DDP	District Development Programme
DPC	District Programme Coordinator
DPMC	District Planning and Monitoring Committee
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DSO	District Sports Officer
DSWO	District Social Welfare Officer
DUDA	District Urban Development Authority
ED	Executive Director
FOC	Fixation of Ceiling
FSB	Frozen Semen Banks
GOI	Government of India
GP	Gram Panchayat
GRS	Gram Rozgar Sahayak
IAY	Indira Awas Yojna
IDSMT	Integrated Development of Small and Medium Towns
IPHS	Indian Public Health Standard
LAC	Legislative Assembly Constituency

LN	Liquid Nitrogen
MD	Managing Director
MLAADS	Member of Legislative Assembly Area Development Scheme
MoDONER	Ministry of Development of North Eastern Region
NC	Not Covered
NCBBP	National Cattle and Buffalo Breeding Project
NER	North Eastern Region
NFFWP	National Food For Work Programme
NGO	Non-Governmental Organizations
NLCPR	Non-lapsable Central Pool of Resources
NOC	No Objection Certificate
NPCBB	National Project for Cattle and Buffalo Breeding
NREGS	National Rural Employment Guarantee Scheme
NRHM	National Rural Health Mission
O & M	Operation and Maintenance
PC	Partially Covered
PD	Project Director
PDD	Planning and Development Department
PHC	Public Health Centre
PHED	Public Health Engineering Department
PMGSY	Pradhan Mantri Gram Sadak Yojana
PO	Project Officer
PRI	Panchayati Raj Institution
PWD	Public Works Department
PWSS	Piped Water Supply Scheme
SC	Sub Centre
SC and ST	Scheduled Caste and Scheduled Tribe
SGRY	Sampoorna Grameen Rozgar Yojana
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHG	Self Help Group
SJSRY	Swarna Jayanti Sahari Rozgar Yojana
SLC	State Level Committee
SOE	Statements of Expenditure
SOR	Schedule of Rates
SPA	Special Plan Allocation
SSS	Spot Source Scheme
T&CP	Town and Country Planning
UC	Utilisation Certificate
UDD	Urban Development Department
ULB	Urban Local Body
USEP	Urban Self Employment Programme
UWEP	Urban Wage Employment Programme
VMC	Vigilance and Monitoring Committee
ZP	Zilla Parishad