

## CHAPTER-III INTEGRATED AUDIT

### URBAN DEVELOPMENT DEPARTMENT

*The Urban Development Department (UDD), Government of Assam is associated with the implementation of various State and Centrally sponsored schemes and is responsible for efficient management and timely completion of the schemes. The main function of Urban Development Department is to provide basic civic amenities such as housing facilities, drainage system, road network, market complex, bus/truck terminus, solid waste management and drinking water facilities to urban population. Integrated audit of Urban Development Department revealed that there were deficiencies in planning and budgeting. Flow of funds and control on programme implementation was insufficient. During 2005-10, 95 major projects were taken up, of which 62 projects were to be completed by March 2010, but only one project was completed. Targeted 5,44,376 number of persons in 12 towns were deprived of adequate potable drinking water due to non-completion of 12 water supply projects. As a result, intended benefits of programme/schemes could not be extended to the urban population of the State.*

#### **Highlights**

**The Department did not prepare Perspective Plan during 2005-10. Draft Annual Plans were not prepared as per requirement of ULBs/DAs. There was huge gap between Plan Allocation and actual release of funds.**

**(Paragraph -3.7.1)**

**Budget Estimates were submitted during 2005-10 by Directorates and Boards without obtaining information from unit offices and ULBs. There was a huge gap between Budget Grants and actual release of funds. The Department made supplementary provisions of ₹235.31 crore (2005-10) while there were overall savings of ₹533.50 crore.**

**(Paragraph – 3.8.2.1)**

**Out of available funds of ₹951.65 crore during 2005-10, the State Government and Directorates/Boards did not release ₹239.58 crore (25 per cent) to the Implementing Agencies.**

**(Paragraph – 3.8.3)**

**An amount of ₹30.39 crore was parked in fixed deposit/Bank account and ₹20.75 crore was either misappropriated or fraudulently appropriated.**

**(Paragraphs -3.8.6 & 3.8.4.1)**

**Of 95 major projects sanctioned during 2005-10 and 62 projects due for completion by March 2010, only one project was completed.**

**(Paragraph -3.9.1)**

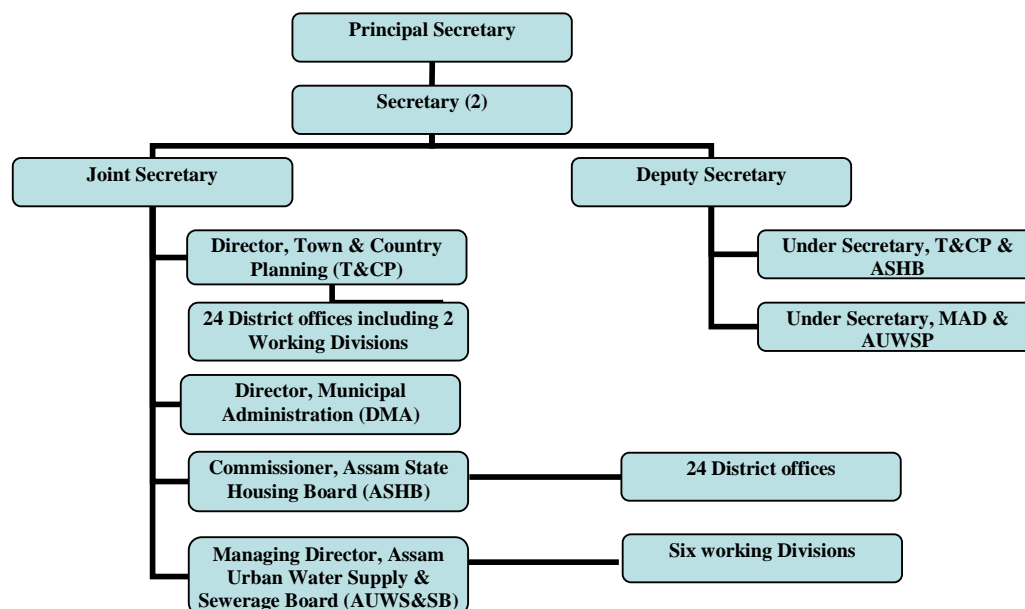
### 3.1 Introduction

The total population of Assam, as per 2001 Census, is 266.56 lakh, out of which 34.39 lakh (12.90 *per cent*) live in urban areas. The contribution of urban sector to the Net Domestic Product is more than 60 *per cent*. Urban Development Department (UDD) is functioning with two Directorates *viz.*, Municipal Administration (MA) and Town and Country Planning (T&CP) and two Boards *viz.* Assam Urban Water Supply and Sewerage Board (AUWS & SB) and Assam State Housing Board (ASHB). The Directorates and Boards undertake their activities through 24 Development Authorities (DA) in 24 towns and 88 Urban Local Bodies (ULBs) in the State to provide basic civic amenities such as housing, drinking water facilities, road networks, market complex, Bus/Truck Terminus etc. AUWS&SB was set up in May 1988 for development, maintenance and regulation of water supply and sewerage facilities in urban areas of the State. ASHB was constituted under the Assam Act of 1974 to implement Housing Schemes.

### 3.2 Organizational set up

The organisational set up of UDD is shown in the chart below:

Chart-1



### 3.3 Scope of Audit

Integrated audit of the Department was carried out during February to August 2010 covering the functioning of the department during 2005-10. Records in the Secretariat, two Directorates, two Boards and seven<sup>1</sup> out of 27 districts along with records of ten<sup>2</sup> Urban Local Bodies (ULB), eight District Offices of T&CP<sup>3</sup> including two Drainage and Sewerage Divisions, six<sup>4</sup> Development Authorities, two<sup>5</sup> divisions of Assam Urban Water Supply and Sewerage Board (AUWS&SB) and seven district offices<sup>6</sup> of ASHB were test-checked. Ten out of 21 (48 *per cent*) State/Central schemes and 16 out of 62 projects (26 *per cent*) implemented by the department through ULBs and Boards respectively covering an expenditure of ₹70.82 crore (₹25.39 *per cent*) out of the total expenditure of ₹278.92 crore were also test-checked.

### 3.4 Audit Objectives

The objective of audit was to assess whether:

- planning and formulation of developmental schemes/projects were need based;
- budgetary, expenditure and cash control were adequate and effective;
- allocation, release and utilization of funds for the schemes/projects were adequate;
- operational controls were adequate and effective; and
- monitoring system of the Department was adequate and projects/schemes were evaluated effectively.

### 3.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Budget Manual of the Government of Assam.
- Assam Treasury Rules.
- Assam Financial Rules.
- Assam Public Works Department Manual.
- Guidelines of programmes/schemes.
- Prescribed monitoring mechanism.

<sup>1</sup> Barpeta, Jorhat, Kamrup (Rural), Karimganj, Nagaon, Nalbari and Tinsukia.

<sup>2</sup> Barpeta MB, Dhing TC, Hojai MB, Jorhat MB, Karimganj MB, Nagaon MB, Nalbari MB, Palasbari MB, Rangia MB and Tinsukia MB.

<sup>3</sup> Barpeta, Jorhat, Kamrup (Rural), Karimganj, Nagaon, Nalbari, Guwahati and Tinsukia DNS Divisions.

<sup>4</sup> Barpeta DA, Jorhat DA, Karimganj DA, Nagaon DA, Nalbari DA and Tinsukia DA.

<sup>5</sup> Guwahati Division No-2 and Jorhat Division.

<sup>6</sup> Barpeta, Jorhat, Kamrup (Rural), Karimganj, Nagaon, Nalbari and Tinsukia.

### **3.6 Audit Methodology**

The integrated audit commenced with an entry conference in March 2010 with the Secretary, Urban Development Department; Director, Municipal Administration; Director, Town & Country Planning and Managing Director, Assam Urban Water Supply & Sewerage Board, wherein the audit objectives, criteria and methodology including visit of project sites and taking photograph of the projects by audit were discussed. Seven<sup>7</sup>, out of twenty seven, Districts were selected on simple random sampling method. An exit conference was held with the Secretary, Planning and Development Department and other departmental functionaries on 4 November 2010 wherein the audit findings and recommendations were discussed. The replies of the Government have been suitably incorporated.

### **Audit findings**

Audit findings are discussed in succeeding paragraphs.

### **3.7 Planning**

**3.7.1** Planning is an integral part of programme implementation. Plan process requires that necessities are prioritized involving implementing agencies, setting forth periodical targets to be achieved and ensuring technical sufficiency of the implementing agencies.

The Department did not prepare any perspective plan for systematic implementation of the schemes. Further, while formulating the plan/project proposals, the technical competency of implementing agencies were also not taken into consideration. Draft annual plan for all Central and State schemes were however, submitted by two directorates and Boards without setting monthly/quarterly target against each programme/scheme. Inputs from the implementing agencies, like Municipal Boards/Town Committees and Development Authorities, were not obtained in preparing annual plan, although it was a requirement of certain central schemes (e.g UIDSSMT<sup>8</sup>). Thus, the participation of the implementing agencies at the grass root level in the planning process was absent. As a result, many of the infrastructural projects were implemented in a haphazard manner mainly due to absence of technical competence at the grass root level which retarded the progress of the projects. This has been discussed in detail under Programme Implementation (Paragraph 3.9).

---

<sup>7</sup> Barpeta, Jorhat, Kamrup (Rural), Karimganj, Nagaon, Nalbari and Tinsukia.

<sup>8</sup> UIDSSMT-Urban Infrastructure Development Scheme for Small & Medium Towns.

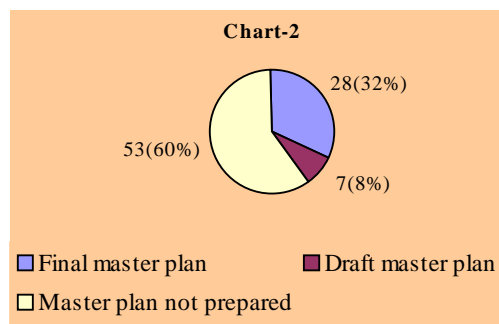
The Department did not obtain requirement of funds from Municipal Boards/Town Committees and Development Authorities. Plan proposals for 2005-10 were not made on a realistic basis as against the allocation of ₹558 crore, the State Government released only ₹295.05 crore (53 per cent). Thus, lack of adequate planning resulted in fixation of higher financial targets during 2005-10.

Even after shortfall in release (47 per cent) by the State Government, there were balances of funds with the directorates, Boards (discussed in Allocation and Expenditure under para 3.8.2.3) indicating limited absorption capacities at the implementation level.

During exit conference (November 2010), Secretary, Planning and Development Department stated that the fact has been brought to the notice of the UDD for observing the procedure from next year.

### 3.7.2 Master plans for development of towns

The Director, Town and Country Planning (DT&CP) is entrusted with the task of preparation of master plans for 88 towns in the State to ensure their orderly growth and formulation of Urban Plan. DT&CP finalized master plans of 28 towns, prepared draft master plans of seven towns, and preparation of master plans for the remaining 53 towns were pending as of March 2010. The position is depicted in chart-2:



During 2005-10, the State Government allocated and released ₹1.20 crore for preparation of master plans without fixing any target. Expenditure incurred thereagainst was only ₹27 lakh (23 per cent) during the period. Thus, allocation was made without assessing actual requirement of funds. This indicates absence of proper planning for preparation of master plans.

Pursuant to the provision of Assam Town and Country Planning Act, 1959, the State Government constituted 25 Development Authorities in 25 out of 88 towns (including Guwahati which is under Guwahati Development Department). Proposals for constituting two Development Authorities (Rangia & Palasbari-Mirza-Bijoynagar) were forwarded to State Government but date of submission of proposals was not intimated by DT&CP. No initiative has yet been taken (October 2010) for creation of Development Authority at Namrup town. Development Authorities were set up for undertaking projects for infrastructure development of Master Plan areas of the concerned Towns. Details of creation, approval of Master Plan and projects taken up by the Development Authorities are shown in table-1.

**Table – 1**

Sl No.	Name of Development Authority	Year of creation	Year of Approval of Master Plan	No. of Projects taken up	Present Status of Projects	
					Completed	Ongoing
1	Tinsukia	1963	1997	3	1	2
2	Dibrugarh	1986	2009 (Revised)	1	NIL	1
3	Sibsagar	1984	1986	NIL	NIL	NIL
4	Jorhat	1986	1978	3	NIL	3
5	Nazira-Simaluguri	1995	2004	1	1	--
6	Tezpur	1986	1977	1	NIL	1
7	Nagaon	1986	1986	NIL	NIL	NIL
8	Jagiroad	1984	1985	NIL	NIL	NIL
9	Nalbari	1985	1999	NIL	NIL	NIL
10	Bongaigaon	1990	1988	NIL	NIL	NIL
11	Silchar	1984	2005	NIL	NIL	NIL
12	Golaghat	2000	2000	1	NIL	1
13	North Lakhimpur	2000	2000	NIL	NIL	NIL
14	Sonari	2001	2001	NIL	NIL	NIL
15	Diphu	2003	1996	NIL	NIL	NIL
16	Dergaon	2004	2004	NIL	NIL	NIL
17	Biswanath Chariali	2004	2004	NIL	NIL	NIL
18	Karimganj	2004	2004	NIL	NIL	NIL
19	Dhubri-Gauripur	2004	2004	NIL	NIL	NIL
20	Mangaldoi	2004	2004	NIL	NIL	NIL
21	Goalpara	2006	2007	NIL	NIL	NIL
22	Kokrajhar	2008	2006	NIL	NIL	NIL
23	Dhemaji	2008	2009	NIL	NIL	NIL
24	Barpeta	2009	2006	NIL	NIL	NIL
<b>Total</b>				<b>10</b>	<b>2</b>	<b>8</b>

Source: Information furnished by the Director, T&CP.

Six out of 24 Development Authorities (excluding Guwahati) undertook 10 projects during 2004-08. Only two<sup>9</sup> projects (20 per cent) were completed after a delay of one year. No proposal was submitted by the remaining 18 Development Authorities. However, in the seven test-checked districts it was seen in audit that four<sup>10</sup> out of six Development Authorities had neither taken up any project nor submitted proposals for implementation of projects. Thus, absence of any activity by 18 Development Authorities defeated the purpose for which these were created.

## **3.8 Financial Control**

### **3.8.1 Preparation of Budget**

Budget Manual of the Government of Assam stipulates that the Budget Estimates (BEs) are to be consolidated by the Controlling Offices based on the proposals received from the subordinate offices and BEs should be as accurate as possible. Controlling Officer is responsible for timely surrender of savings. Directorates of T&CP and Municipal Administration (MA) submitted their BEs to the Department which the Department forwarded to Finance Department (FD). Both the Directorates did not produce any record/information for the basis of preparation of BEs for 2005-10. Audit scrutiny however, revealed that the State Government provided

<sup>9</sup> One (Tinsukia Bus Terminus) out of two completed projects was taken up during 2004-05.

<sup>10</sup> Barpeta, Karimganj, Nalbari & Nagaon.

overall excess of 0.42 per cent plan and 7.16 per cent less non-plan budget grant compared to Budget proposal of the department during 2005-10. Reasons for excess/less budget grant was not available on records. Details are shown in table-2.

Table – 2

(₹ in crore)

Year	Proposed budget		Budget granted			Excess(-)/ Less(+) grant over proposal			
	Plan	Non plan	Plan	Non plan	Total	Plan	Percentage	Non Plan	Percentage
2005-06	73.75	26.68	75.01	26.31	101.32	(-) 1.26	(-) 1.7	(+) 0.37	(+) 1.39
2006-07	154.6	25.6	153.98	38.75	192.73	(+) 0.62	(+) 0.4	(-) 13.15	(-) 51
2007-08	133.25	26.15	133.47	58.03	191.5	(-) 0.22	(-) 0.17	(-) 31.88	(-) 122
2008-09	154.97	56.44	155.89	27.14	183.03	(-) 0.92	(-) 0.59	(+) 29.3	(+) 51
2009-10	318.59	59.61	320.29	30.31	350.6	(-) 1.70	(-) 0.53	(+) 29.3	(+) 49
<b>Total</b>	<b>835.16</b>	<b>194.48</b>	<b>838.64</b>	<b>180.54</b>	<b>1019.18</b>	<b>(-) 3.48</b>	<b>(-) 0.42</b>	<b>(+)13.94</b>	<b>(+)7.16</b>

Source: Information collected from the Directorates/Boards.

Besides, UDD delayed submission of budget proposals to the finance department during 2005-06 and 2007-10 by one to sixty eight days.

### 3.8.1.1 Budget estimate of ULBs

Under section 43A of Assam Municipal Act, 1956, the Municipal Boards shall pass the annual budget estimate and submit them to Director, Municipal Administration (DMA) for approval before 31 March of previous year. Audit scrutiny revealed that 41 to 70 ULBs had not forwarded the budget estimates to the DMA during 2005-10 and there were delays ranging from 32 to 363 days in forwarding the estimates by ULBs. Details are shown in table – 3.

Table – 3

Sl. No.	Year	No. of ULBs	No. of ULBs submitted BE and approved by the DMA	Dates of submission by ULBs	Delay in submission (In days)	No. (percentage) of ULBs not submitted BEs
1	2005-06	88	18	Not furnished	Not furnished	70 (79)
2	2006-07	88	46	21.4.06 to 13.7.06	37 to 120	42 (48)
3	2007-08	88	47	23.4.07 to 25.5.07	39 to 66	41 (47)
4	2008-09	88	24	16.4.08 to 13.3.09	32 to 363	64 (73)
5	2009-10	88	38	17.4.09 to 23.12.09	33 to 283	50 (57)

Source: Information collected from the DMA.

Thus, not only was the provision of Assam Municipal Act, 1956 violated but the Government released grants to ULBs without ascertaining the actual financial condition of ULBs resulting in diversion of scheme funds by three test-checked ULBs towards payment of salary and other expenses as discussed under fund management.

### 3.8.1.2 Budget estimates of ASHB and AUWS&SB

Under Section 28(1) of the ASHB Act, 1972, the budget prepared and sanctioned by Assam State Housing Board shall be submitted to the State Government for approval before 31 March of previous year. Though the ASHB prepared the budget, this was never forwarded to the State Government for approval as required under the Act.

Similarly, under Section 35(1) of Assam Urban Water Supply and Sewerage Board Act, 1985, the estimate of the Income and Expenditure Account passed by the Board was required to be submitted to the State Government. AUWSSB also did not prepare any estimate for approval of the State Government since inception (1989-90).

Thus, the relevant provisions of the Acts were violated and the Boards were receiving grants without submitting any budget estimates for approval by the Government. Hence, the State Government was unaware of the financial condition of the Boards and ASHB was diverting scheme funds towards payment of salary as discussed under programme implementation (paragraph 3.9.5.1).

### 3.8.2 Budget outlay and expenditure

3.8.2.1 The position of budget allocation and expenditure incurred thereagainst in the Department during 2005-10 is shown in table - 4.

Table – 4

(₹ in crore)

Year	Original Budget	Supplementary Budget	Surrendered amount	Total	Expenditure	Savings (-) Excess (+) (percentage)
2005-06	86.85	14.47	0	101.32	88.07	(-) 13.25 (13)
2006-07	159.98	32.75	0	192.73	42.34	(-) 150.39 (78)
2007-08	165.22	26.28	0	191.50	116.86	(-) 74.64 (39)
2008-09	152.12	30.91	0	183.03	63.49	(-) 119.54 (65)
2009-10	219.70	130.90	0	350.60	174.92	(-) 175.68 (50)
<b>Total</b>	<b>783.87</b>	<b>235.31</b>		<b>1019.18</b>	<b>485.68</b>	<b>(-) 533.50 (52)</b>

Source: Appropriation Accounts (2005-10)

There were savings in all the years (2005-10) ranging between 13 and 78 per cent of budgeted allocation. Reasons for savings were not intimated by the State Government. However, the Directorates and Boards stated (July-August 2010) that the reasons for savings were due to non-release of budget grant by the State Government. In view of non-release of even the original budget provisions during 2006-10, supplementary provisions made during these years were unnecessary and unjustified. Financial control system exercised through budget was thus weak in the Department. Insufficient flow of funds adversely affected the implementation of schemes as discussed under programme implementation (Paragraph 3.9).



### 3.8.2.2 Allocation and expenditure

UDD is implementing 14 Central and seven State schemes through two Directorates and two Boards. Position of availability of funds against the schemes and expenditure incurred thereagainst during 2005-10 is shown in table - 5.

Table – 5

(₹ in crore)					
Sl No.	Name of the Scheme	Funds available during 2005-10	Expenditure	Shortfall (-) Excess (+)	Percentage
<b>Central Schemes</b>					
1	Award of 12th FC	5.5	5.5	-	-
2	Integrated Low Cost Sanitation (ILCS)	5.86	5.86	-	-
3	Swarna Jayanti Sahri Rozgar Yojana (SJSRY)	85.88	64.52	(-) 21.36	(-) 25
4	10% Pool Fund	73.16	55.92	(-) 17.24	(-) 24
5	Non-Lapsable Central Pool of Resources (NLCPR)	28.01	26.12	(-) 1.89	(-) 7
6	Integrated Development of Small & Medium Towns (IDSMT)	22.28	20.99	(-) 1.29	(-) 6
7	Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT)	106.78	34.02	(-) 72.76	(-) 68
8	Integrated Housing & Slum Development Programme (IHSDP)	31.82	16.85	(-) 14.97	(-) 47
9	National Urban Information System (NUIS)	0.66	0.07	(-) 0.59	(-) 89
10	Night Shelter for Urban Slum (NSUS)	0.25	0.25	-	-
11	National Slum Development Programme (NSDP)	7.71	7.51	(-) 0.20	(-) 3
12	One Time Central Assistance and State Plan Schemes	38.71	11.91	(-) 26.80	(-) 69
13	PM'S SPL. PKG	1.59	1.52	(-) 0.07	(-) 4
14	Accelerated Urban Water Supply Programme (ASUWSP)	54.46	41.67	(-) 12.79	(-) 23
<b>State Schemes</b>					
15	Motor Vehicle Tax (MVT)	6.28	6.28	-	-
16	Assam Vikash Yojana (AVY)	13.4	2.06	(-) 11.34	(-) 85
17	Solid Waste Management (SWM)	0.2	0.2	-	-
18	Environmental Improvement of Urban Slums (EIUS)	0.24	0.24	-	-
19	State Plan WSS	26.81	18.22	(-) 8.59	(-) 32
20	Janata Housing Scheme (JHS)	14.08	0.82	(-) 13.26	(-) 94
21	Rental Housing Scheme (RHS)	3.52	1.67	(-) 1.85	(-) 53
<b>Total</b>		<b>527.20*</b>	<b>322.20*</b>	<b>(-) 205.33</b>	<b>(-) 39</b>

Source: Information collected from Directorates & Boards

\*Excluding ₹32.64 crore (GP Grant: ₹28.81 crore + GP Grant for election: ₹3.83 crore).

The Department did not utilize 39 per cent funds available during 2005-10 against the schemes, as mentioned above. This retarded the progress of work under the schemes resulting in denial of intended benefits to the targeted beneficiaries. Reasons for shortfall in utilization were not available on records.

### 3.8.3 Short release of funds

GOI released (2005-10) ₹391.81 crore (including opening balance of ₹25.06 crore) to the State Government for implementation of 14 centrally sponsored schemes (Table-6). Out of the available central share the State Government released

₹357.23 crore (91 per cent) to the Directorates and Boards leaving a balance of ₹34.58 crore (₹391.81 crore - ₹357.23 crore) as of March 2010.

Similarly, out of the available funds of ₹559.84 crore with the Directorates and Boards during 2005-10, the Directorates released ₹260.30 crore to ULBs and the Boards spent ₹94.54 crore. As such, there were unreleased/unspent funds of ₹205 crore<sup>11</sup> with the Directorates and Boards as on 31 March 2010. Details are shown in table - 6.

**Table – 6**

(₹ in crore)

Year	Fund Released by GOA to Directorates and Boards			Opening Balance with UDD	Total Fund Available With Directorates and Boards	Fund Released by Directorates to ULB	Expenditure Incurred by the Boards	Closing Balance with the directorates and Boards
	Central share	State share	Total released					
2005-06	25.71	23.31	49.02	31.29	80.31	17.67	15.75	46.89
2006-07	27.87	24.87	52.74	46.89	99.63	22.28	20.17	57.18
2007-08	79.81	54.47	134.28	57.18	191.46	80.28	15.92	95.26
2008-09	89.82	15.97	105.79	95.26	201.05	72.51	24.14	104.40
2009-10	134.02	52.70	186.72	104.40	291.12	67.56	18.56	205.00
<b>Total</b>	<b>357.23</b>	<b>171.32</b>	<b>528.55</b>	--	--	<b>260.30</b>	<b>94.54</b>	--

Source: Information collected from the Department.

Thus, GOA retained ₹34.58 crore (nine per cent) of the central share and the Directorates and Boards retained ₹205 crore (37 per cent) at their level. The reasons for non-utilisation of funds were not available on records.

### 3.8.4. Fund management

#### 3.8.4.1 Lack of internal control leading to misappropriation

Rule 95 of Assam Financial Rules provides that a Drawing and Disbursing Officer (DDO) is personally responsible for accounting of all moneys received and disbursed and the safe custody of cash. The DDO should satisfy himself, by periodical examination, that the actual cash balance corresponds with the balance in the Cash book. Further, the DDO is required to verify day-to-day transactions, attest each entry in the Cash book and authenticate the analysis of daily/monthly closing balance. The disbursements should invariably be supported by vouchers/APRs. The scheme guidelines also provide for maintenance of separate Cash book and bank account for each scheme.

Director of Municipal Administration, however, did not maintain scheme-wise separate Cash book or bank accounts except for SJSRY. The receipt of funds were entered in the main Cash book and shown as transferred to the Register of Valuables<sup>12</sup> in the payment side on the same date. The Register of valuables however, did not reflect the receipt of the funds. Thus, closing balance in hand was not reflected either

<sup>11</sup> MAD – ₹32.70 crore, T&CP – ₹107.06 crore, AUWS&SB – ₹50.14 crore and ASHB – ₹15.10 crore.

<sup>12</sup> Cheques and drafts received by DDO should be entered in the Register of Valuables.

in the Cash book or in the Register of Valuables at any point of time. Periodical cash verification certificate showing actual cash balance corresponding with the balance in Cash book was never appended to the Cash book. Only disbursements to ULBs were shown in the Register of Valuables over protracted periods spreading for months/years together, e.g., ₹5.50 crore of 12 FC award was received by DMA on 31 March 2006 and disbursed to ULBs between June 2006 and March 2007. DMA did not explain as to where and in which form funds were kept in the interim period before disbursement and the position of balance funds after part disbursement to ULBs. Neither Deposit at call receipt (DCR) register nor any draft register was maintained by DMA. In absence of transparent records, it could not be ascertained how much of the funds were transferred to ULBs and how much was retained.

The probability of investing the balance amounts in hand unauthorisedly before disbursement to ULBs could not be ruled out and misappropriation of the interest proceeds thereof also could not be ruled out. There were two instances of investment (March 2005) of SJSRY funds (₹3.50 crore and ₹1.51 crore) in Short Term Deposit receipts (STDR) for 91 days. In one case, interest was accounted for and in the other case, interest remained unaccounted for in Cash book. The maturity value of ₹3.57 crore (principal: ₹3.50 crore, interest: ₹0.07 crore) was taken into Cash book in September 2005 and only the principal amount of other STDR (₹1.51 crore) was taken into Cash book in December 2005. The interest together with further interest thereon relating to ₹1.51 crore accumulated to ₹5.59 lakh (payable in September 2010 as intimated by Bank authority) remained unaccounted for in Cash book. In respect of six<sup>13</sup> other schemes, separate Cash book was not maintained. Hence, other investments remaining outside Government account and interest thereof, being misappropriated, could not be ruled out.

Scrutiny further revealed that against seven schemes ₹63.56 crore<sup>14</sup> was received by DMA during 2005-10 for disbursement to 88 ULBs. In the Cash book of DMA, funds aggregating ₹63.56 crore were shown transferred to Register of valuables, on the same date on which these were received. In the register of valuables, receipt of the funds were not shown. Only disbursements to different ULBs were shown. There was no indication where the balance fund was kept in the interim period. Cross checking with the ULBs revealed that out of ₹63.56 crore shown disbursed, documentary evidence of the receipt/utilisation of ₹19 crore was not available in the concerned ULBs. The details are shown in **Appendix – 3.1** (Sl. No. 1 to 8). Thus, ₹19 crore was misappropriated.

For SJSRY, three separate Cash books and three bank accounts were maintained by DMA. There were instances of funds of ₹1.59 crore transferred from DMA but not received in the ULBs (Sl. No. 9, 10, 11 & 12 of **Appendix – 3.1**) which came to notice

<sup>13</sup> AVY, 11<sup>th</sup> FC, 12<sup>th</sup> FC, ILCS, MVT and SWM.

<sup>14</sup> GP Grant : ₹28.81 lakh, 12 FC – ₹5.50 lakh, LCSP : ₹5.86, MVT : ₹5.96, GP Grant (Election) : ₹3.83 lakh, Assam Vikash Yojana : ₹13.40 lakh and Solid Waste Management : ₹0.20 lakh.

during test-check. In the absence of any evidence of receipt of these funds in the ULBs, these amounts were also suspected to be misappropriated.

Misappropriation of ₹16.05 lakh was also noticed in ASHB. One Section Assistant collected rent of ₹16.05 lakh, relating to 180 rental housing units, through fake money receipt books during June 2003 to May 2009 (Sl. No. 13 of *Appendix – 3.1*).

Out of misappropriated amount of ₹20.59 crore in 12 cases (Sl. No. 1 to 12 of *Appendix – 3.1*) DMA furnished (8 November 2010) reply in respect of four cases involving ₹17.23 crore (Sl. No. 3, 7, 8 and 12 of *Appendix – 3.1*). In the reply it was stated that out of ₹17.23 crore, ₹10.87 crore was disbursed and balance ₹6.36 crore retained in hand in the form of deposit at call receipts. In absence of adequate supporting documents, authenticity of the statement could not be verified.

### 3.8.4.2 Missing Bank draft

The Ministry of Urban Development forwarded (July 2005) a sum of ₹38.41 lakh to the Commissioner and Secretary, UDD, in bank draft<sup>15</sup> for Golaghat Storm Water Drainage project (10 *per cent* Pool fund) to be implemented by Golaghat Development Authority. The amount was not traceable either in UDD or in the Directorate. In absence of any particulars of this amount either in the Secretariat or in the Directorates inspite of repeated audit memos, misappropriation of fund could not be ruled out.

During exit conference the Director, T&CP stated that they have no information regarding receipt of such funds. It was, however, pointed out to the Director that the point was raised based on documentary evidence. The department did not furnish reply to the audit observation (November 2010).

### 3.8.5 Disbursement without obtaining approval

Funds in respect of the schemes to be implemented by the ULBs were to be disbursed to the implementing agencies after due approval from the Director of Municipal Administration (DMA). DMA drew/received ₹21.61 crore between January 2005 and April 2007 and disbursed it to the ULBs between April 2005 to December 2007. Audit scrutiny revealed that out of ₹21.61 crore, ₹3.97 crore was disbursed to ULBs without any approval from DMA. The details are shown in table – 7.

Table - 7

(₹ in crore)

Name of the scheme	Amount received	Period of receipt	Amount disbursed without approval	Period of disbursement
11 FC award	6.42	March 2005	1.52	April 2005 to August 2005
10 <i>per cent</i> Pool fund	6.76	January 2005 to June 2005	2.23	October 2007 to June 2008
SJSRY fund	8.43	March 2007 and April 2007	0.22	June 2007 to December 2007
<b>Total</b>	<b>21.61</b>		<b>3.97</b>	

Source: Records furnished by DMA.

<sup>15</sup> Bank draft No. 028059 dated 28.06.2005 drawn on UTI Bank, New Delhi – 110001, forwarded by Ministry of urban Development vide letter no. K-14011/05/2005-UDIII (Pt-II) dated 7 July 2005.

This indicates that Director had no control over release of funds to ULBs from his Cash book.

### 3.8.6 Parking of funds

Assam Treasury Rules (ATR) stipulates that money should not be drawn until and unless required for immediate disbursement. Audit scrutiny revealed that ₹30.39 crore, meant for various schemes, was retained in revenue deposit/fixed deposit/bank accounts resulting in non-utilisation of funds for the purposes for which it was granted to the department. Details are given in *Appendix-3.2*.

While accepting the fact, Finance Department stated during exit conference that adequate measures would require to be taken for streamlining the system.

### 3.8.7 Diversion of funds

In seven units, ₹18.71 crore meant for implementing various schemes were diverted towards other purposes as brought out below:

- Assam Urban Water Supply & Sewerage Board executed six water supply schemes (WSS) under State plan and AUWSP. Fund available till March 2010 was ₹56.13 crore. Against available ₹56.13 crore, Board spent ₹74.28 crore till March 2010 resulting in excess expenditure of ₹18.15 crore. The excess expenditure was met from other scheme funds as the Board had no other source to meet the excess expenditure. This has retarded the progress of other schemes and coverage of targeted population as discussed under programme implementation (Paragraph 3.9). Out of six schemes, four schemes were completed and one scheme was partially commissioned after a delay ranging from five to 13 years. Work of one Scheme was stopped due to litigation.
- Jorhat Development Authority received ₹15.19 crore during 2005-10 from the Department against Storm Water Drainage project. Out of this, ₹38.94 lakh was utilized (January 2006 – August 2009) towards execution of NLCPR Project, construction of Bokul Bon Park and Ambedkar Park, for payment of legal fee, cost of sign boards and documentary film between January 2006 and August 2009 which were not related to Storm Water Drainage Project. The Scheme which was stipulated for completion by November 2006 also remained incomplete as of October 2010.
- GOA stipulated that Motor Vehicle Tax Grant should be utilized only for construction and maintenance of roads. But three test-checked ULBs (Nalbari Municipal Board, Dhing Town Committee and Barpeta Municipal Board) utilized (2005-07) Motor Vehicle Tax Grant of ₹17.37 lakh<sup>16</sup> towards payment of salary, festival advance, traveling allowance etc.

<sup>16</sup> Barpeta MB: ₹3.60 lakh, Nalbari MB: ₹11.25 lakh and Dhing TC: ₹2.52 lakh.

### 3.8.8 Poor cash management

Guidelines on Swarna Jayanti Sahari Rozgar Yojana (SJSRY) stipulate that separate bank account should be maintained for the scheme. DMA maintained one Bank Account (SBI) and one cash book of SJSRY till February 2006 and thereafter with the permission of the competent authority opened two more accounts, one in December 2005 at Allahabad Bank and another in April 2007 at UCO Bank. Audit scrutiny of cash books and bank passbook/statement revealed discrepancy of ₹5.94 crore and ₹1.04 crore in the Opening and Closing Balances respectively. The difference was neither reconciled nor explained to audit. Details are shown in table - 8.

**Table – 8**

(₹ in crore)

Particulars of Cash Book	Opening Balance (1 April 2005)			Closing Balance as on 31 March 2010		
	As per cash book	As per Bank Account	Difference	As per Cash Book	As per Bank Account	Difference
SBI	10.27	4.33	5.94	13.51	13.51	0
UCO Bank	0.00	0.00	0	6.32	5.28	1.04
Allahabad Bank	0.00	0.00	0	0.00	0.00	0
<b>Total</b>	<b>10.27</b>	<b>4.33</b>	<b>5.94</b>	<b>19.83</b>	<b>18.79</b>	<b>1.04</b>

Source: Information collected from Directorate

Absence of periodical reconciliation between Cash book balance and bank balance resulted in such large discrepancies. This may lead to misappropriation of funds as revealed from the analysis done below:

DMA received ₹85.88 crore from GOI/GOA during 2005-10 under SJSRY. Out of the total available balance of ₹96.15 crore (including opening cash book balance of ₹10.27 crore as on 1 April 2005) during the period, DMA transferred ₹60.77 crore to different ULBs including self drawn cheques (₹0.57 crore). Thus, closing cash book balance and bank balance should have been ₹35.38 crore, whereas closing balance as per cash book was ₹19.83 crore and as per bank accounts as on March 2010 was ₹18.79 crore resulting in a discrepancy of ₹15.55 crore as per cash book and ₹16.59 crore as per the bank accounts. No explanation was, however, given to audit for the discrepancy (October 2010) and also no reconciliation statement was shown to audit. These large discrepancies point towards misappropriation, which need to be investigated immediately.

In the reply submitted (8 November 2010) after exit conference, DMA stated that huge discrepancy of ₹15.55 crore in cash book and ₹16.59 crore in bank account was due to delayed entry of an amount of ₹14.78 crore (central share of SJSRY – 2009-10) in the cash book beyond the financial year on 6 April 2010. The DMA had not explained the entire difference and the reply is also not supported by bank reconciliation statement and hence cannot be accepted in audit.

### 3.8.9 Short deposit of CPF

In ASHB, ₹1.84 crore was deducted from the salary of employees during 2005-10 towards CPF contribution. The Board was liable to deposit ₹6.14 crore<sup>17</sup> to Contributory Provident Fund account during the period which included outstanding deposit of ₹2.46 crore for the period prior to 2005-10 and ASHB's share of contribution of ₹1.84 crore for 2005-10. ASHB deposited ₹5.41 crore during the period leaving a balance of ₹73 lakh in Board's general fund.

Further, ₹39 lakh being the recovery effected from the employees against loan granted from CPF was lying with the Board as on 31 March 2005 for onward deposit to the CPF account. Further, the Board recovered ₹23 lakh from 10 employees during 2005-10 and thus the aggregate amount stood at ₹62 lakh to be deposited under CPF. Against this, the unit deposited ₹44 lakh into CPF accounts leaving a balance of ₹18 lakh in Board's general fund. There was total short deposit of ₹91 lakh in the CPF account as of March 2010. Thus, the employees were deprived of the legitimate interest payable on the balances in their CPF account.

### 3.8.10 Outstanding revenue collection

ASHB collects rent from the tenants of Buildings/Housing Units rented out by the Board. Against the total demand of ₹5.61 crore, the Board realized ₹3.96 crore (71 per cent). The outstanding revenue is on the rise and increased from ₹1.01 crore in March 2005 to ₹1.65 crore (63 per cent) in March 2010 due to non-payment of rent by allottees. The Board issued notices including demand notes but had not initiated effective action for collection of outstanding rent. This indicated absence of sound revenue collection system in the Board. Details are shown in table – 9.

Table – 9

(₹ in crore)

Year	Opening Balance	Amount recoverable during the year	Total	Amount recovered during the year (per cent)	Outstanding (per cent)
2005-06	1.01	0.52	1.53	0.53 (35)	1.00 (65)
2006-07	1.00	0.63	1.63	0.58 (36)	1.05 (64)
2007-08	1.05	0.92	1.97	0.72 (36)	1.25 (64)
2008-09	1.25	1.27	2.52	1.03 (41)	1.49 (59)
2009-10	1.49	1.26	2.75	1.10 (40)	1.65 (60)
<b>Total</b>		<b>4.60</b>	<b>5.61</b>	<b>3.96 (71)</b>	<b>1.65 (29)</b>

Source: Information collected from ASHB

Shortfall in collection of revenue had the adverse effect of spending HUDCO loan money on salaries and other administrative expenditure as discussed in paragraph 3.8.11.1.

<sup>17</sup> Outstanding balance: ₹2.46 crore (equal contribution of employees and Board).  
During 2005-10 : ₹3.68 crore (equal contribution of employees and Board).



### 3.8.11 Outstanding repayment of loan

**3.8.11.1** ASHB, AUWS&SB and Guwahati Municipal Corporation (GMC) took loans from HUDCO aggregating ₹96.76 crore during 1978-2001 for granting housing loan to their staff and that of other Departments of the State Government. The Boards and GMC had not repaid the loan and the amount of liability stood at ₹229.76 crore as on 30 September 2003. HUDCO offered (August 2003) a package of ₹144.55 crore for one time settlement to the State Government who accepted the proposal in September 2003. The Government agreed to take over the liabilities at agreed concessional amount and MOU was accordingly executed in June 2007 for repayment within 10 years which *inter-alia* provides for payment of interest @ 9.75 per cent per annum w.e.f. March 2004 (prior to execution of MOU) and penal interest @ 3 per cent per annum on overdue payments. GOA repaid ₹118.70 crore (July 2004 to March 2009) including penal interest of ₹4.67 lakh for default in repayment of installments as per MOU. Position of actual liability after resettlement against the HUDCO loan as of 31 March 2010 was not available on the record.

Although ASHB realized (March 2006 to March 2010) ₹8.98 crore from the loanees against realizable amount of ₹67.29 crore, but instead of crediting the amount to Government account, for meeting the outstanding liability, the Board spent the entire amount towards payment of salary of staff. In absence of monitoring mechanism to ensure repayment of HUDCO loan by ASHB, the Government had to bear expenditure of ₹144.55 crore excluding interest.

**3.8.11.2** Two ULBs borrowed ₹1.09 crore<sup>18</sup> (August 1991 to June 1995) from HUDCO for disbursement of loan to the beneficiaries of Integrated Low Cost Sanitation Scheme (ILCS) for construction of latrine and construction of market complex. Except repaying ₹7.71 lakh to HUDCO out of ₹43.66 lakh by the Hojai MB in respect of ILCS scheme, the ULBs failed to repay the balance outstanding loan. Thus, balance amount of ₹1.01 crore together with the interest amounted to ₹13.26 crore as of March 2010 (Hojai MB: ₹12.21 crore and Barpeta MB: ₹1.05 crore).

## 3.9 Programme implementation

### 3.9.1 Implementation of Centrally Sponsored Scheme and State Sector Scheme

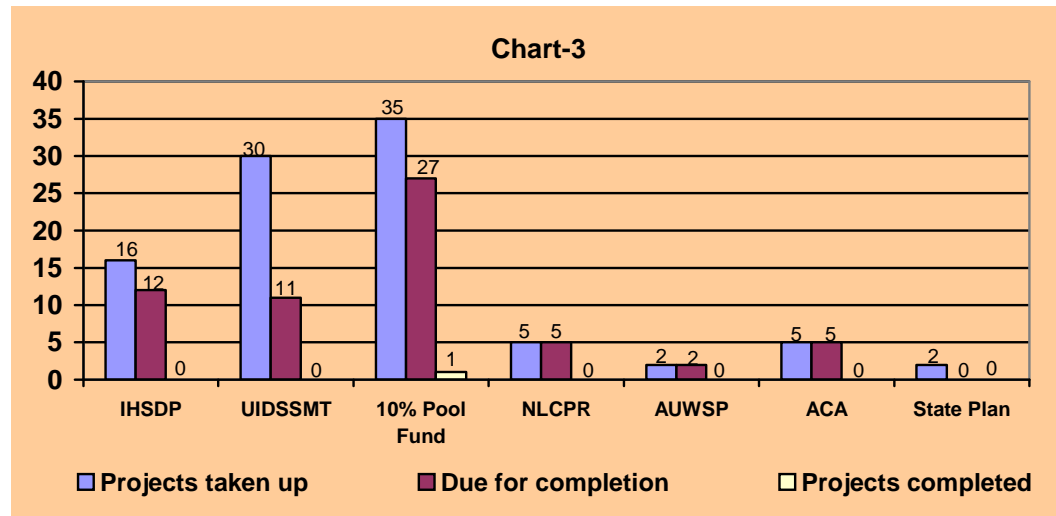
During 2005-10, 95 major projects were taken up by the Department under IHSDP, UIDSSMT, NLCPR, 10 per cent Pool Fund and Water Supply Project schemes, of

<sup>18</sup> 1. Hojai MB : Disbursement of loan to beneficiaries: ₹43.66 lakh (8/91) and for construction of market complex: ₹45.81 lakh (7/94);

2. Barpeta MB: Disbursement of loan to beneficiaries ₹19.11 lakh (6/05).



which 62 projects were to be completed by March 2010. But, the Department could complete only one<sup>19</sup> project. Status of construction of projects is depicted in Chart-3.



Tardy progress of the projects was attributable to insufficient flow of funds, lack of technical assistance and training to technical manpower of ULBs/DAs and absence of monitoring, as discussed in succeeding paragraphs.

### 3.9.2 Directorate of Municipal Administration

#### 3.9.2.1 Swarna Jayanti Sahari Rojgar Yozana (SJSRY)

(i) The scheme was in operation since December 1997 to provide gainful employment to the urban unemployed or under-employed poor by encouraging them to set up self-employment ventures. The scheme envisaged setting up of community organizations like Neighborhood Communities (NHCs) and Community Development Societies (CDS) in the targeted areas. CDS was responsible for identification of beneficiaries, preparation of applications, monitoring of recovery and providing any other support which was necessary for the programme. The scheme also provides for setting up of registered Thrift & Credit Societies entitled for payment of revolving fund. The scheme was distinguished by special incentive extended to urban poor women for setting up Development of Women and children in Urban Areas (DWCUA) consisting of at least 10 women for taking up economic activity suited to their skill, training, aptitude and local condition. Special assistance was to be provided for setting up community seva kendras, training (five *per cent* of total allocation) and Information, Education and Communication (IEC). Funding pattern of SJSRY was 75:25 between Central and State Government.

Audit scrutiny disclosed that requirement of funds was not obtained from the concerned DUDA and release of funds to ULBs was not proportionate to the number

<sup>19</sup> Multi-utility building at Sonari, Estimated cost: ₹4.96 crore.

of beneficiaries (BPL population) identified. Larger amount was released to ULBs where the numbers of beneficiaries were much less in comparison to other districts having larger BPL population.

For example, during 2005-10, ₹2.80 crore (5 per cent of total release of ₹55.08 crore) was released to Lakhipur MB (Cachar) having BPL population of 3,292 persons, whereas ₹1.14 crore (2 per cent of total release) was transferred to North Lakhipur MB having BPL population of 35,500. Details of disproportionate transfer of funds to ULBs are shown in **Appendix-3.3**.

Thus, transfer of funds was not rational and need-based.

During 2005-10, a sum of ₹ 13.75 crore<sup>20</sup> was available with eight test-checked ULBs (including opening balance of ₹19.65 lakh), of which ₹10.41 crore was spent for implementation of SJSRY scheme leaving a balance of ₹3.34 crore. Non-utilisation of funds adversely affected the implementation of the scheme. Two ULBs (Nagaon MB and Palasbari MB) did not furnish any information.

(ii) According to information furnished by DMA, ULBs conducted survey for identification of beneficiaries instead of CDS. The list of beneficiaries was verified by the District Urban Development Agency (DUDA) headed by Deputy Commissioner of the concerned District. This has violated the guidelines of SJSRY. However, only one sampled ULB (Tinsukia MB) stated that the survey was conducted by CDS under their supervision, four<sup>21</sup> sampled ULBs intimated that the survey was conducted either by District Administration, DMA or DT&CP, three ULBs (Rangia MB, Hojai MB and Dhing TC) conducted the survey by themselves and two ULBs (Nagaon MB, Palasbari MB) did not furnish any details. DMA has no information as to how the beneficiaries were identified. This is indicative of the fact that the implementation of the scheme was not as per guideline and was not being monitored effectively by DMA.

(iii) Audit scrutiny disclosed that the Quarterly Progress Reports submitted by DMA were not based on information/reports of DUDA. DMA did not furnish the

<sup>20</sup>

Period	2005-10				
	OB as on 1.4.2005	Fund received	Total fund available	Expenditure	Balance as on 31.3.10
Tinsukia,MB	2.4	164.52	166.92	111.53	55.39
Jorhat MB	2.24	194.73	196.97	103.18	93.79
Dhing MB	0	149.63	149.63	125.3	24.33
Hojai MB	0.16	197.09	197.25	170.05	27.2
Karimganj MB	12.83	215.62	228.45	169.88	58.57
Barpeta MB	1.9	187.98	189.88	157.77	32.11
Nalbari MB	0	173.97	173.97	131.44	42.53
Rangia MB	0.12	72.16	72.28	72.11	0.17
<b>TOTAL</b>	<b>19.65</b>	<b>1355.7</b>	<b>1375.35</b>	<b>1041.26</b>	<b>334.09</b>

<sup>21</sup> Barpeta MB: DMA, Nalbari MB: District Administration, Karimganj MB: T&CP and Jorhat MB: DMA.

position of implementation of the schemes for the period from April 2005 to September 2006 informing that the concerned files were stolen in April 2008. However, as of December 2006, total 471 NHCs were constituted and the position remained the same as of March 2010. Similarly, total 87 CDSs were formed as of December 2006 and the number decreased to 84 in March 2010, of which only 12 CDS were registered. As of December 2006, total 120 DWCUA was formed, of which only 15 groups were assisted by banks. The position remained unchanged as of March 2010. Only ₹11.96 lakh was spent on infrastructural support and there was no activity under IEC. Only six Community Seva Kendras were constituted during the period. Performance of CDS, DWCUA was not surveyed by UDD.

Records of DMA revealed that during 2005-10, total 2,659 small enterprises were set up by the beneficiaries. The viability of the enterprises were however, never assessed. Test-check disclosed that the sampled ULBs spent most of the funds on purchase of materials and hire charges of labourers for improvement of roads. Thus, there was little effort in the test-checked ULBs to promote self-employment ventures.

Lack of initiative at the level of DUDA and ULBs to create self-help groups and encourage them for self-employment ventures, resulted in denial of intended benefits of the scheme. In the absence of transparent records of monitoring, evaluation and management information system, the functioning of the self-employment enterprises remained unassessed in audit.

(iv) The work “Construction of Community Hall at Dergaon” was administratively approved (April 2004) by UDD for ₹25.20 lakh under SJSRY. The work was executed by DMA under the supervision of Sanitary Engineering Advisor and Superintending Engineer (SEA&SE), DMA. The sanction order stipulated that materials for work should be purchased from local Self-help group by inviting quotation and Stock Register, Measurement Book and bills etc. should be maintained.

Test-check of the records of DMA however, revealed that materials for the work were purchased from local contractors and suppliers and the work was executed by employing Muster Roll Labourers. As of March 2010, DMA spent ₹34.81 lakh against approved amount of ₹25.20 lakh resulting in excess expenditure of ₹9.61 lakh. The DMA however, could not furnish estimate of the work, stock register/material at site account, MBs etc. to audit in support of actual execution of the work.

Site visit by audit alongwith departmental officers revealed that a small incomplete structure was constructed (November 2005) by DMA and submitted (November 2005) utilization certificate of ₹25.20 lakh without mentioning the excess expenditure of ₹9.61 lakh.



Community hall at Dergaon under SJSRY (cost- ₹35 lakh) (20 May 2010)



Community hall at Bokakhat under IDSMT (cost- ₹12 lakh) (20 May 2010)

Visit to Bokakhat TC revealed that a similar but much bigger structure (Bihutoli) had been constructed (February 2009) by the TC under IDSMT scheme at a cost of ₹12 lakh. As evident from the photographs above, the cost of the unfinished community hall at Dergaon, constructed by DMA, is inflated and needs to be investigated by the competent authority.

### **3.9.3 Directorate of Town & Country Planning**

#### **3.9.3.1 *Integrated Housing and Slum Development Programme (IHSDP)***

The main objective of the scheme is to strive for holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of all cities/towns not covered under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The targeted group under the scheme are slum dwellers. The components for assistance under the scheme include all slum improvement/upgradation/relocation projects including construction of new houses and infrastructural facilities such as water supply and sewerage. Minimum floor area of each unit was 25 square meters with cost ceiling of ₹90,000.

During 2007-10, 16 Projects (8,668 dwelling units along with civic amenities viz., drainage, toilet, road and tube well) were approved by GOI for ₹84.99 crore for implementation by ULBs, of which 12 projects (5, 393 units) were due for completion by 31 March 2010.

Test-check revealed that only 10 out of 16 projects were taken up for execution by the ULBs and the physical progress of 10 projects varied from 10 to 54 *per cent* as of March 2010. Remaining six projects (approved during 2008-10), ₹3.16 crore<sup>22</sup> was released during 2008-10 against two projects, but the works are yet to commence.

Irregularities in implementation of projects noticed during test-check are discussed in succeeding paragraphs.

**(i) Slum re-location scheme at Karimganj Town**

The project Slum re-location was approved by GOI in February 2007 for ₹5.55 crore for completion within two years. Karimganj Municipal Board (KMB) was the implementing agency. GOA accorded AA in July 2007 and KMB invited tenders in September 2007 splitting the works into 27 Groups. The GOA selected five agencies on the basis of comparative statement forwarded by KMB in February 2008. The works were awarded in April 2008 for completion within 90 days. The selected project site required eviction of considerable number of Harijion families and apprehending public agitation, KMB relocated the project to a low-lying area without obtaining approval from the GOI.



Water logging at IHSDP dwelling units at Karimganj (2 June 2010)



IHSDP dwelling units at Karimganj (2 June 2010)

Audit scrutiny disclosed that KMB incurred an expenditure of ₹20 lakh on acquisition of land, though cost of land was not included in the approved estimate. KMB also paid (May 2008 to February 2010) an aggregate amount of ₹1.05 crore on three occasions as secured advance to an agency without indicating the list and cost of material brought to site and without any supporting document to prove that material, if any, was actually brought to site by the agency. No record was also made in the Measurement Book. Out of total advance of ₹1.05 crore, ₹75 lakh was not adjusted (June 2010). KMB allotted 446 dwelling units out of sanctioned 458 units. Audit scrutiny disclosed that only 52 units were allotted out of the list of beneficiaries projected in the detailed project report without showing any reason and without obtaining approval of GOI or GOA. As of March 2010, the physical progress of the work was only 54 *per cent*. Site visit by audit along with departmental officers revealed huge water logging in the project area and lower height of plinth of dwelling units from the existing height of the road. Thus, relocation of project to an

<sup>22</sup> Dhing: ₹1.28 crore and Mangoaldoi: ₹1.88 crore. The projects were sanctioned in September/October 2009 and stipulated for completion by August/September 2010.



inappropriate site by KMB would result in inconveniences and misery to beneficiaries.

In reply to audit queries, the Chairman, KMB and Deputy Director, T&CP (District Monitoring Authority) admitting the fact stated that the technical manpower of KMB does not have the requisite qualification and experience to execute the project.

Thus, delay in award of work, relocation of project to a low lying area, irregular expenditure by KMB together with inadequate technical manpower retarded the progress of the project resulting in denial of intended benefits to the targeted beneficiaries.

**(ii) Slum re-location and Slum Upgradation Scheme at Tinsukia town**

GOI approved the project (October 2007) for construction of 197 new dwelling units and upgradation of 643 dwelling units for ₹4.52 crore to be completed within two years. Tinsukia Municipal Board (TMB) was the implementing agency. GOA accorded AA for ₹4.52 crore in March 2008. TMB issued work orders in October 2009 for completion within six months from the date of work orders i.e., after the stipulated period of completion. Audit scrutiny revealed that against approved amount of ₹4.52 crore, ₹1.94 crore only was released (July 2008) by the State Government to TMB, of which TMB spent ₹19.60 lakh and parked (September 2008) ₹ one crore in three fixed deposits initially for 91 days w.e.f. 2 September 2008 and subsequently extended up to 1 December 2009. Interest of ₹8.33 lakh accrued up to 1 December 2009 and the entire amount remained parked in three fixed deposits (May 2010). Physical progress of the work was only 12 per cent.

According to approved estimate the thickness of the walls of the dwelling units should be 112 mm and there were provisions of cooking space and separate bathroom and latrine. Scrutiny of Measurement Book and site visit by audit along with departmental officers disclosed that deviating from the approved specification, the brick walls of the dwelling units were constructed with a thickness of 70 mm (three inch) in place of approved specification of 112 mm (five inch), cooking space was also not provided and combined bathroom and latrine were constructed.



IHSDP DWELLING UNITS AT TINSUKIA (4 May 2010)

Thus, delay in accordance of administrative approval and commencement of work, deviation from approved estimate and inept handling of the project by the ULB resulted in denial of benefit to the targeted beneficiaries.

### **3.9.3.2 Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)**

(i) The scheme was launched by GOI in 2005-06 for improvement of urban infrastructure in towns/cities in a planned manner. The scheme subsumed the existing schemes of Integrated Development of Small and Medium Towns (IDSMT) and Accelerated Urban Water Supply Programme. The objectives of the scheme were to improve infrastructural facilities and create public assets and quality oriented services. Director, T&CP is the nodal agency for transfer of funds to ULBs and monitoring and implementation. Central assistance was to be released directly to the nodal agency responsible for inviting project proposals from ULBs/implementing agencies and also responsible for techno-economic appraisal of the projects management and disbursement of funds and furnishing of UC. The State Government and ULBs were required to accept implementation of an agenda of mandatory reforms. Reforms for ULBs were (i) adoption of accrual-based double entry system of accounting in ULBs, (ii) introduction of e-governance using IT applications for various services provided by ULBs, (iii) reform in property tax with GIS to enhance collection efficiency, (iv) levy of user charges. The State Government was to ensure meaningful engagement of ULBs in planning and delivery of services to citizens, repeal of Land Ceiling and Regulation Act, reform of Rent Control Laws Rationalization of Stamp Duty, enactment of Public Disclosure Law/ Community Participation Law and associating elected ULBs with city planning function. GOI approved 30 projects (2006-09) for ₹205.83 crore and released ₹99.56 crore. Time for completion of the projects was two years. State Government released ₹106.78 crore (CS ₹99.56 crore + SS ₹7.22 crore), of which ₹34.02 crore (32 per cent) was released to ULBs by Director, T&CP and balance ₹72.76 crore was retained by the T&CP Department. Eleven projects were to be completed within March 2010 and the remaining 19 projects after March 2010. But, not a single project was completed and physical progress of 11 projects varied from 16 to 79 per cent. Execution of 19 projects has not yet started (October 2010) and in respect of nine projects, no funds were released by the Director of T&CP. In the sampled ULBs, five projects were sanctioned, of which four projects were to be completed within 31 March 2010. Physical progress of four projects varied from 45 to 79 per cent.

Audit scrutiny disclosed that none of the ULBs except Jorhat Municipal Board adopted accrual-based double entry system of accounting. Other mandatory reforms like e-governance, reform in property tax, levy of user charges etc., were not introduced by the sampled ULBs. UDD had also not furnished any information about implementation of mandatory reforms though called for. Thus not only the prescribed

reforms were not adopted but the intended benefits to the beneficiaries were also denied.

### **3.9.3.3 Non-Lapsable Central Pool of Resources (NLCPR)**

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 objective of the programme was to ensure speedy development of infrastructure in NER by increasing the flow of budgetary financing for new infrastructure projects/schemes.

During 2005-10, five projects<sup>23</sup> (two Road projects and three Water supply projects) were sanctioned by GOI with the stipulation to be completed by March 2010. None of the projects were completed within the time frame with progress of 20 to 85 *per cent* till October 2010. Water Supply Schemes (WSS) implemented by AUWS&SB are discussed under implementation of WSS (Paragraph-3.2.4). Irregularities in execution of a Road project implemented by the concerned Development Authorities under the supervision of the Director of T & C P are discussed in succeeding paragraphs.

#### **(i) Road Network for Jorhat Master Plan Area**

GOI approved (September 2006) the work of Road Network for Jorhat Master Plan Area for ₹4.61 crore and GOA accorded administrative approval in June 2007. The project was to be completed by September 2008. The project includes improvement of 26 earthen roads in Jorhat Master Plan Area. To avoid overlapping of schemes, GOI insisted upon a certificate that no other agency is executing the same work. Jorhat Development Authority (JDA) obtained a certificate from the Executive Engineer, Rural Road Division, Jorhat to the effect that the proposed roads were not covered under any other scheme *viz.*, Prime Minister's Gram Sarak Yojana (PMGSY) and Calamity Relief Fund (CRF). Since the Rural Road Division was not entrusted with road works within urban areas, the certificate furnished by JDA along with DPR was not valid. However, the work commenced in September 2007 and as of March 2010, the progress was 85 per cent. Out of approved 26 road works, four were dropped (approved cost ₹58.40 lakh) as these roads were already executed by other Government Agency. Balance works were awarded to five agencies at 10 per cent below estimated rates dividing 22 roads into five groups (A to E). Audit scrutiny disclosed deviation in length and width of the road during execution. JDA included another 13 road works and spent ₹92.44 lakh on improvement of newly included roads without obtaining approval from GOI. Thus, the expenditure of ₹92.44 lakh on works beyond the scope of approved estimate was irregular.

---

<sup>23</sup> Construction of Road Network at Jorhat Master Plan area, Dhubri WSS, Golaghat WSS, improvement of road and natural drainage system in Tezpur town, Sibsagar WSS.



Thus, approval of the project by furnishing false certificate facilitated the JDA to incur irregular expenditure of ₹92.44 lakh and delay in awarding works resulted in non-completion of all the road works, thereby denying the benefits to the urban population of Jorhat.

The UDD directed the Authority to award work at 10 *per cent* below estimated rates. But in one group (Gr. D), the Authority made payment (May 2008 to January 2010) at higher rates resulting in excess expenditure of ₹15.53 lakh.

Further, non-deduction of Forest Royalty (FR) including VAT and Income Tax on FR by JDA resulted in loss of revenue amounting to ₹39.88 lakh.

### 3.9.3.4 Projects under 10 *per cent* Pool Fund

The Union Government/Departments are required to meet the mandatory requirement of utilizing 10 *per cent* of their Gross Budgetary Support for implementation of Projects/Schemes for the North Eastern States. For clearing these projects, general guidelines of Non-Lapsable Pool of Resources are to be followed.

During 2005-10, GOI approved 35 projects for ₹221.35 crore, of which 27 projects were to be completed by March 2010, but only one project (Multiutility building at Sonari) was completed. GOI released ₹79.09 crore to the Director, T&CP and the Director released ₹56.79 crore to the implementing agencies (MBs/TCs/Development Authorities) retaining the balance ₹22.30 crore (28 *per cent*) in hand. In sampled districts, nine projects were sanctioned, of which seven were to be completed by March 2010 but not a single project was completed.

Details of projects, year of approval, approved cost and status of the projects are shown in *Appendix-3.4*.

Audit scrutiny revealed that inadequate and inexperienced technical manpower of ULBs and DAs, lack of training and monitoring, delay in accordance of administrative approval by GOI together with insufficient and irregular flow of funds retarded the progress of projects.

Implementation of few projects at sampled districts is narrated below:

#### (i) Construction of Multi-utility Building for the rehabilitation of Vendors at Jorhat

The project was approved by GOI in March 2007 for ₹17.05 crore with the stipulation that funds meant for the project should not be utilized for any other purpose. The project was to be completed within one year. The Jorhat Municipal Board (implementing agency) received ₹1.53 crore from GOA (April 2007) and parked ₹1.50 crore in Fixed Deposit (FD) and balance in savings bank account. The work of the project could not be started due to dispute between Traders Association and Jorhat

Municipal Board (JMB). Between April 2007 and March 2010, JMB earned interest amounting to ₹17.48 lakh and spent ₹7.39 lakh for purchase of two vehicles (January/February 2008), for disposal of garbage and their own use which was not permissible as per sanction order of Government. Besides, delay in execution of the project denied the intended benefit to the targeted beneficiaries.

**(ii) Construction of Storm Water Drainage at Karimganj by Karimganj Municipal Board**

GOI approved the project in March 2008 for ₹11.84 crore. Time for completion was two years. GOA accorded administrative approval in January 2009. Although called for, the approved DPR and survey report were not furnished. The Karimganj Municipal Board (KMB) after dividing the work into five groups (Group I to V) invited (November 2008) tenders and forwarded the comparative statement to UDD who selected four contractors and directed (January 2009) KMB to award the work at the estimated cost of ₹9.48 crore. But, contrary to the instruction of Government, KMB awarded the work (February 2009) for completion within six months at ₹11.07 crore to three contractors without assigning any reason leading to committed excess expenditure of ₹1.59 crore.



Storm water drainage at Karimganj town (2 June 2010)

Test-check of the records disclosed defective execution such as wall height was not proportionate to road level in some places as can be seen from the above photographs. According to inspection report of the technical expert engaged for inspection, only single layer reinforcement was provided instead of double layer and there were deviations from approved drawing. Pace of work by contractors was slow due to lack of supervision and handling of project by inexperienced technical manpower. KMB achieved physical progress of 29 per cent against the expenditure of ₹1.31 crore out of ₹3.55 crore received so far (March 2010). Thus, inept handling of project by inexperienced technical manpower and lack of supervision retarded the progress of the project. Hence, there was no respite for the population of Karimganj town from water logging, as can be seen from above photographs.



Water logging at Karimganj town (2 June 2010)

**(iii) Storm Water Drainage for Jorhat Master Plan Area**

The project was approved (December 2004) for ₹15.19 crore. Time for completion of the project was two years and Jorhat Development Authority (JDA) was the implementing agency of the project. The work commenced in April 2005 and achieved 97 per cent financial and 95 per cent physical progress (March 2010).



The project included construction of 12 drains including culverts. Audit scrutiny disclosed defective structural design, substandard execution and slow pace of work, lack of supervision and inept handling of the project by technical staff employed on contract basis.



Storm water drainage at Jorhat (Toklaijan) (23 May 2010)

According to APWD Manual, advance payment for work actually executed may be made on the certificate of an officer not below the rank of Sub-divisional Officer to the effect that the quantity of work paid for has actually been done and to be adjusted within one month. JDA made one to four advance payments aggregating ₹9.59 crore (August 2005 to December 2008) to 16 contractors without recording required certificate and adjusted only ₹8.18 crore (May 2010). This has resulted in irregular expenditure and undue financial aid of ₹9.59 core to the contractors. Site verification, by audit along with departmental officer, revealed that though the work was almost complete as per record, there was no improvement of storm water drainage system in Jorhat.

Thus, inept handling of the project denied the intended benefits to the population of Jorhat town.

**(iv) Execution of Project by National Building Construction Corporation (NBCC)**

GOI approved (2003-08) three projects<sup>24</sup> for ₹64.09 crore under the scheme and awarded the works to NBCC and released ₹19.63 crore. All the projects were abandoned by NBCC after incurring expenditure of ₹7.04 crore and subsequently taken over (October 2009) by GOA from NBCC and unspent funds of three projects amounting to ₹12.59 crore was transferred (December 2009) by NBCC to the department. Due to time overrun, GOI revised the cost of three projects from ₹48.08 crore to ₹55.52 crore resulting in cost overrun of ₹7.44 crore<sup>25</sup>.

Study and site visit of the above three projects by teams constituted by GOA (December 2009) disclosed faulty design by NBCC and deviation in execution from approved DPR in Silchar and substandard construction in Silapathar. However, no report on the Project “Improvement of Lanes/Bye lanes in Guwahati (Phase-II) (Part-II)” was available on record. The said project could not be completed due to local ground level problems as stated by NBCC. The reasons for abandonment of the balance two projects were neither stated nor on record. Balance work of the projects was not started by GOA (August 2010). Thus, lack of monitoring of projects by the department denied the intended benefit to respective urban population.

Another project viz., “Construction of Market Complex for rehabilitation of vendors at Dergaon” was approved by GOI in 2004-05 for ₹16.41 crore. The land for the project was made available in October 2005. Subsequent to filing of Public Interest Litigation (PIL), the work commenced after February 2006 and was suspended again (April 2006) following fresh stay order from Hon’ble Court. Physical status

24

(₹ in crore)							
Name of Project (Year of sanction)	Time for completion	Sanctioned cost	Released by GOI	Spent by NBCC	Amount transferred	Revised estimated cost	Cost overrun
Construction of Storm Water Drainage System at Silapathar (2003-04)	2	22.38	7.15	3.67	3.48	18.93	3.36
Silchar Storm Water Drainage Project (2006-07)	3	17.00	4.25	3.29	0.96	14.92	3.58
Improvement of Lane/Bylane of Guwahati Phase-II (Part-II) (2007-08)	3	24.71	8.23	0.08	8.15	21.67	0.50
<b>Total</b>		<b>64.09</b>	<b>19.63</b>	<b>7.04</b>	<b>12.59</b>	<b>55.52</b>	<b>7.44</b>

25

(₹ in crore)		
1	Sanctioned cost of three projects	64.09
	Less: 4% work contract - 2.56	
	10% agency charge - 6.41	8.97
	Less: value of work done -	7.04
	Cost after deduction	48.08
2	Revised estimated cost	55.52
	Less: value of work	48.08
	Cost overrun	7.44



(April 2010) of the project was not on record. However, site visit (May 2010) by audit disclosed that the project was yet to be completed and the work of the project was suspended.



Market Complex at Dergaon constructed by NBCC (23 May 2010)

Thus, failure of the department to monitor the progress of projects, resulted not only in cost overrun but delayed the desired benefits to the beneficiaries.

### 3.9.4 Assam Urban Water Supply & Sewerage Board (AUWS&SB)

Since July 1989 to March 2005 the Board had taken up 16 State and 18 Central sector Water Supply Schemes (WSS). All the Schemes were to be completed between 1989-90 and 2006-07. But, the Board could complete only 10 Schemes<sup>26</sup> (29 per cent) and nine Schemes<sup>27</sup> (26 per cent) were partially commissioned as of March 2010 after a delay, ranging from three to nine years.

Four schemes<sup>28</sup> were sanctioned between March 1989 and February 1991 for completion within two years. After achieving physical progress of five to 20 per cent and incurring expenditure of ₹10 crore the execution of the schemes were stopped owing to litigation. AUWS & SB had not taken any action to settle the matter and to restart the schemes. As a result expenditure of ₹10 crore proved unfruitful. Thus, 3,41,613 people of four towns were deprived of adequate drinking water. Against the targeted population of 11,95,071 people the coverage was only 1,78,250 people (15 per cent).

During 2005-10, the Board had taken up 14 WSS, of which 12 were to be completed by March 2010. But not a single scheme was either completed or commissioned. The delay in completion ranged from 12 to 36 months owing to delayed administrative approval by Government of Assam (6 to 29 months) and slow progress of the work.

<sup>26</sup> AUWSP: Sarthebari, Lala, Palashbari, Rangapara, State Plane: Zoo Road, Jorhat, Barpeta Road, North Lakhimpur, Rukminigaon- Hengrabari and Jatia-Rupnagar).

<sup>27</sup> (SP: Dergaon, Mariani, Lanka, Golaghat, Biswanath Chariali, Goalpara, AUWSP: Bokakhat, Bihupuria, Namrup).

<sup>28</sup> Dhing WSS : ₹1.03 crore, Kokrajhar WSS : ₹0.63 crore, Tezpur WSS : ₹7.49 crore & Tinsukia WSS : ₹0.85 crore.

The physical progress of the schemes varied from 5 to 84 *per cent* and there was no coverage against the targeted population of 5,44,376.

In two sampled divisions<sup>29</sup>, four schemes were taken up for execution by the Executive Engineers during 2005-10. All the four schemes remained incomplete till March 2010. Physical progress of four schemes ranged from 20 to 65 *per cent*. There was no coverage against the target of 1, 65,240 souls during 2005-10 and prior to April 2005 the coverage was only 85,930 souls (18 *per cent*) against the targeted population of 4, 65,242 souls.

**(i) Deviation in execution**

GOI stipulated that any change in the scope/objective/design and estimate of the project should be intimated to Central Public Health Engineering and Environmental Organization (CPHEEO) to obtain a fresh/revised approval.



Water supply scheme at Nalbari, two ESRs (2 July 2010)

Audit scrutiny disclosed inordinate delay in accordance of administrative approval and release of funds to the implementing agency by GOA and also changes in scope and design of 16 schemes<sup>30</sup> without obtaining approval from GOI. In all the 16 schemes specified and approved, strong Ductile Iron Pipe was changed to less expensive but considerably weaker Asbestos Cement Pressure Pipe. The scope/design of distribution network in respect of 16 schemes and Elevated Service Reservoirs (ESR) in respect of two schemes (Nalbari WSS & Dhekiajuli WSS) was also changed without obtaining approval from GOI.



Water supply scheme at Dhekiajuli, two ESRs

Planning Commission (GOI) insisted (December 2006) on exploration of surface source option always instead of ground water sources.

---

<sup>29</sup> Guwahati Division No.2 and Jorhat Division.

<sup>30</sup> AUWSP: Amguri, Makum, Chabua, Abhayapuri, Pathsala, Howli, Nalbari and Dhekiajuli  
UIDSSMT: Hojai and Lakhipur (Cachar District), ACA: Titabar, Jorhat Phase-II, NLCPR: Sibsagar, Silchar, Golaghat Phase-II and Dhubri.

In one scheme (Hojai WSS) approved surface water source was changed to underground water. Changes in design and specification of pipes were made to cover the escalated project cost due to delay in execution. Thus, the department compromised in quality to overcome cost overrun.

**(ii) Time and Cost Overrun**

Since inception 46 WSS were to be completed by March 2010. Not a single project was completed within the stipulated period and delay in completion ranged from one to 19 years as shown in table 10 below:

**Table 10**

No. of Water Supply Scheme (WSS)	Period of delay in completion				
	Less than one year	One year to five years	Five years to ten years	Ten years to fifteen years	Fifteen years to twenty years
46	6	13	17	5	5

Delay in release of fund, insufficient flow of funds and delay in accordance of administrative approval (ranging from six to 32 months) by GOA and inept handling of projects by the Board contributed to the delay. Due to time overrun, approved cost of 16 schemes escalated from ₹42.24 crore (original sanctioned cost) to ₹119.06 crore (revised cost) resulting in cost overrun of ₹76.82 crore (181.86 per cent). Besides, due to delay in completion of the projects the targeted population was deprived of the benefit of safe drinking water.

**(iii) Avoidable financial burden**

Three Water Supply Schemes<sup>31</sup> were sanctioned by GOI during March - April 2005 under Accelerated Urban Water Supply Programme (AUWSP). Approved cost of the schemes was ₹14.94 crore (including 50 per cent Central Share: ₹7.47 crore). The time for completion of the schemes was two years. GOA delayed accordance of administrative approval ranging from 25 months to 29 months. GOI released ₹2.94 crore (March 2005 to March 2008) to AUWS&SB through GOA between February 2008 and January 2009 after a delay ranging 4 to 64 months. Due to delay in according administrative approval of three schemes and release of funds by GOA, the implementing agency could furnish (March 2008) Utilization Certificate for ₹1.87 crore only to GOI. Consequently, AUWSP was closed by GOI in March 2008. Due to non-submission of UC, GOI did not release ₹4.53 crore and the said fund had to be provided by GOA. The schemes are yet to be completed (June 2010) and progress of the schemes varied from 50 to 65 per cent.

<sup>31</sup> (Chabua: ₹3.13 crore, Howly: ₹6.50 crore and Makum: ₹5.31 crore).

Thus, due to inordinate delay in accordance of administrative approval and release of funds, the State was not only deprived of financial benefit to the extent of ₹4.53 crore, but the targeted population of 56,304 of these three towns were deprived of supply of adequate potable drinking water.

### 3.9.5 Housing Schemes

#### 3.9.5.1 Assam State Housing Board (ASHB)

##### (i) Rental Housing and Janata Housing

During 2005-10, against the budget allotment of ₹9.31 crore, Board received ₹5.65 crore, of which ₹3.52 crore was meant for construction of 106 units under Rental Housing Scheme (RHS) and ₹2.13 crore for disbursement of loan to 2,037 beneficiaries for construction of individual dwelling units under Janata Housing Scheme (JHS). Against the total available funds of ₹17.59 crore (including opening balance of ₹11.94 crore), ₹2.49 crore (₹1.67 crore for RHS and ₹82.10 lakh for JHS) was spent on construction of 404 units (38 units for RHS and 366 units for JHS) leaving unutilized balance of ₹15.10 crore which was diverted towards payment of salary.

Achievement of ASHB against the target (2,143 Units) was 19 per cent (404 units). Thus, due to diversion of funds by ASHB, the intended benefits of housing were not extended to the beneficiaries. Besides, full quantum of approved budget provision was also not released by the State Government.

##### (ii) Projects constructed by NBCC

Audit scrutiny disclosed that ASHB delayed allotment of rental housing units constructed by NBCC. Reasons for delayed allotment were not on record. Details of taken over projects from NBCC and allotment of units are shown in Table 11.

Table - 11

(₹ in lakh)

Particulars of Housing Units	No of Units	Date of taking over	Date of allotment	Delay in allotment (Month)	Rent per month (@ ₹1150 per unit)	Total loss of revenue
Bhetapara-160 (A)	160	Jan/06	Dec/07	23	1.84	42.32
Bhetapara-160 (B)	160	Nov/07	Dec/08	13	1.84	23.92
Bhetapara -320	320	Feb/09	Sep/09	7	3.68	25.76
<b>Total</b>	<b>640</b>					<b>92.00</b>

Source: Information furnished by ASHB.

Above table indicates that after taking over, allotment of units was delayed by seven to 23 months by ASHB. Thus, lackadaisical approach of ASHB in allotment of housing units resulted in loss of revenue of ₹92 lakh.



### 3.10 Solid Waste Management

Solid waste management is the collection, transport, processing, recycling or disposal and monitoring of waste materials to reduce their effect on health, environment or aesthetics well being. The benefits of Solid Waste Management include conservation of natural resources by reducing the need for raw materials, management of solid waste in a cost-effective and environmentally sound manner, protection of human health and the environment and promotion of source reduction, re-use, recycling and affirmative procurement programmes to the maximum extent possible.



Solid waste collection in Silchar Town (4 June 2010)

No major solid waste management scheme was undertaken by ULBs despite release of ₹5.50 crore by the GOI under Award of 12<sup>th</sup> Finance Commission with stipulation that 50 *per cent* of the grants-in-aid should be earmarked for the scheme of solid waste management through private public partnership. Funds provided under Assam Bikash Yojana and TFC were spent on purchase of Tractor, Cesspool and Handcart for manual cleaning of solid waste and disposal of same at the sites provided for the purpose by the State Government. GOA released only ₹20 lakh during 2005-10 which was not sufficient for solid waste management of every town and indicative of UDD's callous attitude towards protection of environment.

Thus, failure of UDD to take up any major project deprived the targeted urban population of pollution free environment and protection of flora and fauna of urban areas of Assam.

### 3.11 Asset register/Dead stock register

A register of assets created under various schemes in the Municipalities was required to be maintained. No such register was maintained in any of the test-checked units. Dead stock registers were also not maintained in the Directorates/Boards or test-checked units. Annual physical verification of dead stock was not carried out in any of the test-checked units or Directorates/Boards during 2005-10. Due to non-maintenance of asset register the MBs/TCs were neither aware of the assets at their

disposal and nor was the upkeep of the assets created addressed in a systematic manner.

### **3.12 Personnel Management**

#### **3.12.1 Manpower in Directorates and ULBs**

There were no records to indicate the methodology and basis on which posts of various categories were sanctioned by the UDD/GOA and no information in this respect was furnished either by UDD or Directorates/Boards. Audit scrutiny, however, disclosed shortage of manpower at the Directorates as well as in the sampled district offices of T&CP. Some of the key posts viz., District Coordinator, Senior Research Officer, Valuation Officer, Sociologist, Community Organizer of the establishment of the Director, Municipal Administration were lying vacant for a period ranging from one to 11 years.

Shortage of manpower hindered the process of formulation of plan and monitoring of programme implementation.

Audit scrutiny disclosed that the ULBs did not have experienced technical manpower to execute the projects taken up by them and they were not provided with required technical assistance and training by the UDD as discussed under planning and programme implementation.

#### **3.12.2 Injudicious deployment of manpower**

Audit scrutiny, however, revealed deployment of large manpower in one district unit of DT&CP and seven units of ASHB.

(i) The Drainage & Sewerage Division, Guwahati under Directorate of T&CP maintained manpower strength of 31 to 42 technical personnel and 15 to 19 non-technical personnel during 2005-10. The Division had not executed any work during 2005-07. However, during 2007-10 only one original work valued at ₹30 lakh and four maintenance works valued at ₹10 lakh was executed by the division. Audit scrutiny disclosed that the division had incurred an expenditure of ₹3.73 crore towards pay and allowances of the staff. Placement of such huge manpower in the division was injudicious.

(ii) Similarly, ASHB spent ₹3.99 crore during 2005-10 towards establishment cost in respect of seven sampled Zonal/District Housing Offices engaged in collection of rent. Audit scrutiny disclosed that realization of rent from the tenants of housing units located in sampled districts during the period was only eight *per cent* of expenditure on salary. Detailed position of manpower, housing units rented out, expenditure incurred towards salary of staff and realization of rent is shown in Table 12.

Table - 12

(₹ in Lakh)

Sl. No.	Name of the district offices	Position of manpower	No of Units rented out	Expenditure on salary	Demand for rent raised	Rent collected	Percentage of rent collection w.r.t. Col.5
1	DHO, Barpeta	5	0	38.64	0	0	0
2	DHO, Jorhat	7	6	44.41	2.43	1.53	3
3	ZHO, Guwahati	10	1032	84.51	0	0	0
4	DHO, Karimganj	5	0	48.45	0	0	0
5	ZHO, Nagaon	11	36	96.49	23.73	21.34	22
6	DHO, Nalbari	6	10	41.93	5.10	0	0
7	DHO, Tinsukia	5	148	44.59	14.95	10.96	25
<b>TOTAL</b>		<b>49</b>	<b>1232</b>	<b>399.02</b>	<b>46.21</b>	<b>33.83</b>	<b>8</b>

Source: Information furnished by ASHB.

Audit scrutiny revealed that the tenants deposit their rents in bank and the Headquarters' Office maintains accounts for demand and collection of rent in respect of the districts where housing units were rented out. Thus, placing of five to 11 staff in the Zonal Housing Offices/ District Housing Offices where the scope and position of revenue collection is insignificant in comparison to the expenditure incurred towards their salaries, was also injudicious.

### 3.13 Inventory Management and Control

Audit scrutiny revealed the following shortcomings with regard to inventory management:

#### (i) Excess expenditure on procurement of Asbestos Cement Pressure (ACP) Pipe

Mention has been made in Paragraph-3.9.4(i) that AUWS&SB consistently violated the stipulation of GOI by deviating from the estimated provision and specification of WSS approved by Central Public Health Engineering and Environmental Organization (CPHEEO). But the Board changed approved estimated provision and specification of 16 WSS and purchased ACP pipes in place of approved provision of Ductile Iron Pipes for distribution network of WSS.

AUWS&SB approved rates for procurement of Asbestos Cement Pressure (ACP) Pipes of various diameters in January 2003 without inviting tenders and procured AC Pipes (2005-10) at the same rates till March 2010 from a group of six local suppliers<sup>32</sup>. In August 2007, the Board collected rates from three firms<sup>33</sup> of Jaipur, Kolkata and Guwahati. The rates offered by the Guwahati based firm (M/s Varsha Tubes Pvt. Ltd. in August 2007) were the lowest and lower than the purchase rates

<sup>32</sup> Trade & Allied Agencies, Guwahati, Nezone Enterprise, Silchar, Santana Enterprise, Guwahati: Techno Traders, Guwahati. BEE Kay Enterprise, Guwahati & Bhawani Enterprise, Guwahati.

<sup>33</sup> MRK Pipes Limited (Jaipur), Nelachal Natural Resource Private Ltd. (Kolkata), Varsha Tubes Pvt. Ltd., (Guwahati).

approved by the Board in January 2003. But, the Board decided not to procure pipes from Guwahati based firm (M/s Varsha Tubes Pvt. Ltd.) on the plea that the firm had quoted rates for the first time and the quality of pipes manufactured by the firm was not known, no department of the Government of Assam has purchased pipes from them and continued procurement at the old rates approved in January 2003.



A.C. Pressure Pipes at Hojai Municipal Board store

Audit scrutiny disclosed that the purchase committee of PHE Department had approved (April 2007) the same firm having ISI marked product etc. for supply of pipes. Thus, rejection of the firm by AUWS&SB was unjustified.

Purchase of ACP pipes at rates higher than approved rates of PHED resulted in excess expenditure of ₹4.55 crore. Details of differences in rates of PHED and AUWS&SB, name of suppliers from whom purchased and amount of excess expenditure are shown in **Appendix-3.5**.

It can be seen from the **Appendix-3.5** that the Board had procured (June 2005 to May 2009) AC Pipes of various diameters at much higher rates only from six local suppliers instead of procuring pipes directly from the Guwahati based manufacturer at much lower rates.

Thus, the Board, with a malafide intention, willfully violated the provision of approved estimates to purchase AC Pipes from selected group of suppliers at much higher rates disregarding lower rates offered by a Guwahati based firm having ISI marked product.

**(ii) Purchase of Hand-Tube-Wells for implementation of National Slum Development Project (NSDP)**

Director, T&CP without inviting tender issued (June 2006) supply order to a firm M/S L.P. Automotive, Guwahati holding temporary registration (March 2006 to June 2006) for supply of 800 Mark III Hand Tube Wells (HTWs) @ ₹12,400 each with the stipulation to supply HTWs within 10 days. There was no recorded reason for not inviting tenders.

The firm supplied only 88 HTWs within the stipulated period. The date of supply was subsequently extended to December 2006 without insisting on the firm to revalidate its registration and the firm supplied another 216 HTWs and was paid ₹39.21 lakh. Although no further extension was allowed, but the firm supplied (between February 2007 and March 2007) another 88 HTWs beyond the extended date of supply and ₹11.35 lakh was paid (June 2007) for the supply made.

Audit scrutiny of ULBs of sampled districts disclosed that the HTWs supplied were substandard and complete set of accessories were not supplied. The Director, T&CP did not take any action either for replacement of the substandard HTWs or supply of complete set of accessories.

Thus, the Director, T&CP spent ₹70.93 lakh (including installation cost of ₹20.37 lakh<sup>34</sup>) on procurement and installation of substandard HTWs without complete set of accessories. Due to which targeted slum dwellers were deprived of drinking water facilities.

### 3.14 Internal Control

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;
- Complying with applicable rules and regulations;
- Implementation of programme in an orderly, economical, efficient and effective manner.

Absence of internal control is evident from the accountability issues mentioned under Financial Control (Paragraph 3.8.4.1). The department did not have an internal audit wing of its own. No mechanism was put in place to watch over the functioning of the department.

### 3.15 Inspection and Administrative Reports

Paragraphs 204 to 209 of "Manual of Office procedure Secretariat, 1981" stipulated that a Branch officer will inspect the Branch in detail according to Inspection Questionnaire at least once in six months. Paragraph 233 of Manual *ibid* also provided that Heads of Departments are required to prepare annual Administrative Report of the Department covering briefly the activities of the department. But, during 2007-10,

<sup>34</sup> 300 HTW @ ₹4, 604 = ₹13,81,200  
 112 HTW @ ₹5, 854 = ₹ 6,55,648  
 ₹20,36,848

Annual Administrative Reports had not been prepared by UDD. Audit scrutiny, further revealed that no inspection was carried out in Urban Development Department (UDD) during the period 2005-10.

Study of Economic Survey, Assam for the years 2005-10 and Statistical Hand Book, Assam for the years 2005-09 published by the Directorate of Economics and Statistics, Government of Assam revealed that no information relating to activities of Urban Development Department was incorporated in these publications. On enquiry, Directorate of Economics and Statistics intimated that UDD had not responded to the requests for information called for by the Directorate.

### **3.16 Information Technology**

The use of Information Technology (IT) has become increasingly significant within Government entities. Not only it helps managing and storing data but the information processing becomes easier in IT environment. Thus, an effective information helps the organization to achieve its objectives and an efficient information system uses minimum resources in achieving required objectives.

Directorates or Boards as well as ULBs did not use information technology to carry out their business. No data base of Programmes being implemented, funds received from the GOI/GOA, funds disbursed/utilized, utilization certificates submitted or information required to carry out the business of the Department had been prepared. This has resulted in non-availability of ready information at any level of the Department which adversely affected the progress in implementation of Programmes.

### **3.17 Monitoring and evaluation**

Audit scrutiny disclosed lack of monitoring of Programme implementation by the ULBs. No Management Information System was put in place. Due to lack of documentation at each and every level of the department, and absence of database of the schemes/projects the progress in implementation was not readily known to the department. Programmes implemented by the ULBs were not reported periodically to the State Government either by the ULBs or by the Deputy Directors of T&CP entrusted to monitor the programmes implemented by the ULBs. The Department also had not responded to error signals relating to delay in implementation of projects, locking up of funds, and absence of progress reports generated by audit which is evident from the considerable number of outstanding Inspection Report as discussed in Paragraph-3.18.

Thus, non-completion of 98 *per cent* projects can be attributed to absence of monitoring.

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 in the State was not assessed depriving the Government and Boards of taking remedial measures, if any.

### 3.18 Outstanding Inspection Reports and Paragraphs

Assam Financial Rules stipulates that the Departmental Officer should attend promptly to audit observations and take follow-up action.

Audit scrutiny disclosed absence of initiative for settlement of outstanding audit observations. As of March 2010, 50 Inspection Reports containing 258 Paragraphs were pending settlement in Directorates and Boards as detailed in Table 13.

**Table - 13**

Name of the Directorate/Board	No. of IRs	Period of IRs	Outstanding Paragraphs		Total
			Part-II A	Part-II B	
Assam State Housing Board	6	1989-2003	9	21	30
Assam Urban Water Supply and Sewerage Board	15	2002-2009	32	95	127
Director of Municipal Administration	7	2000-2010	7	33	40
Director, Town and Country Planning	22	1995-2010	10	51	61
<b>Total</b>	<b>50</b>		<b>58</b>	<b>200</b>	<b>258</b>

Thus, furnishing replies promptly to audit observations and follow-up action for their settlement was deficient in the department leading to unsettled audit observations.

### 3.19 Non-submission of records and information

UDD did not produce files/records relating to formulation of annual plan, receipt and disbursement of funds to Directorates and Boards, sanctioned staff strength, training programme organized and imparted, utilization of Information Technology, progress of expenditure, monitoring and evaluation. UDD, Finance Department and Planning & Development Department, GOA did not furnish the information listed in Table 14 despite repeated reminders and personal contacts.

**Table -14**

Sl. No.	Name of the Department	Particulars of information/records requisitioned for	Requisitioned vide No./date
1	Urban Development Department	Questionnaire on function of the Department.	PA/UD/Audit/2009-10/3 dt.28.1.10
		Reply to audit observations	1 to 9 and audit requisition 2 issued on different dates
2	Finance Department	Regarding implementation of schemes by the UDD and release of fund (State share/Central share).	PA/UD/Audit/2009-10/1 dt.28.1.10
		Audit Query on Award of Twelfth Finance Commission	No.1 dt 28.6.10
3	Planning Department	Regarding planning and implementation of schemes by the UDD.	PA/UD/Audit/2009-10/ 2 dt.28.1.10
4	Director, Municipal Administration	Information on ILCS	PA/UD/MAD/2009-10/ 29 dt.22.3.10
		Information on Grants-in-aid	PA/UD/MAD/2009-10/ 34 dt.22.3.10
		Information on ULBs	DMA/Audit/50/21.4.10

Non-submission of information/records considerably slowed down the progress of audit.

### **3.20 Conclusion**

The Department did not prepare perspective plan during 2005-10. Orderly growth of the towns were not ensured as Master plans were not prepared in respect of 60 *per cent* towns in the State. Constitution of Development Authorities in the towns had not served the intended purpose as most of them had not undertaken any project during 2005-10. There was a huge gap between budget grant and release of funds. Internal controls under financial management were almost non-existent leading to misappropriation/non-accountal of funds. Progress of the projects was miserable due to bottlenecks like insufficient flow of funds, inadequate technical manpower and absence of monitoring. Of the 95 major projects taken up during 2005-10, 62 were due for completion within March 2010. Against this only one project could be completed. Since 1989 various water supply schemes were taken up and the target for coverage of population was 11.95 lakh but against this, achievement was only 1.78 lakh (15 *per cent*). Four water supply schemes were abandoned after incurring expenditure of ₹10 crore owing to litigation etc. In respect of housing schemes, against the target of 2,143 units to be constructed, only 404 units (19 *per cent*) could be constructed as ₹15.10 crore was diverted towards salaries etc. Creation of employment opportunities in urban areas through self-employment ventures was not monitored to assess its outcome. Thus, the intended benefit of the programmes/schemes could not be extended to the urban population of the State.

### **3.21 Recommendations**

- Budget formulation should be realistic and need based.
- Master plan should be prepared for all the towns for systematic overall growth. Funds allocated for preparation of Master Plan should be utilised properly.
- Internal control system should be revamped to preclude misappropriation parking/diversion of funds.
- Department may consider transfer of funds electronically through bank accounts to ULBs and other implementing authorities to overcome delays and missing of funds.
- The prescribed guidelines for various schemes operated by the department should be strictly adhered to and fund should be provided in right quantum and appropriate time.



- Technical competency of the implementing agencies should be revamped so that large infrastructure projects can be undertaken efficiently.
- Internal audit mechanism should be put in place.
- Evaluation of the schemes should be carried out.

Guwahati  
The

**(Mukesh P. Singh)**  
Principal Accountant General (Audit), Assam

*Countersigned*

New Delhi  
The

**(Vinod Rai)**  
Comptroller and Auditor General of India