CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

The findings based on audit of State Government units under Social Sector feature in this chapter.

During 2015-16, against total budget provision of ₹ 32,668.37 crore (Social sector), total expenditure of ₹ 19,921.42 crore was incurred by 16 departments inclusive of Bodoland Territorial Council (BTC) covered under Welfare of Plain Tribes and Backward Classes (WPT&BC) under Social Sector. Department-wise details of budget provision and expenditure incurred thereagainst are shown in ***Appendix – 1.1.*** Hill Areas Department incurred expenditure of ₹ 1,599.91 crore (8.03 *per cent* of the total expenditure – Social Sector) during 2015-16 mainly for sixth schedule areas (North Cachar Hills Autonomous Council and Karbi Anglong Autonomous Council) against budget provision of ₹ 1,712.27 crore (***Appendix – 1.2***) under the Sector.

1.1.1 Planning and conduct of Audit

Compliance audit of this Sector is conducted in accordance with the annual audit plan. The units are selected on the basis of risk assessment. Areas taken up are selected on the basis of topicality, financial significance, social relevance, internal control system of the units, and occurrence of defalcation/misappropriation/embezzlement as well as findings of previous Audit Reports. Apart from the above parameters, all important departmental directorates and district level units are audited annually.

Inspection Reports are issued to the heads of unit as well as heads of departments after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed for inclusion in the Audit Report of C&AG of India.

The audits were conducted during 2015-16 involving expenditure of ₹ 30,799.39 crore (including expenditure of earlier years) of the State Government under Social Sector. This chapter contains one Performance Audit of “Implementation of Right to Education Act” and 21 paragraphs including Compliance Audits of 'Procurement of medicine with special emphasis on quality aspect', 'Water Supply Schemes in Guwahati City' and 19 Compliance Audit paragraphs.

The major observations made in audit during the year 2015-16 are discussed in succeeding paragraphs.

Performance Audit

Elementary Education Department

1.2 Performance Audit of "Implementation of Right to Education Act"

Under the Right of Children to Free and Compulsory Education (RTE) Act, 2009, the Government was responsible to provide free and compulsory education to all children of the age of six to 14 years. The performance audit of implementation of the RTE Act in Assam was taken up to evaluate the achievement made in implementing the objectives of the Act in the State. The Sarva Siksha Abhiyan (SSA) acts as the programmatic vehicle for the delivery of the Act. During 2010-16, ₹7,621.18 crore was spent by SSA, out of the combined allocation of all the components of SSA. Implementation of the RTE Act included establishing schools in all eligible neighbourhoods, providing requisite infrastructure in these schools, maintaining the prescribed Pupil-Teacher Ratio, distributing Free Text Books etc., so as to increase the enrolment and retention of children in schools. These areas were scrutinized under SSA, in five districts, as well as 19 blocks and 150 schools within these districts selected as sample by audit for detailed examination. During audit, a number of significant issues, viz., non-fulfillment of the provision of 25 per cent reservation in unaided private schools for children belonging to weaker sections and disadvantaged groups, lack of infrastructural facilities and disproportionate deployment of teachers in the schools were noticed. Besides, instances of declining trend of enrollment in Government schools together with high dropout rates were observed, which required redressal. Some significant findings are given below:

Highlights

Government of Assam (GoA) did not prepare any perspective plan incorporating timelines to implement provisions of the RTE Act. Annual Plans at the State and district levels were prepared without ensuring the bottom-up approach.

(Paragraph 1.2.8)

GoA deprived itself of ₹ 59 crore under the Thirteenth Finance Commission grants due to not meeting the stipulated growth of expenditure on elementary education.

(Paragraphs 1.2.9.2)

GoA could not establish schools in all eligible neighbourhoods. In four out of the five selected districts, provision of 25 *per cent* reservation for children of target sections in unaided schools was not implemented at all.

(Paragraphs 1.2.10.1 and 1.2.10.2)

Infrastructural facilities, as prescribed in the schedule of the RTE Act for each school, were not provided within the prescribed period (April 2010 to March 2013) of three years by the State.

(Paragraph 1.2.11.1)

949 sanctioned works with estimated value of ₹ 27.90 crore relating to infrastructure development in the schools of the five districts selected for audit, could not be completed.

(Paragraph 1.2.12)

Though the Pupil-Teacher Ratio (PTR) was favourable at the State level, the school-wise PTR was not maintained as per the RTE norms due to not rationalising the deployment of teachers. This resulted in single teacher schools, as also schools without any teacher. A significant number of teachers were yet to acquire the requisite academic and professional qualifications.

(Paragraphs 1.2.14.2, 1.2.14.3, 1.2.14.4 and 1.2.14.5)

Enrolment in government schools was decreasing and the rate of dropout of students as well as the number of out-of-school children was on the higher side.

(Paragraphs 1.2.15.1, 1.2.15.3 and 1.2.15.4)

The existing monitoring and grievance redressal mechanism was inadequate for effective attainment of the objectives of free and compulsory education of specified age group of children conceived as per the RTE Act.

(Paragraph 1.2.16)

1.2.1 Introduction

Article 21-A of the Constitution of India, as inserted by the 86th Constitutional Amendment, provides for free and compulsory education to all children of the age of six to 14 years. The Right of Children to Free and Compulsory Education Act, 2009 (RTE Act), enacted by Government of India (GoI) became operative in the country on 1 April 2010. The RTE Act provides that every child, in the age group of six to 14 years has the right to free and compulsory elementary education in a neighbourhood school, by March 2013. As per the Act, this means the following:

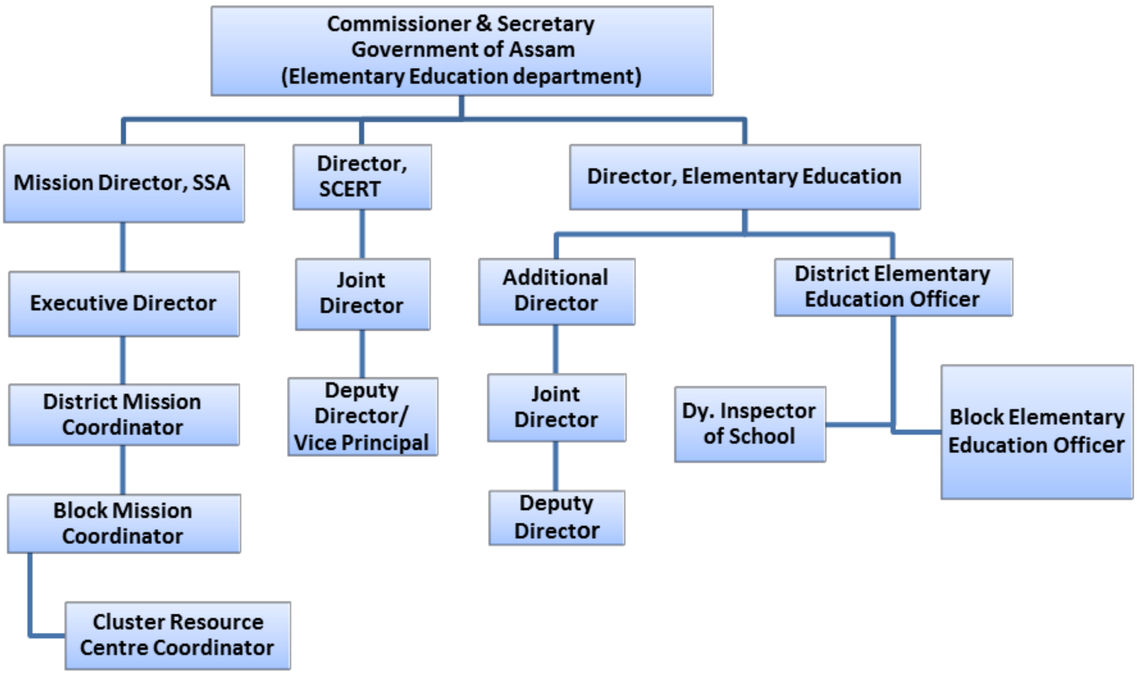
- Elementary Education means the education from 1st to 8th Class.
- Free education is defined as 'removal of any financial barrier by the State that prevents a child from completing eight years of schooling'.
- Compulsory education means obligation of the appropriate government to provide free elementary education and ensure compulsory admission, attendance and completion of elementary education to every child in six to 14 years age group.

The key objective of the RTE Act was the universalisation of elementary education which encompasses three major aspects *i.e.*, access, enrolment and retention of children in schools, upto the age group of six to 14 years. The Sarva Siksha Abhiyan (SSA) acts as the programmatic vehicle for the delivery of the Act. The SSA Framework of Implementation and Norms for Intervention have been revised to correspond to the provisions of the RTE Act, including norms for opening new schools as per the neighbourhood norms prescribed under the State RTE Rules, the prescribed pupil-teacher ratio and infrastructure norms.

1.2.2 Organisational structure

The Commissioner and Secretary to Government of Assam (GoA), Education Department is the Administrative Head of Elementary and Secondary Education. The Director of Elementary Education, Assam (DEE); Director, State Council of Educational Research and Training (SCERT); and Mission Director (MD), Sarva Siksha Abhiyan (SSA), are the implementing authorities of the RTE in Assam. The DEE is the Head of the Elementary Education Department. The SCERT, the academic authority which lays down the curriculum and evaluation procedure, formulates the relevant and age appropriate syllabus, text books and other learning material and develops in-service teacher training design. SSA is headed by the Mission Director. The organisational structure of the implementing authorities of the RTE Act in Assam is shown in **Chart-1.1**:

Chart-1.1: Organisational Chart



(Source: Information furnished by the Department)

1.2.3 Audit objectives

Performance audit of the implementation of the RTE Act was carried out to verify whether:

- The funds allocated were being utilised in an economic and efficient manner,
- The RTE Act was being implemented and monitored in a planned manner, and
- The RTE Act achieved its objective of making elementary education a Fundamental Right for all children between the age group of six to 14 years within three years *i.e.*, by 31 March 2013.

1.2.4 Audit Scope and Methodology

The Performance Audit, covering the period from 2010-11 to 2015-16, commenced with an Entry Conference held on 25 February 2016, wherein the audit objectives, audit criteria and methodology of audit were discussed. The audit was carried out during March to July 2016 through scrutiny of the records of the MD, SSA; the DEE and the Director, SCERT along with records of selected sample of the District Elementary Education Officers (DEEOs) and the respective District Mission Coordinators (DMCs), as also the Block Mission Coordinators and schools at the field level. In addition, responses to audit questionnaires issued to the agencies/departments concerned during the course of audit were analysed. Photographic evidence and physical verification results were also considered to substantiate the audit observations. The draft report was issued to the Government in October 2016 and the audit findings were discussed in the Exit Conference held (15 November 2016) with the Commissioner & Secretary to GoA, Elementary Education and the Mission Director, SSA, wherein the Director of Elementary Education, the Joint Secretary Finance, GoA were also present. Based on the discussion held and the replies to the observations received (November 2016), the responses of the Department have been incorporated in the Report appropriately, wherever applicable.

1.2.5 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the Sarva Siksha Abhiyan, Assam, Elementary Education Department and the Government of Assam at all levels during the course of conduct of the audit.

1.2.6 Audit sampling

Five[1] out of 27 districts of the State were selected using the Probability Proportional to Size without Replacement (PPSWOR) method, with 'size' being measured by the number of schools in the district.

---

1 Lakhimpur, Dhubri, Kokrajhar,Darrang and KarbiAnglong

In each selected district, four Blocks (three Rural and one Urban) were selected by using the Simple Random Sampling without Replacement (SRSWOR) method *i.e.*, 19[2] Block Mission Coordinators.

From each of the selected districts, 30 Schools (20 Government and 10 Aided) out of the selected blocks were selected by the SRSWOR method *i.e.*, a total of 150 schools.

1.2.7 Audit Criteria

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

- Right to Free and Compulsory Education (RTE) Act, 2009;
- Assam Right of Children to Free and Compulsory Education Rules (ARCFCER), 2011;
- Various orders, notifications, circulars, instructions issued by MHRD/GoA;
- Annual Work Plans and Budgets prepared by MHRD/various States;
- Assam Financial Rules;
- Evaluation reports of the Act, if available;
- Outcome Budget 2015-16;
- District Information System for Education (DISE);
- Guidelines for Relaxation under section 23 (2) of the Act; and
- Guidelines u/s 35(1) regarding deployment of teachers for elections under section 27 of the Act.

Audit Findings

1.2.8 Planning

The RTE Act provides timelines for meeting certain prescribed standards laid down therein within the specified period. For example, it provides a three year window for creating and developing the requisite infrastructure as well as ensuring the availability of teachers, while it sets a five year timeline for ensuring that all teachers are professionally qualified. Thus, States, in their Plans were required to reflect how States were planning to meet the timelines for implementation of the RTE Act. The annual plans were to be prepared focusing on the gaps and the available resources (e.g., funds, adequately qualified and experienced human resources, capacities *etc*.) to meet these gaps, within the prescribed timelines.

It was however, observed that the Department[3] neither prepared any perspective plan nor any action plan setting any time frame, yearly or otherwise, within which the prescribed standards of the RTE Act could be met, though it prepared the Annual Work Plans & Budgets (AWP&B) for the years 2010-16. Consequently, the Department failed to adhere to the timelines set for the implementation of the RTE in

2 Three Blocks in Darrang District.
3 DEE and SSA

the State, as discussed in the succeeding paragraphs.

The SSA framework envisages decentralised, need-based and participatory planning with a bottom-up approach. The planning, at the State level was required to be an integration of the district level planning which in turn, was required to be generated from the block and school levels.

At the school level, School Management Committees (SMCs) comprising of parents, local authority and school teachers were expected to prepare School Development Plans [Section 21(2) (b) of RTE Act], on the basis of which grants were to be given to the schools. This micro-level planning constituted the basis on which the annual plans at the district and state levels were to be prepared.

It was observed in audit that out of 150 selected schools, 86 (57.33 *per cent*) schools did not prepare School Development Plans during 2010-16 indicating that the AWP&B at the district as well as at the State levels were not prepared by taking inputs from all schools, as required. This indicated that the bottom-up approach was not adopted while preparing Annual Plans at the State and district levels.

In reply, the MD, SSA stated (November 2016) that audit observation regarding planning process would be taken into account during preparation of the AWP&B of SSA, Assam for the forthcoming years.

1.2.9 Financial Management

1.2.9.1 Availability of funds and Expenditure

Under Section 7 (5) of the RTE Act, 2009, State Government is responsible to provide funds for the implementation of the provisions of the Act. SSA, Assam is the programmatic vehicle to meet the object of the Act in the state for which funds are provided. The position of availability of funds, expenditure and closing balance during 2010-11 to 2015-16 for the combined RTE-SSA programme is given in **Table - 1.1**:

Table - 1.1

Availability and utilization of funds by SSA, Assam, during 2010-16

(₹ in crore)

Year	Opening balance	Schematic funds	*Other receipt	Total funds available	Expenditure	Closing balance	Percentage of expenditure
2010-11	104.11	775.63	8.39	888.13	855.95	32.18	96.38
2011-12	32.18	1411.06	22.60	1465.84	1329.09	136.75	90.67
2012-13	136.75	1523.80	37.75	1698.30	1596.80	101.50	94.02
2013-14	101.50	1477.81	17.06	1596.37	1153.40	442.97	72.25
2014-15	442.97	1067.25	12.53	1522.75	1497.33	25.42	98.33
2015-16	25.42	1320.66	58.83	1404.91	1188.61	216.30	84.60

Source: Annual accounts and information furnished by SSA, Assam

****Other receipt included bank interest, statutory deduction etc.***

The utilisation of funds against the funds available ranged between 84.60 and 98.33 *per cent* except during 2013-14. However, during 2013-14 only 72.25 *per cent* of the funds available were utilised by SSA. MD, SSA attributed (November 2016) the reason for less utilisation of funds to less expenditure under teachers' salary head due to non-engagement of teachers, though the budget provision was made for the same during 2013-14. This indicated that SSA prepared budget proposals without immediate requirement of funds.

1.2.9.2 Release of Grant under the Thirteenth Finance Commission

The Thirteenth Finance Commission's (XIII FC) award *inter-alia*, aimed at bridging the gap between the States' provisions as their share for SSA and what the States were required to contribute. It was to be released to the Finance Departments of the respective States for each year (2010-2015) who in turn, were to transfer the entire funds to the State Implementing Society for utilisation under RTE/SSA. The grants were an additional assistance for meeting the current expenditure of the States for Elementary Education. The grants were released with the stipulation that the expenditure (Plan *plus* Non-Plan) under Elementary Education, exclusive of salary by the State, should increase by at least eight *per cent* annually. The XIII FC Award of ₹ 59 crore for the purpose of providing financial assistance to the State to cover the difference between the targeted State share of 50 *per cent* by the terminal year of the Eleventh Plan under SSA was earmarked by GoI during 2014-15.

However, the earmarked amount was not released by GoI as the growth of expenditure on Elementary Education was seven *per cent* during the previous year (against the target of at least eight *per cent* increase) *i.e.*, during 2012-13. Thus, due to not ensuring the said stipulation, GoA deprived itself of ₹ 59 crore grant under the XIII FC award which affected the implementation of programmes under the RTE to that extent.

1.2.10 Implementation of provisions of the RTE Act in Assam

1.2.10.1 Access to primary and upper primary Schools

Section 6 of the RTE Act, 2009 stipulates that the appropriate Government and the Local Authority shall establish, within such area of limits of the neighbourhood, a school where it was not established. According to the Assam Right of Children to Free and Compulsory Education Rules (ARCFCER), 2011, a Lower Primary (LP) School (class 1^{st} to 5^{th}) was to be established within a walking distance of one Km of the neighbourhood, with a child population of at least 30 children in normal areas and at least 20 children in a special focus area[4]. Further, an Upper Primary (UP) school was to be established within a walking distance of three Km of the neighbourhood with not less than 45 children within the age group of 11-14 years. The position of neighbourhoods eligible for schools and their coverage at the end of 2015-16 as furnished by SSA is indicated in **Table – 1.2**.

[4] Comprising of hilly and difficult terrains, tribal dominated areas and areas of high density population.

Table - 1.2

Neighbourhoods covered by schools in the State and in five selected districts

State level coverage							
Neighbourhoods eligible for schools		**Neighbourhoods having access to schools**		**Neighbourhoods not having access to schools**		**Uncovered neighbourhoods in percentage**	
LP	UP	LP	UP	LP	UP	LP	UP
40341	13758	39875	13480	466	278	1.16	2.02
Coverage in five selected districts							
LP	UP	LP	UP	LP	UP	LP	UP
8107	4568	8037	4472	70	96	0.86	2.10

Source: Data furnished by the Department

The complete list of neighbourhoods identified and covered by schools was not provided, though called for. Only the list of uncovered neighbourhoods was made available. As such, authenticity of the data on neighbourhoods covered by schools remained unascertained in audit.

It can be observed from the above table that a number of neighbourhoods remained uncovered by LP and UP schools, the eligible children in these uncovered neighbourhoods had to walk longer distances to avail of the facility of schooling. Thus, the obligation of the State to establish schools as per RTE norms had not been completely fulfilled.

On this being pointed out, the MD, SSA stated (November 2016) that the survey of unserved neighbourhoods would be conducted during 2016 for providing schooling facility under the RTE.

1.2.10.2 Implementation of the provision of 25 *per cent* reservation in unaided schools

As per Section 12(1) (c), read with Section 2 (n) (iv) of the RTE Act, an unaided school not receiving any kind of aid or grants to meet its expenses from the Government or the local authority, shall admit in Class 1, to the extent of at least 25 *per cent* of strength of that class, children belonging to weaker sections and disadvantaged groups in the neighbourhood and provide free and compulsory elementary education till its completion. It is further provided that, where such a school imparts pre-school education, the above provision shall apply for admission to pre-school also. Again, as per Section 12(2) of the Act, unaided non-minority schools providing free and compulsory elementary education, are to be reimbursed the expenditure incurred by them to the extent of per child expenditure being incurred by the State, or the actual expenditure, whichever is less. GoA notified the norm of per child cost @ ₹ 13,249 to be reimbursed to the unaided schools from the academic year 2015.

Delay in issuance of Notification

Notification for implementation of the above provision was issued by GoA belatedly in March 2013, after a lapse of about three years from the date of enforcement of the RTE Act in Assam (1 April 2010). The MD, SSA stated (November 2016) that the delay in issuance of notification was due to conceptualization and preparedness at the school level.

However, the delay in issue of justification for 25 *per cent* reservation, indicated lack of proper planning and inaction on part of the Department to implement the provision of the Act in right earnest.

Shortfall in implementation of 25 per cent reservation in unaided schools

Even after six years from the date of enforcement of the RTE Act in Assam, out of 3,156 private, unaided and non-minority schools in the State, only 608 (19 *per cent*) schools admitted 3,242 children of weaker sections and disadvantaged groups as per the information furnished by SSA. The records regarding availability of seats for admission under 25 *per cent* reservation, information such as number of applicants who had applied for the same and whether such applicants were denied admission by any of the schools, could not be furnished by SSA. Thus, the actual number of students who were deprived of the benefit of 25 *per cent* reservation could not be ascertained in audit. The status of implementation of 25 *per cent* reservation, in the selected districts is given in **Table – 1.3**:

Table – 1.3

Implementation of 25 *per cent* reservation in the Schools of selected districts during 2010-16

Name of the districts	Number of schools* and availability of seats		Schools which implemented the provision		Shortfall in percentage	
	Number of schools	Seats	Number of schools	Number of students admitted	Schools	Seats
Lakhimpur	107	735	Nil	Nil	100	100
Dhubri	281	2415	Nil	Nil	100	100
Darrang	110	NA	Nil	Nil	100	100
Karbi Anglong	240	4871	Nil	Nil	100	100
Kokrajhar	121	866	10	25	92	97

Source: Data furnished by the DMCs of selected districts

*****Private, unaided, non-minority schools

Thus, in four out of the five districts selected for audit, the said provision was not implemented at all. Further, out of 121 schools in Kokrajhar district, only 10 schools admitted 25 students, against the required admission of 54[5] children of weaker sections. On this being pointed out, the MD, SSA stated (November 2016) that the provision laid down under the aforesaid section of the RTE Act, relating to 25 *per cent* reservation of weaker section of society for their admission would be ensured.

Collection of fees from children admitted under the 25 per cent reservation quota

Further, in two out of these 10 schools in Kokrajhar district, six students were admitted under 25 *per cent* reservation on collection of fees. Thus, free education was not provided to these students under the 25 *per cent* reservation quota, as envisaged under the RTE Act. In reply the MD, SSA stated (November 2016) that the matter had

5 These 10 schools had 216 student, hence, 25 *per cent* of 216=54 seats should have been children belonging to weaker sections and disadvantaged groups

been placed for verification and necessary follow up measures would be taken for strict and proper enforcement of the provision.

Non-supply of school uniforms, books and writing materials free of cost

Only one, out of these 10 schools supplied uniforms, books and writing material free of cost to one student as required under the Act. The remaining nine schools supplied the materials to 24 students on collection of cost against the provision of the RTE Act, thus defeating the objective of providing free education.

Non-reimbursement of expenditure by Government

Scrutiny of records of SSA and DMC, Kokrajhar revealed that the schools which admitted (2015-16) students of the weaker and disadvantaged sections, neither submitted any claims in this regard, nor was any reimbursement made by the Department against the per child costs in respect of the students admitted. This indicated lack of action in encouraging schools to admit children under 25 *per cent* reservation quota and reimbursement of the costs therefor under the provision of the RTE Act. In reply, the MD, SSA stated (November 2016) that action was being initiated for seeking the claims timely and for reimbursement of the cost thereof.

1.2.11 Infrastructure

1.2.11.1 School infrastructure

Section 19 and the Schedule of the RTE Act, 2009 specify infrastructure norms and standards for each school, such as an all-weather building, consisting of:

- at least one class room for every teacher; an office-cum-store-cum-head teacher's room,
- barrier-free access,
- separate toilets for boys and girls,
- safe and adequate drinking water facility for all children,
- a kitchen where mid-day meal is cooked in the school,
- playground; and
- arrangement for securing the school building by boundary wall/fencing.

As per the timeline fixed in RTE Act, 2009, these facilities were to be provided in every school by 31 March 2013.

The availability of infrastructure, as reported by SSA with regard to the State and the selected districts, and also as actually observed during test-check of 150 selected schools, is given in **Table – 1.4**.

Table – 1.4

Position of availability of infrastructure

Infrastructure	In Assam (out of 47814 schools)		In five selected districts (out of 10740 schools)		In 150 test-checked schools	
	In Numbers	In Percentage	In Numbers	In Percentage	In Numbers	In Percentage
Adequacy of Classrooms	31211	**65**	6823	**64**	41	**27**
Barrier-free access	37377	**78**	7883	**73**	49	**33**
Separate toilets for boys and girls	47390	**99**	10226	**95**	75	**50**
Safe drinking water facility	43706	**91**	9610	**89**	44	**29**
Kitchen-cum store room (KSR)	37081	**78**	7427	**69**	83	**55**
Playgrounds	27006	**56**	7801	**73**	101	**67**
Boundary wall/Fencing	13178	**28**	3054	**28**	40	**27**

Source: Information furnished by SSA and selected schools.

The above table shows gaps in availability of infrastructure facilities in the State as well as in the selected districts with reference to the infrastructure norms prescribed in RTE Act, 2009. Further, the extent of availability of boundary walls/fencing as revealed from test-check of 150 selected schools was in consonance with the figures furnished by SSA. However, the findings with regard to availability of class rooms, barrier-free access, separate toilets for boys and girls, safe drinking water and KSR for MDM in 150 selected schools differed grossly from the figures reported by SSA in respect of schools in the State and in the selected districts, which was also corroborated with the responses received during beneficiary survey as mentioned in Para-1.2.17. This indicated that the reported achievements by SSA on infrastructural facilities in schools were inflated.

Thus, even after lapse of more than three years from the stipulated date (31 March 2013), the Department failed to provide the requisite infrastructure to the schools as mandated in the RTE Act, 2009. Some of the photographic evidences in support of the deficient infrastructure are as given:

Three classes in a single room at 278 Choukham Chaboti LPS, Lakhimpur (13 May 2016)

Three classes (Class 1, 2 and Ka-Shreni) running in a single room at 656 No. Dubachuri LPS, Bilasipara, Dhubri (26 May 2016)

An unfriendly ramp and rail for CWSN in Fakirpara Dakshinchuba LPS, Dalgaon, Darrang (29 June 2016)

Inaccessible approach road of Ranganodi MES, Nowboicha, Lakhimpur (13 May 2016)

Dilapidated girls toilet at Chowguri MES, Gossaigon, Kokrajhar (23 June 2016)

Dilapidated Boys toilet at Vivekananda MES, Gouripur, Dhubri (23 May 2016)

Unsafe drinking water facility at Futkitali LPS, Darrang (28 June 2016)

Unsafe drinking water facility at Ghasbari Sr. Madrassa School, Dhubri (28 May 2016)

MDM rice dumped in a class room of 688 No. Auhut LPS, Bihpuria, Lakhimpur (13 May 2016)

MDM cooked in the veranda of 2251 No. J.S.S. LP School, Gouripur, Dhubri (27 May 2016)

In reply, the MD, SSA stated (November 2016) that infrastructure availability reports were provided by schools themselves through DISE capture format. Necessary initiatives would be taken to avoid such misreporting in future.

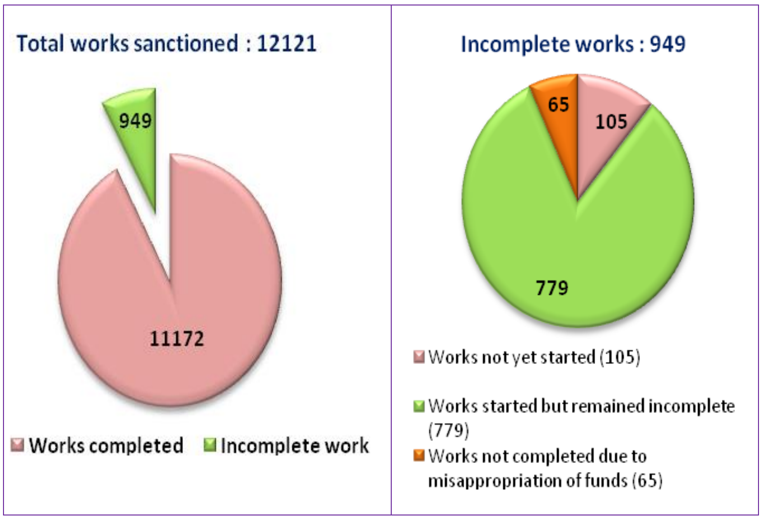
1.2.11.2 Safety of school buildings

Rule 6.4.7 of the SSA Framework provided that school buildings should incorporate safety features for resistance against hazards to ensure that children receive education in a safe and secure environment. It further provided that structural safety features (against natural hazards such as earthquakes) should be built into the designs of new school buildings and that the existing school buildings should be retrofitted.

Out of the 47,814 Government schools in the State, information relating to assessment of safety features in the structural design of only 16,524 schools under ten districts[6] was furnished by SSA. Scrutiny of information revealed that, out of 16,524 schools assessed by SSA, 11,654 schools (71 *per cent*) had met the safety norms, while the balance 4,870 (29 *per cent*) schools did not meet the safety norms. This indicates that a significant number of children were being imparted education in unsafe buildings, which were prone to be affected by hazards. On this being pointed out, the MD, SSA stated (November 2016) that most of the schools not fulfilling the safety norms were old buildings requiring repair and renovation. Necessary technical measures would be taken in consultation with experts and Assam Public Works Department to overcome the situation.

1.2.12 Civil Works

Chart-1.2: Status of civil construction in five selected districts



During 2010-15, an amount of ₹ 385.11 crore was sanctioned and released to different SMCs in five selected districts for 12,121 civil construction works, such as Additional Class Rooms (ACRs), New School Buildings (NSBs), Toilets, Head Master Rooms *etc.* Out of these, 11,172 works were completed, while the balance 949 works valued at ₹ 27.90 crore remained incomplete (as of March 2016) ***(Appendix – 1.3)***.

1.2.12.1 Incomplete civil works

Out of 949 incomplete works, 779 works had started but remained incomplete, and an expenditure of ₹ 12.55 crore was incurred (as of June 2016) on these works. While

6 Barpeta, Dhubri, Dibrugarh, Golaghat, Hailakandi, Jorhat, Kamrup(Metro), Morigaon, Sivasagar and Tinsukia

the physical achievements ranged from 10 to 90 *per cent*, delays in completion of the works ranged from one to 48 months. MD, SSA attributed (June 2016) the delays in completion of these works to reasons such as non-settlement of land disputes, court cases, transportation problems and non-supply of pre-engineering structures *etc.* ***(Appendix – 1.4).*** In reply, the MD, SSA without specifying the status of the works, stated (November 2016) that steps were being taken to complete all the civil works on priority.

1.2.12.2 Blocking of funds

In respect of 105 works which had not yet commenced (May 2016), an amount of ₹ 1.76 crore as against the sanctioned amount of ₹ 3.79 crore was released between 22 July 2010 and 11 June 2015 to the concerned SMCs of the schools in the five selected districts. The target dates for completion of the works ranged from October 2010 to February 2016. This had resulted in blocking of funds amounting to ₹ 1.76 crore for periods ranging from one to 67 months, from the date of release of the funds to the SMCs ***(Appendix – 1.5)***.

MD, SSA attributed non-commencement of the works to court cases, land disputes, erosion of proposed site, delay in formation of SMC *etc.*, which pointed towards release of funds without ensuring their proper and timely utilisation.

1.2.12.3 Misappropriation of funds

In respect of 65 civil works, a total amount of ₹ 2.99 crore was sanctioned and released by SSA to SMCs of 40 schools in the five selected districts. Scrutiny of bank passbooks, cashbooks and vouchers of the respective SMCs and information furnished to Audit by the respective DMCs revealed that out of ₹ 2.99 crore, funds amounting to ₹ 2.91 crore were withdrawn from the bank by the respective SMCs, during November 2012 to March 2016 of which, ₹ 1.21 crore was utilised. Further, as per the information furnished by the respective DMCs, the unutilised balance of ₹ 1.70 crore had been misappropriated by the concerned SMCs. Consequently, due to non-availability of funds for further execution of works, all the 65 works remained incomplete (as of May 2016).

In 37 out of the 65 works, the Department filed FIRs/invoked suspension provisions against the Member Secretaries (MS) of the concerned SMCs. In another nine cases, minor actions such as holding up of salaries of the MSs, issuance of warning letter to MSs *etc.*, were taken. However, no recovery has yet been made. In the remaining 19 cases[7], no action had been taken by the Department. The reasons for not initiating any action were however, not on records. This indicated inadequate control and monitoring on the part of the Department in the management of funds released to SMCs for the civil construction works. The absence of adequate monitoring of the activities of the SMCs with regard to drawal of funds from the banks concerned based

[7] 65-(37+9)=19

on their actual requirements, as also the proper utilisation of the funds so withdrawn, resulted in embezzlement of the funds and, consequently, deprived the students of vital facilities of adequate infrastructure provided for under the RTE Act ***(Appendix– 1.6).***

In reply, the MD, SSA stated (November 2016) that necessary action in this regard had already been initiated and status of action taken would be intimated to Audit, which was awaited

1.2.13 Children's entitlements

1.2.13.1 Transportation arrangements for Children With Special Needs (CWSNs)

As per the RTE Act, 2009, read with Rule 4 (7) of the ARCFCER, 2011, the Government, Autonomous Council or the local authority, as the case may be, are required to endeavour to make appropriate and safe transportation arrangements for CWSNs to attend school and complete elementary education.

Scrutiny of records revealed that no transportation arrangements were made for CWSNs by the Department. Instead, Transport Allowance (TA) ranging from ₹ 2,400 to ₹ 3,000 per year was provided to a limited number of CWSNs. The State-wise position of identification, enrolment and TA provided to CWSNs, is given in **Table - 1.5**:

Table – 1.5
Position of Identification, Enrolment and TA provided to CWSNs in Assam

Year	Number of CWSNs identified	Number of CWSNs enrolled	Number of CWSNs provided TA	Shortfall	*Per cent* of shortfall in providing TA to CWSNs enrolled
2010-11	99003	79406	26784	52622	66.27
2011-12	99476	73220	15497	57723	78.84
2012-13	99061	97085	3255	93830	96.65
2013-14	103590	83348	5856	77492	92.97
2014-15	107168	94794	10600	84194	88.82
2015-16	98884	88316	Nil	88316	100.00
Total	**607182**	**516169**	**61992**	**454177**	

Source: Information furnished by SSA

Thus, the shortfall in providing TA to CWSNs in 2012-13 was as high as 96.65 *per cent*, whereas no TA was provided during 2015-16 due to non receipt of funds from GoI for the purpose.

In respect of 1,31,238 CWSNs identified in the five selected districts, the shortfall in providing TA to CWSNs enrolled in schools ranged from 61.32 to 96.87 *per cent* during 2010-16, as per the information furnished by SSA.

Further, audit scrutiny revealed that in 150 selected schools, no TA was provided to CWSNs during 2010-16 except in one case out of 75 CWSNs enrolled in these 150 schools.

Thus, the Department neither made appropriate and safe transportation arrangements for CWSNs to attend schools, nor disbursed TA to a majority of the CWSNs. On this being pointed out, MD, SSA in reply, stated (July 2016) that TA was provided to CWSNs who regularly attended the schools and also achieved excellent academic results. The reply was not tenable as the government was required to ensure that access to schools should not be hindered in case of all CWSNs, by providing appropriate and safe transportation arrangements under the provisions of the RTE, Act.

1.2.13.2 Distribution of Free Text Books (FTBs)

Rule 5 of Assam Right of Children to Free and Compulsory Education Rules (ARCFCER), 2011 provides that a child attending the Government school, shall be entitled to FTBs, writing materials and uniforms.

Scrutiny in the 150 selected schools revealed that there was shortage of FTBs for distribution to the students in 27 schools, whereas there was surplus of FTBs in 18 schools. However, during beneficiary survey carried out in 50 schools under the five selected districts, all the 456 students stated to have received the FTBs.

Thus, not ensuring rational distribution and availability of FTBs by the authority concerned was a roadblock in the successful implementation of the RTE Act, 2009, which needed to be addressed.

1.2.13.3 School Uniforms

As per Rule 5 of ARCFCER, 2011, school uniforms are to be provided to all students. Audit scrutiny revealed that the Department provided uniforms (two sets) to all girls, Scheduled Castes (SC), Scheduled Tribes (ST) and Below Poverty Line (BPL) children admitted to Government and Provincialised schools, while uniforms were not provided to students of the General category resulting in shortfall in the distribution of uniforms, as detailed in **Table – 1.6**:

Table – 1.6
Position showing school uniform distributed to students during 2010-16 in Assam

Year	Enrolment	Number of students provided with school uniforms	Shortfall	Shortfall (in *per cent*)
2010-11	5886399	3546004	2340395	39.76
2011-12	5718963	3072702	2646261	46.27
2012-13	5609846	0	5609846	100
2013-14	5801322	3926124	1875198	32.32
2014-15	5853278	4506287	1346991	23.01
2015-16	5432053	0	5432053	100
Total	**34301861**	**15051117**	**19250744**	**56.12**

Sources: Data furnished by the Department

No uniforms were distributed in 2012-13 and 2015-16 as no funds were released for procurement of uniforms by MD, SSA, while shortfall in distribution of uniforms ranged from 23.01 to 46.27 *per cent* in the remaining years.

Test-check of records of 150 schools disclosed that no uniforms were distributed in 50 (33.33 *per cent*) schools during 2010-16. Further, distribution of uniforms in the schools was not need-based with reference to enrolments. Instances of excess distribution of uniforms ranging from one to 52 sets in 21 schools and short distribution of uniforms ranging from one to 125 sets in 27 schools, were noticed. However, during beneficiary survey carried out in 50 schools under the five selected districts, 306 out of 456 students (67 *per cent*) stated to have received the School Uniforms.

Thus, a significant number of students were being deprived of free uniforms, which in turn, undermined the objective of providing free education envisaged as per the RTE Act.

1.2.14 Human Resource Management

1.2.14.1 Availability of teachers

The status of availability of teachers in the State is given in **Table – 1.7**:

Table – 1.7

Requirement and availability of teachers in the State and in the selected districts as of March 2016

(in numbers)

Level	Requirement of teachers		Availability of teachers		Shortage	
	LP	UP	LP	UP	LP	UP
State level	120014	NA	107513	52729	12501	NA
Selected districts level	26591	NA	21177	13166	5414	NA

Source: Data furnished by the Department

Thus, in respect of the LP schools, there was a shortfall of 12,501 (10.41 *per cent*) teachers whereas in regard to the UP schools, the shortage or excess of teachers with reference to their availability could not be ascertained in audit due to non-furnishing of records relating to requirement of teachers as per RTE norms, by SSA.

Audit scrutiny revealed that, out of 2,111 UP schools in five selected districts, 680 schools (32.21 *per cent*) did not have science and mathematics teachers (as of March 2016). Similarly, seven (8.33 *per cent*) schools, out of the selected 84 UP schools[8], did not have science and mathematics teachers. This indicated that the students of these schools were deprived from quality teaching in mathematics and science for want of posting of teachers of these streams. While accepting the audit observation, the MD, SSA stated (November 2016) the State had already initiated steps to recruit additional teachers to fill up the vacancies of teachers.

1.2.14.2 Pupil-Teacher Ratio

As per Section 25 of the RTE Act, 2009, the appropriate government shall ensure Pupil-Teacher Ratio (PTR) as specified in the Schedule. As per the Schedule, there shall be at least two teachers for LP schools, with the overall PTR not being more than 40:1. Similarly, for UP schools, there shall be at least one teacher per class, so as to have at least one teacher each for (i) Science and Mathematics, (ii) Social Studies; and (iii) Language, with PTR of 35:1.

8 The selected 150 schools included 66 LP and 84 UP schools

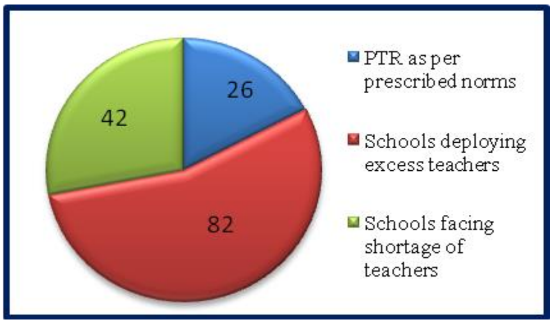
The State had maintained overall favourable PTR, as shown in **Table – 1.8** and **Chart-1.3**:

Table – 1.8

PTR in LP and UP schools of selected districts and Assam for 2015-16		
AREA	**PTR**	
	LP	**UP**
Darrang	29	17
Dhubri	48	21
Kokrajhar	24	17
Lakhimpur	23	11
KarbiAnglong	24	13
Assam	**26**	**16**

Source: Data furnished by the Department

Chart-1.3 : PTR in the selected schools



Though PTR was favorable as an average for the State, the school-wise PTRs were not as per prescribed scale. Out of 47,814 Government and Provincialised schools in the State, 14,263 (30 *per cent*) schools did not have RTE compliant PTRs. Thus, the deployment of teachers was not rationalized in the State.

The average PTR, in the selected districts ranged between 23 and 48 in the case of LP schools and between 11 and 21 in case of UP schools as per the data furnished by SSA.

In 26 (17 *per cent*) out of the 150 selected schools, teachers were deployed as prescribed under PTR norms. In another 82 (55 *per cent*) schools, excess teachers ranging from one to six were deployed, while the remaining 42[9] (28 *per cent*) schools were facing shortage of teachers, ranging from one to five (as of March 2016).

Thus, the deployment of teachers in the schools was not need-based and a number of schools were facing shortage of teachers, as GoA had not rationalized the deployment of teachers as per norms, despite repeated commitments to the Project Approval Board (PAB) of the Ministry of Human Resources Development, GoI. In reply the MD, SSA stated that the state had initiated the process of engagement of teachers and rationalisation of teachers would be initiated on completion of the recruitment process.

1.2.14.3 Single teacher schools

Although, as per the schedule of the RTE Act, 2009, there should be at least two teachers per LP school and three teachers per UP school, 1,097 schools in Assam were imparting education through the services of single teacher (as on March 2016).

[9] 150-(26+82)=42

Audit also noticed that in test checked schools six (four *per cent*) out of the 150 selected schools were running with single teachers.

The existence of single teacher schools despite the favourable PTR, both at the LP and UP levels in the State/selected districts, was indicative of the failure of the State to rationalize the deployment of teachers, thereby hampering the provision of imparting quality education in the schools. In reply, the MD, SSA stated (November 2016) that the State had initiated the process of engagement of teachers which would address the shortage of teachers in schools. However, no justification was given regarding irrational deployment of teachers in the test-checked schools.

1.2.14.4 Schools without any teacher

In Karbi Anglong district, there were 848 vacant posts of teachers and 116 LP schools were without any teachers (as of March 2016), as a result of which 610 students, enrolled in these 116 schools, were deprived of proper education. In reply, the MD, SSA stated (November 2016) that in Karbi Anglong district, recruitment of teachers was done by the Karbi Anglong Autonomous Council, which had been requested to fill up the vacant posts of teachers.

1.2.14.5 Training of untrained teachers

As per Section 23 of the RTE Act, 2009, every school teacher shall acquire minimum academic and professional qualifications as laid down by the academic authority. The National Council for Teacher Education (NCTE), being the academic authority had notified (August 2010) the minimum qualifications as under:

- For Classes 1st to 5th: Senior Secondary (or its equivalent) with at least 50 *per cent* marks and two-year Diploma in Elementary Education.
- For Classes 6th to 8th: B.A/B.Sc (or its equivalent) and two-year Diploma in Elementary Education (by whatever name known).

The notification also provided for teacher training courses for teachers appointed before the date of the notification (23 August 2010) and for the teachers appointed before and on or after 3 September 2001 *i.e.*, the date on which NCTE regulations, 2001 came into force notifying minimum qualifications for teachers in schools.

As the State did not have adequate institutions offering courses or training in teacher education and also persons possessing minimum qualifications as laid down by the NCTE, were not available in sufficient numbers, GoI relaxed (August 2011) the requirement of the professional qualification for GoA to recruit teachers upto March 2015, subject to the condition that teachers so recruited would acquire the qualifications specified in the Notification within a period of two years from the date of their appointment.

The State level position of qualification of teachers is given in **Table – 1.9**:

Table – 1.9

Position of teachers at the State level as of March 2016

Teachers recruited	Number of teachers	Teachers with requisite academic qualifications	Teachers without requisite academic qualifications	Teachers with requisite professional qualifications	Teachers without requisite professional qualifications
On or before 03.09.2001	105355	42807	62548	6991	98364
After 03.09.2001	56851	47320	9531	21967	34884
Total	**162206**	**90127**	**72079**	**28958**	**133248**

Source: Data furnished by the Department

Out of the 56,851 teachers recruited in Assam after 3 September 2001, 21,967 (39 *per cent*) teachers had requisite professional qualifications and the remaining 34,884 (61 *per cent*) teachers were yet to acquire the required professional qualifications (till March 2016). Also, out of the total 1,62,206 teachers, 1,33,248 (82.15 *per cent*) teachers did not possess minimum professional qualifications and 72,079 (44.44 *per cent*) teachers did not have the minimum academic qualifications, as per the data furnished by SSA.

In the five selected districts, 15,233 (48 *per cent*) out of 31,498 teachers did not have minimum academic qualifications and 17,782 (56 *per cent*) teachers did not have requisite professional qualifications**.**

Out of 836 teachers in the 150 selected schools, 386 teachers were appointed after 3 September 2001, of which 109 (28 *per cent*) and 291 (75 *per cent*) teachers were yet to acquire the requisite academic and professional qualifications respectively.

Thus, a number of teachers recruited before 3 September 2001 did not have the requisite academic and/or professional qualifications. Similarly, a significant number of teachers recruited after 3 September 2001, were also yet to acquire the requisite academic and professional qualifications. Thus, the objective of empowering the teachers to enhance the quality of teaching remained unachieved to a large extent.

1.2.14.6 Deployment of teachers for non-educational purposes

As per Section 27 of the RTE Act, 2009, no teacher shall be deployed for any non-educational purposes other than the decennial population census, disaster relief duties or duties relating to elections to the local authority or the State Legislature or Parliament, as the case may be.

The Department could not furnish the position of deployment of teachers, for any non-educational purposes, in respect of the State.

However, in four[10] out of the five selected districts, 1,675 elementary teachers were engaged in field verification of the National Register of Citizens (NRC) during 2014-15 for unspecified periods, as the process is yet to be completed. The details are shown in **Table – 1.10**:

10 Records relating to Lakhimpur district were not furnished.

Table – 1.10
Position of teachers engaged in non educational purposes in four selected districts

Name of the districts	Number of teachers	Number of teachers deployed for non-educational purposes	Percentage
Dhubri	7875	984	12.50
Kokrajhar	5465	298	5.45
Darrang	4632	277	5.98
KarbiAnglong[11]	5319	116	2.18
Total	**23291**	**1675**	**7.19**

Source: Data furnished by the DMCs of selected districts

The deployment of teachers (seven *per cent* teachers in selected districts) for NRC duties was a non-permissible activity both under the provisions of the RTE Act and GoA Notification issued in February 2014, prohibiting deployment of teachers in non-educational purposes. In reply, the MD, SSA stated (November 2016) that the district authorities had been requested to ensure that no teachers are engaged for non-academic purposes other than the activities specified in the RTE Act, 2009.

1.2.15 Enrolment of children in schools

The overall enrolment at the elementary level in the State decreased (7.72 *per cent*), from 58,86,399 in 2010-11, to 54,32,053 in 2015-16. Enrolment decreased significantly (7.20 *per cent*) from 58,53,278 in 2014-15 to 54,32,053 in 2015-16. SSA attributed the decrease in enrolment in 2015-16 to elimination of inflated enrolment, in view of the digitization of the child-wise enrolment data in Government and Government aided schools. Thus, the enrolment data, which the Department had been projecting in the earlier years, was inflated and the school data captured through U-DISE[12] was not reliable.

1.2.15.1 Trend of enrolment in government and private schools

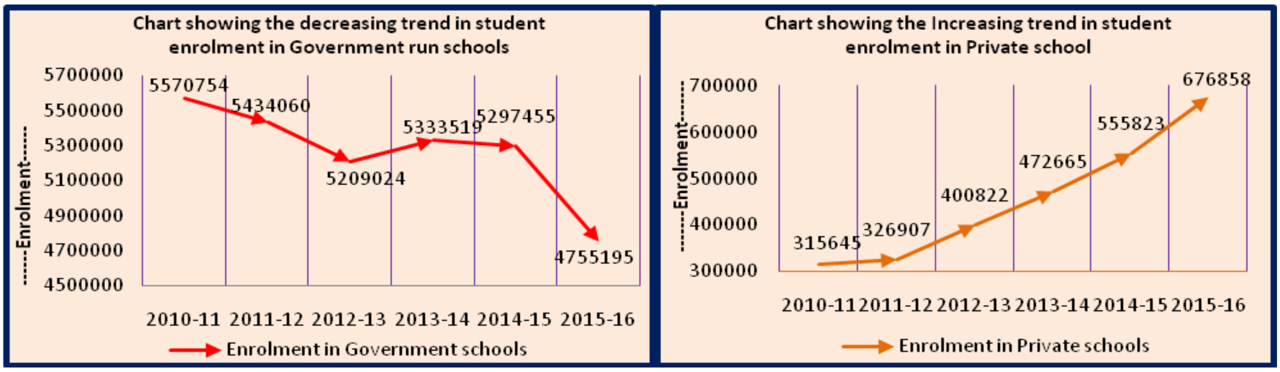
The trend of enrolment in government and private schools, during 2010-16, is depicted in **Chart-1.4** below:

---

11 The actual deployment in NRC duties for whole of the district was not furnished. The figure represents Bokajan block only.

12 Unified District Information System for Education (U-DISE), under which correct and authentic data, based on school registers and other official records, is to be captured.

Chart-1.4



Source: Information furnished by SSA

Though the number of schools[13] in Assam increased (5 *per cent)* from 58,800 in 2011-12 to 61,985 in 2015-16, the enrolment in Government schools decreased by 13 *per cent* during 2011-16. In contrast, there had been significant growth (66 *per cent*) of private schools in the State, leading to sharp increase in enrolment (114 *per cent*) from 3,15,645 in 2010-11 to 6,76,858 in 2015-16.

In the selected districts also, enrolment in government schools decreased (27.47 *per cent*) from 12,11,283 in 2010-11, to 8,78,525 in 2015-16, whereas enrolment in private schools recorded an increase of 114 *per cent* during the corresponding period. In reply the MD, SSA stated (November 2016) that the enrolment of private schools was increasing due to increase in numbers of private schools in the state. Thus the reasons for decrease in enrolment in government schools despite increase in the number of schools may be attributed to mushrooming of private schools in the districts and the preference being given by the parents for enrolling their wards in those schools. This showed that the efforts of the State Government to attain universalisation of elementary education through its schools in the State, had not produced the desired results, as envisaged in the SSA guidelines.

1.2.15.2 Schools without enrolment

The decreasing trend of enrolment eventually rendered some of the government schools without any enrolment. As of March 2016, 238 LP schools and 15 UP schools were ‘zero enrolment’ schools in the State in which 62 and 26 teachers were posted, respectively. As these teachers were not re-deployed in other schools, they were being paid salaries without carrying out any teaching work. In reply the MD, SSA stated (November 2016) that the state was taking steps for amalgamation of schools.

1.2.15.3 Trend of dropout of students

The main objectives of RTE were to increase enrolments, retain students in educational institutions and reduce the dropout rates.

13 This included Government, Provincialised, Aided, Recognised schools in the State.

The percentage of dropout students increased significantly from 8.3 *per cent* in 2010-11 to 16.5 *per cent* in 2015-16 in the case of LP schools. However, the dropout rate in UP schools decreased from 15.2 *per cent* in 2010-11 to 12.2 *per cent* in 2015-16.

The percentage of dropout students in the selected districts was, however, found to have increased significantly in respect of both LP and UP schools, except in the case of UP schools in Dhubri, where it reduced from 24.5 to 21.08 *per cent*.

SSA attributed (June 2016) the reasons for the high dropout percentage to lack of education of the parents, migration *etc*. Thus, the objectives of increase in enrolment, retention of students in educational institutions and reducing the dropout rates, remained unachieved.

1.2.15.4 Out of School Children (OoSC)

Another important objective of the RTE Act is to ensure 100 *per cent* schooling of children and to reduce the number of OoSC to zero, in respect of children of the age group of 6-14 years. The RTE Act and SSA framework lay special emphasis on Special Training for 'never enrolled' children, or those who had dropped out before completing their elementary education. The position of OoSC in the State, is given in **Table – 1.11**:

Table – 1.11
Position of OoSC in Assam during 2010-16

Year	Child population	In schools	OoSC	Percentage of OoSC
2010-11	6010976	5886399	124577	2.07
2011-12	5837566	5718963	118603	2.03
2012-13	5712364	5609846	102518	1.79
2013-14	5889838	5801322	88516	1.50
2014-15	5950779	5853278	97501	1.63
2015-16	5538699	5432053	106646	1.93

Source: Information furnished by SSA

OoSC percentage in Assam decreased from 2.07 *per cent* in 2010-11 to 1.50 *per cent* in 2013-14, which again started increasing and rose to 1.93 *per cent* in 2015-16 as per departmental records. On this being pointed out, the MD, SSA in reply stated (November 2016) that due to correction of inflated enrolment in the schools, the trend of dropout of students was showing high. It was further stated that the dropout would come to a decreasing trend once enrolment is cleaned.

In four[14] out of the five selected districts, 1,70,467 OoSC were identified and provided special training during 2010-16, out of which 1,19,082 (69.86 *per cent*) OoSC were mainstreamed to age appropriate classes in formal schools. The balance 51,385 (30.14 *per cent*) OoSC were not mainstreamed, this being attributed to the reasons, such as late enrolment, their being slow learners, ethnic violence, lack of child tracking system *etc*. Thus, the objective of mainstreaming the OoSC through special training was not achieved to the desired extent.

[14] Darrang district did not furnish information.

As per Rule-3 of ARCFCER, SMCs are required to identify children requiring special training, including OoSC, drop out and never enrolled children and to organise such training based on specially designed, age appropriate learning material. In 122 (81 *per cent*) out of 150 selected schools, SMCs neither identified any children for special training, nor organised such training programme, thereby depriving needy children of the special training.

As per guidelines issued (October 2013) by the Ministry of Human Resource Development, GoI, special training should be an essential part of the School Development Plan (SDP) to be prepared by the SMC. Scrutiny of the SDPs of the selected schools revealed that special training part did not find place in the SDPs of any of the schools. This indicated inadequacy in planning for the effective management of OoSC.

1.2.15.5 Special training of minority students

As part of the Special Training, SSA initiated Secular Education Support (SES) to Religious Madrasas/Maktab Centres where only religious education is imparted to the children of Muslim community to create group of religious priests/scholars. The aim was to establish a partnership with these institutions so that some kind of support could be given to facilitate introduction of subjects of formal education in the already existent set-up. The main objectives of the secular education support were as follows:

(i) Identification of children belonging to the age group of six-14 years;

(ii) Imparting training to the identified children to formal education, as age appropriate, in the Religious Centres;

(iii) Mainstreaming/ back to school in the neighbourhood school, after training in Religious Madrasa Centres.

The Madrasa Management Committee (MMC) was expected to ensure regular evaluation of the children in terms of achievements in the formal education component. The achievements of learners were to be recorded under their Individualised Education Plans and the reports of such achievements were to be submitted to SSA quarterly. The scheme also had the provision of monitoring of post-mainstreaming attendance by MMC, District Quality Manager and SSA.

Scrutiny of records of three[15] selected districts (Darang, Kokrajhar and Dhubri) revealed that 73161 students of religious Madrasa centres were provided support (2010-16) under the scheme and an expenditure of ₹ 5.77 crore was incurred for the purpose. However, evaluations were made in respect of only 48,787 (66.68 *per cent*) students, out of which only 16 students (0.03 *per cent*) were mainstreamed to formal schools.

[15] For Lakhimpur district, information was not furnished to Audit, while Karbi Anglong district did not implement the scheme.

Thus, the special training provided to students of madrasas did not yield the desired result, as the objective of mainstreaming the students in formal schools remained ineffective, rendering the expenditure of ₹ 5.77 crore incurred in the SES unfruitful. While accepting the audit observation, the MD, SSA stated (November 2016) that learner of religious Madrassas were inclined more to continuation of higher religious studies than being in the formal education and efforts were being taken to include under the scheme those Madrassas willing to mainstream their learners in formal education.

1.2.16 Monitoring and Evaluation

1.2.16.1 Constitution of State Advisory Council

As per Section 34 of the RTE Act, 2009 and Rule 26 of ARCFCER, 2011, GoA was to constitute a State Advisory Council consisting of members having knowledge and practical experience in the field of elementary education and child development. The council was to advise GoA on implementation of the provisions of the Act in an effective manner. It was to meet regularly in a manner such that three months would not intervene between any two meetings.

GoA constituted (February 2014) the Assam State Advisory Council after a delay of more than three years from the date of the RTE coming into force (1 April 2010). During 2014-16, against the requisite eight meetings, only one meeting was held. Delayed constitution of the State Advisory Council and not holding the prescribed number of meetings pointed towards the limited role of the Council in advising GoA on implementation of the provisions of the Act in an effective manner.

On this being pointed out, MD, SSA, without specifying the reasons for not holding regular meetings by the State Advisory Council, stated (November 2016) to take up the matter with GoA for ensuring necessary compliance.

1.2.16.2 Monitoring by State Commission for Protection of Child Rights

The Assam State Commission for Protection of Child Rights (ASCPCR) was mandated under Section 31 of RTE Act, 2009 to perform the following functions:

- Examining and reviewing the safeguards for rights provided by or under the Act and recommending measures for their effective implementation;

- Inquiring into complaints relating to child's right to free and compulsory education; and

- Taking necessary steps, as provided under Sections 15 and 24 of the ASCPCR, for Protection of the Child Rights Act.

During 2010-16, the ASCPCR conducted inspections of schools as planned and reported 356 complaints to MD, SSA relating to non-adherence of different provisions of the RTE Act by different schools who in turn, forwarded the complaints to the concerned district level offices for their redressal. However, no follow-up action to ascertain the action taken by the district level offices was found on record**.** In reply, the MD, SSA stated (November 2016) that observation made by Audit would be taken into account and follow up mechanism for the redressal of the complaints would be strengthened.

1.2.16.3 Recognition of schools

Section 18 of the RTE Act, read with Rules 11 and 12 of the ARCFCER, 2011, provide that no private school may be established or function without obtaining a certificate of recognition from appropriate authority. Further, every private school established before the commencement of the Act shall make a self-declaration, within a period of three months of the commencement of the Act, to the concerned District Education Officer regarding its compliance or otherwise with the norms and standards prescribed in the Schedule.

The Department could not, however, furnish the status of recognition of the private schools operating in the State.

As per information furnished (June 2016) by the DMCs of the five selected districts, there were 731 private schools. Of these, only 300 schools (41 *per cent*) applied for recognition of which only 110 schools were granted recognition by the Karbi Anglong Autonomous Council on the basis of fulfilment of RTE norms. The balance 431 (59 *per cent*) schools did not apply for recognition. As such, 621 schools out of 731 schools in the five selected districts were functioning without recognition *i.e.*, without ensuring fulfilment of norms and standards prescribed in the Schedule of the RTE Act.

Thus, the Department even after more than five years from the date of enforcement of the RTE Act in Assam, failed to implement the relevant provisions in private schools. In reply, the MD, SSA stated that the Director of Elementary Education, Assam was instructed to expedite the process of recognition/ follow up action.

1.2.16.4 Grievance Redressal Mechanism (GRM)

GoA has notified (September 2014) SSA as the state level grievance redressal authority in respect of RTE related grievances. SSA has been operating one Toll Free Number (TFN) since October 2013 for registration of grievances. The grievances received through the Toll Free number were required to be settled within a maximum period of 30 days. As per SSA records, during 2013-16, out of 989 complaints received, 835 complaints were settled during the stipulated period while the remaining 154 complaints remained unsettled for more than 30 days. SSA asked (January 2015) all the schools to display the TFN at prominent places in the schools for promoting public awareness. However, none of the 150 selected schools took any action to display the TFN.

This indicated towards inadequacies in the monitoring and grievance redressal mechanism for effective implementation of the RTE Act in the State.

In reply, the MD, SSA stated (November 2016) that it would be ensured that the toll free number is displayed in all the school building as well as in district and block offices for promoting better awareness among the people.

1.2.16.5 Shortfall in holding School Management Committee (SMC) meetings

As per Rule 4 (iii) of ARCFCER 2011, SMCs should meet at least once every month.

Though all the 150 selected schools had formed SMCs, there was shortfall in holding of the SMC meetings in 144 of the selected schools. As against the required 1800 (12x150) SMC meetings in a year, these schools had held 464 (26 *per cent*) to 521 (29 *per cent*) SMC meetings, indicating shortfalls ranging from 1,279 (71 *per cent*) to 1,336 (74 *per cent*). The shortfall in SMC meetings pointed towards inadequate monitoring of attendance and working of the schools. In reply, the MD, SSA stated (November 2016) that it would be ensured to hold regular meetings by the SMCs for which instructions had since been issued to the SMCs.

1.2.17 Beneficiary survey

A beneficiary survey of 456 students[16] in 50 schools under the five selected districts was carried out to assess the satisfaction level of the beneficiaries on different parameters relevant to imparting education and availability of infrastructural facilities.

The summarised position of responses of the beneficiaries is given in **Table – 1.12**:

Table – 1.12
Results of Beneficiary Survey

(in *per cent*)

Satisfaction about availability	Yes	No
Free Text Books	100	-
Mid Day Meals	96	4
Uniforms	67	33
Safe drinking water	8	92
Toilets	79	21
Playgrounds	66	34

The response indicates satisfaction among the beneficiary students regarding distribution of FTBs and provision of MDM while a significant number of students expressed dissatisfaction regarding non-availability of basic facilities like safe drinking water, play grounds *etc.*

As per Section 3(2) of the RTE Act, no child shall be liable to pay any kind of fee. However, 11 out of the 456 surveyed students reported payment of fees. In reply, the MD, SSA stated (November 2016) that the matter was being verified and strict enforcement of this provision of the RTE Act would be ensured.

[16] Beneficiary survey of ten students each from 50 selected schools (ten schools each of five selected districts) was planned. However, in 20 schools, students ranging from one to nine, were found present during the survey.

1.2.18 Conclusion

After more than six years since the RTE Act, 2009 became operative in the State, a significant number of schools in the State lack the infrastructural facilities prescribed in the Schedule of the Act including classrooms, toilets, safe drinking water facility, KSR for cooking MDM *etc.* All eligible neighbourhoods in the State did not have access to LP and UP schools (as of July 2016). There were instances of disproportionate deployment of teachers, with some schools having excess teachers, some having shortages, some being single teacher schools and some schools being even without deployment of even a single teacher. Even though all teachers were required to be professionally trained by March 2015, around 44 *per cent* of the teachers were yet to acquire the required academic qualifications and 82 *per cent* were to acquire the required professional qualifications. The provision of 25 *per cent* reservation in unaided private schools for children belonging to weaker sections and disadvantaged groups, remained almost unimplemented. The monitoring and grievance redressal mechanism provided for RTE related grievances was inadequate for effective implementation of the RTE Act in the State. The enrolment data, projected through U-DISE till the year 2014-15 was not reliable. There was a declining trend of enrolment in government schools, coupled with a high dropout rate of students. Thus, the objectives of free and compulsory education to all children of six to 14 years age envisaged as per RTE Act, were yet to be achieved in the State.

1.2.19 Recommendations

The recommendations are:

- *The State Government may ensure allocation, release and utilization of funds for attaining the intended objectives of RTE in a timely manner.*
- *The State Government may ensure availability of infrastructure as prescribed in the RTE schedule in all Schools and establish schools in all the eligible neighbourhoods.*
- *The State Government may rationalize the deployment of teachers to ensure prescribed PTR for each school. The teachers may acquire the minimum prescribed qualifications in a time bound manner to impart quality education.*
- *The State Government may ensure implementation of 25 per cent reservation in unaided non-minority primary schools for children belonging to disadvantaged groups and weaker sections.*
- *The State Government may ensure an adequate monitoring and grievance redressal mechanism for effective implementation of the RTE Act in the State.*

Compliance Audit

Health and Family Welfare Department

1.3 Compliance Audit of "Procurement of medicine with Special emphasis on quality aspect"

1.3.1 Introduction

Timely supply of drugs is necessary for the purpose of ensuring quality medical services to citizens. This involves an efficient procurement and distribution system as well as sound logistics management. The Director of Health Services (DHS), Government of Assam (GoA) procures medicines for distribution among 26 District Hospitals, 13 Sub-Divisional Hospitals, 108 Community Health Centers, 852 Primary Health Centers, 358 Ayurvedic Dispensaries, 75 Homeopathic Dispensaries and six Medical College Hospitals. Medicines are procured from Small Scale Industry (SSI) units through the Assam Small Industries Development Corporation (ASIDC) Ltd., and firms approved by the State Medical Stores Purchase Committee (SMSPC) through a process of open tenders[17] at rates fixed by the Technical Committee and approved by the SMSPC. In emergency situations (epidemics, floods, earthquakes *etc*.), medicines are purchased at the Directorate level at institutional (market) rates.

The Drugs Controller of the Department is responsible for overseeing the quality control aspect of procured drugs through the Drugs and Cosmetics Act, 1940 in the State. The Drugs Controller is assisted by a Joint Drugs Controller, a Deputy Drugs Controller, eight Senior Inspectors and nine Inspectors.

1.3.2 Scope of Audit and Coverage

The Compliance Audit of ‘Procurement of medicines with special emphasis on quality aspects’, covering the period from 2013-14 to 2015-16 was taken up to analyse the efficiency of the system of procurement and distribution of medicines in Assam.

Audit scrutinized (April and May 2016) records of the offices of the DHS, Guwahati, Director of Medical Education (DME), Guwahati, Superintendents of Gauhati Medical College and Hospital (GMCH), Assam Medical College and Hospital (AMCH), Dibrugarh and Silchar Medical College and Hospital (SMCH), six[18] out of a total of 27 Joint Directors of Health Services (Joint DHS) (including District Drug Ware Houses), Central Drug Ware House (CDWH), Narengi and Drug Controller, Hengrabari, selected on random basis.

[17] This process is carried out once in two years.

[18] (i) Kamrup (Rural), (ii) Kamrup (Metro), (iii) Cachar, Silchar, (iv) Karbi Anglong, Diphu, (v) Kokrajhar and (vi) Dibrugarh

1.3.3 Allocation of funds and expenditure

In order to ascertain the actual requirement of medicines, indents are collected by the CDWH from all the Joint DHSs of the districts. The compiled data is submitted annually to DHS for approval and purchase of medicines.

Audit, however, observed from the records of the DHS that, though the actual requirements were assessed, budget estimates for the procurement of medicines were prepared on a lump-sum basis, in an ad-hoc manner by increasing the actual expenditure of the previous year by five to ten *per cent*. This indicated that the budget estimates were prepared without proper analysis of the actual requirements.

Budget allocations for the procurement of medicines in respect of DHS, both under the Plan and Non-Plan heads for the years 2013-16, and expenditure incurred thereagainst, is shown in **Table – 1.13**:

Table - 1.13
Allocation of funds for the procurement of medicine during 2013-16

(₹ in crore)

Year	Head of A/C	Budget allocation			Release of Fixation of Ceiling (FOC)			Expenditure			Short release against allocation (percentage)
		Medicines	Clearance of past liabilities	Total	Medicines	Clearance of past liabilities	Total	Medicines	Clearance of past liabilities	Total	
2013-14	Plan	10.00	-	10.00	3.76	-	3.76	3.76	0	3.76	6.24 (62%)
	Non-plan	44.60	17.50	62.10	44.50	-	44.50	44.49	0	44.49	17.61 (28%)
2014-15	Plan	6.50	-	6.50	3.43	-	3.43	1.50	0	1.50	3.07 (47%)
	Non-plan	45.50	0.10	45.60	41.28	-	41.28	38.64	0	38.64	4.32 (9%)
2015-16	Plan	3.02	-	3.02	1.93	-	1.93	1.90	0	1.90	1.09 (36%)
	Non-plan	49.00	17.50	66.50	31.72	17.50	49.22	26.35	17.50	43.85	17.28 (26%)
Total	**Plan**	**19.52**	**-**	**19.52**	**9.12**	**-**	**9.12**	**7.16**	**0**	**7.16**	**10.40**
	Non-Plan	**139.10**	**35.10**	**174.20**	**117.50**	**17.50**	**135.00**	**109.48**	**17.50**	**126.98**	**39.21**

Source: Information furnished by the DHS[19]

From the details in the table, it can be seen that:

- During 2013-16, Government released FOCs[20] which were lower than the budget allocations, by nine to 28 *per cent* under the Non-Plan head of account and by 36 to 62 *per cent* under the Plan head of account. The quantum of funds short released, over this period was: (i) ₹ 39.21 crore against the total budget allocation of ₹ 174.20 crore under the Non-Plan head; and (ii) ₹ 10.40 crore, against the total budget allocations of ₹ 19.52 crore under the Plan head. Reasons for these short releases were, however, not available on record.
- During 2013-14 to 2015-16, expenditure of ₹ 44.49 crore, ₹ 38.64 crore and ₹ 43.85 crore was incurred against FOCs of ₹ 44.50 crore, ₹ 41.28 crore and ₹ 49.22 crore respectively under non-plan, leaving savings of ₹ 0.01 crore, ₹ 2.64 crore and ₹ 5.37 crore respectively. Out of the total savings of ₹ 8.02 crore, savings amounting to ₹ 7.99 crore occurred due to inability to draw funds owing to receipt of FOCs at the

19 Apart from the above, DHS also received Funds amounting to ₹0.74 crore, from the Mission Director (MD), National Health Rural Mission (NRHM), and utilized them for procurement and distribution of medicines during 2014-15.

20 Fixation of Ceiling-Sanction of funds

fag end of the financial year, while savings of ₹ 0.03 crore occurred due to shortage of claims from the suppliers.

- In 2014-15 and 2015-16, ₹ 1.50 crore and ₹ 1.90 crore were spent against FOCs of ₹ 3.43 crore and ₹ 1.93 crore respectively under the Plan head, leaving unspent balances of ₹ 1.93 crore and ₹ 0.03 crore. DHS stated that these savings occurred due to inability to draw funds owing to receipt of FOCs at the fag end of the financial year and shortage of claims from suppliers, respectively.

Thus, due to short release of funds, as well as receipt of FOCs at the fag end of the year, there was short procurement of medicines to that extent.

1.3.4 Improper assessment of requirements

A) In order to ensure timely supply of requisite quantities of medicines to health care units, finalization of tender processes as well as timely procurement and distribution of medicines to the peripheral units was necessary.

As per the process being followed, the peripheral health care units submit their monthly requirements to the Joint Director of the district, who consolidates the requirements and places an indent with the CDWH for the supply of the medicines. CDWH, in turn, consolidates the same centrally and submits the requirement to DHS, after taking into account the existing stock position.

Test check of the stock registers and requirements of CDWH for the years 2013-14 to 2015-16 in respect of 15 selected[21] essential medicines revealed that medicines were procured in lesser quantities as compared to the actual requirements. The shortfall in procurement ranged between 6 to 99 *per cent*[22], as detailed in **Table – 1.14**:

Table – 1.14

Statement showing inadequate procurement of essential drugs during the years 2013-16

(in numbers)

Sl. No.	Name of Medicines	Requirement	Procurement	Earlier Balance	Shortfall	Shortfall in percentage
1	Tab Acelofenac 100 mg	17515856	0	336000	17179856	98
2	Tab Ciprofloxacin 500 mg	42683756	26112995	0	16570761	39
3	Tab Alluminium Hydroxide	35581710	13409600		22172110	62
4	Tab Ranitidine 150 mg	40135516	9000000	0	31135516	78
5	Tab Omeprazole 20 mg + Domparidone 10 mg	18396500	1200000	0	17196500	93
6	Cap Omeprazole 20 mg	19326000	3000000	836000	15490000	**80**
7	Tab Calcium Carbonate 500 mg	31327056	200000	54000	31073056	99
8	Cap Vitamin B Complex	19931500	3000000	0	16931500	85
9	Tab Ofloxacine 200 mg	19189700	1999600	0	17190100	90
10	Tab Metronidazole 400 mg	25382200	9140165	80000	16162035	64
11	Tab Paracetamol 500 mg	73599996	65098800	4402350	4098846	6
12	Cap Amoxycilin 250 mg	40219100	23875200	3200730	13143170	**33**
13	Cap Amoxycilin 500 mg	51180604	43042000	3263900	4874704	10
14	Paracetamol 60 ml Syrup	5116426	3244842	36952	1834632	36
15	Tab Rabeprazole 20 mg	17302000	2614500	164500	14523000	**84**

Source: Information furnished by the CDWH

[21] Selection made based on the highest requirements submitted by the districts for the years 2013-16.

[22] In 10 (ten) cases the shortfall ranged between 62 to 99 *per cent* and in 5 (five) cases shortfall ranged between 6 to 39 *per cent*.

Audit observed that the DHS procured medicines on the basis of GoA's sanction and receipt of funds without considering the actual requirements of the peripheral health care units.

Consequent to less procurements at the DHS level, medicines were proportionately received short by the districts also. The district authorities, however, did not take up the matter directly with the DHS. Instead, demands were submitted from time to time to the Central Drug Warehouse, which consolidated the same and submitted the requirements to DHS for necessary procurement. DHS then procured the medicines, subject to availability of funds.

B) Scrutiny of records of the test checked[23] field units revealed that supply of medicines from the CDWH to the districts was inadequate. It was observed that the short supply of medicines ranged between 2 to 100 *per cent*[24].

Similarly, test-check of the health care units (PHCs and CHCs) (detailed in **Table - 1.15)** revealed that the gap periods with regard to supply of essential drugs ranged between three to 40 months in Cachar, eight to 35 months in Kamrup (R), five to 41 months in Karbi Anglong, four to 38 months in Kamrup (M), six to 35 months in Dibrugarh and five to 29 months in Kokrajhar. Thus, due to non-availability of certain medicines for long, the patients attending the health care units in these districts were deprived of essential medicines.

Table - 1.15

Statement showing the position of gap period in receipt of essential medicines

Name of the District	Name of the health institution	No. of essential medicines required	Date on which Stock of essential medicine found NIL	The centre running without essential medicines (till March 2016)
CACHAR	S.M. DEV. CIVIL HOSPITAL	6	30.1.13 to 29.9.15	8 to 40 Months
	UDHARBAND BPHC	5	14.7.14 to 19.11.15	6 to 22 Months
	BIKRAMPUR BPHC	4	19.7.13 to 24.7.14	22 to 34 Months
	DHOLAI BPHC	7	10.8.13 to 6.11.15	6 to 33 Months
	BORKHOLA PHC	13	18.6.13 to 25.02.16	3 to 35 Months
KAMRUP (R)	UPARHALI BPHC	5	6.8.13 to 20.12.14	17 to 33 Months
	HAZO BPHC	1	31.7.14	22 Months
	CHAYGAON BPHC	4	15.6.15 to 10.9.15	8 to 11 Months
	BOKO BPHC	3	26.6.13 to 10.12.14	17 to 35 Months
KARBI ANGLONG	MANJA BPHC	2	31.12.12 to 16.1.13	40 to 41 Months
	DONKAMOKA CHC	5	16.6.14 to 24.12.15	5 to 23 Months
KAMRUP (M)	PANDU FRU	10	31.5.13 to 31.1.16	4 to 38 Months
	SONAPUR CIVIL HOSPITAL	3	23.12.15	5 Months
	SONAPUR BPHC	6	10.9.13 to 28.4.15	13 to 32 Months
DIBRUGARH	SASSONI CHC	4	12.12.13 to 23.4.14	23 to 27 Months
	PANITOLA BPHC	5	13.6.13 to 12.8.15	9 to 35 Months
	LAHOWAL PHC	2	22.7.13 to 29.01.15	16 to 34 Months
	JOINT DHS DIBRUGARH	11	23.3.14 to 17.11.15	6 to 26 Months
KOKRAJHAR	KACHUGAON BPHC	4	3.4.14 to 28.12.15	5 to 25 Months
	GOSSAIGAON BPHC	4	25.12.13 to 13.6.15	11 to 29 Months
	BALAJAN CHC	3	03.02.14 to 08.8.15	9 to 27 Months

Source: Records of Health Institutions

23 Joint DHSs, Cachar, Dibrugarh, Kamrup (Rural), Kamrup (Metro), Kokrajhar and Karbi Anglong

24 In Cachar, the shortfall ranged between 5 to 100 *per cent*, in Karbi-Anglong 77 to 100 *per cent*, in Kamrup (M) 13 to 100 *per cent*, in Kamrup (R) 2 to 100 *per cent*, in Dibrugarh 74 to 100 *per cent* and in Kokrajhar 72 to 100 *per cent*.

The DHS while accepting the fact, stated (August 2016) that the essential medicines demanded by the health institutions were either delayed or not supplied due to paucity of funds.

1.3.5 Irregular creation of liability by the Medical College and Hospitals

Scrutiny revealed that Superintendents, GMCH and AMCH procured medicines worth ₹ 8.79 crore[25] during the period 2013-16 without the sanction of GoA and no payment had been made to the suppliers.

On this being pointed out, the Superintendents stated (May 2016) that the medicines procured were essential for distribution among inpatients of the hospital and had already been utilized. It was further stated that the liability had been created for want of sanction of supplementary demand/receipt of FOC as per budget allotment by GoA. However, such procurement of medicines, without sanction was irregular.

Reasons for short release of funds against budget provision were not made available, though called for.

1.3.6 Avoidable payment of ₹ 17.17 crore with further liability of ₹ 38.24 crore

Audit observed that one SSI Unit[26] filed 16 money suits (during 1993 to 1994) in the Hon'ble Gauhati High Court due to non-payment of his outstanding bills by the Department for medicines supplied (prior to 1993). Though the total claimed amount involved in the suit was ₹ 0.33 crore, the Department was liable to pay (till March 2015) interest of ₹ 55.41 crore (including cost of suit) also.

Scrutiny revealed that in response to the Court's decree (March 2015) directing GoA to deposit an amount of ₹ 17.50 crore (out of the total decreed amount of ₹ 55.74 crore), as part payment towards the claim of the supplier, the DHS deposited[27] the said amount with the Court on 8 May 2015. The said payment consisted of the principal amount of ₹ 0.33 crore and interest of ₹ 17.17 crore and the balance amount was yet to be paid (May 2016).

In reply, the DHS stated (May 2016) that, as requisite sanction by the Government could not be accorded, payment of the supplier's bills could not be made in time.

Thus, not making the payment of supplier's bill of ₹ 0.33 crore in time, resulted in creation of liability of ₹ 55.41 crore towards interest, of which ₹ 17.17 crore had already been paid leaving an outstanding liability of ₹ 38.24 crore till date (May 2016), besides accrual of further interest liability, if any.

---

25 GMCH: ₹2.86 crore + AMCH: ₹5.93 crore crore.

26 M/s J D Pharmaceuticals, Guwahati.

27 Through RTGS against A/c No. 10823646863, in favour of Registrar General, Gauhati High Court, on 8 May 2015.

1.3.7 Delay in sanction of funds

The DHS, Assam submitted (June, 2014) a proposal for procurement of 151 different medicines (68 general medicines, 37 psychiatric medicines, 34 anti-cancer medicines and 12 nephrology medicines) involving sanction of an amount of ₹ 22.14 crore during 2014-15, to GoA. The sanction was accorded in February 2015.

Audit observed that, during the intervening period (June 2014 to February 2015), the stock of the specified medicines in the CDWH, Narengi, was nil. As a result, distribution of vital medicines to different health care units did not take place for eight months, thereby jeopardizing the treatment of patients.

1.3.8 Extra expenditure

As per the Assam Preferential Stores Purchase (APSP) Act, 1989, the price of any SSI products under the Act should be fixed by a Technical Committee constituted by the ASIDC and medicines are to be procured as per the rates approved by the Technical Committee. A further commission @ 5 *per cent* over the fixed price is also applicable for being paid to ASIDC.

Test check of records of the DHS, Assam revealed that Ciprofloxacin 500 mg, an APSP product, was on the list of approved medicines for the period 2012-14 (extended up to 30 September 2014) for supply at the rate of ₹ 1.22 per tablet (exclusive of excise duty, ASIDC's commission and VAT). Records of the DHS also revealed that the stock position of Ciprofloxacin 500 mg tablets was NIL from 7 August 2013 to 4 January 2015. Accordingly, GoA had authorised (2 June 2014) the DHS to procure medicines at the existing rate till 30 September 2014, with the direction to float fresh tenders by 12 June 2014 for all procurements under the control of the DHS and to complete the entire process by 30 September 2014. Audit observed that DHS was neither able to make the procurement of Ciprofloxacin 500 mg tablets during the extended date of validity nor could it complete the fresh tender process within the stipulated date.

Audit further observed that DHS received a request (26 June 2014) from the Managing Director, ASIDC for procuring the Ciprofloxacin 500 mg tablets from it, through two registered SSI units[28], for which a provisional rate (owing to pending approval by the Technical Committee) of ₹ 2.237 per tablet (exclusive of excise duty, ASIDC's commission and VAT) was intimated by the ASIDC to the DHS on 24 September 2014, i.e., after a delay of three months. Instead of initiating procurement at the approved rate of ₹ 1.22 per tablet, DHS issued supply orders (December 2014), based on the provisional rate for supply of 99,99,995 tablets of Ciprofloxacin 500 mg tablets, with one of the firms[29] for a total value of ₹ 223.70 lakh (excluding excise duty of ₹ 13.82 lakh, VAT ₹ 11.88 lakh, ASIDC's commission ₹ 11.88 lakh). The rate (₹ 2.237 per tablet) was ultimately approved by the Technical

---

[28] M/S Ghanashyam Pharmaceutical & M/S GRD Pharmaceutical

[29] M/S Ghanashyam Pharmaceutical

Committee in August 2015 by which time the supply had already been made (January 2015). No justification for procurement of the medicine at the unapproved higher rate was available with the DHS.

Thus, the delayed procurement of medicines at the unapproved rate of ₹ 2.237 per tablet in December 2014, despite lower rates having been available from April 2012 till September 2014, resulted in extra expenditure of ₹ 101.70 lakh[30], besides depriving the beneficiaries of availability of the medicine from August 2013 onwards.

1.3.9 Storage of Medicines

As per paragraph 27 of the guidelines on 'Procurement Procedure for Health Sector Goods and Services', pharmaceuticals in the form of tablets, capsules, syrups *etc*., remain stable, if protected from light and direct heat and stored in a well ventilated environment.

During physical verification of stores of Kamrup (Rural) and Karbi Anglong districts, it was observed that medicines were kept in a haphazard manner on the floor and verandas of the stores. The rooms were also not well-ventilated.

Storage position of drugs at DMS, Diphu (20 May 2016)

Storage position of drugs at Kamrup (R) (4 May 2016)

Thus, due to storing of medicines without observing proper storage norms, the possibility of issue of such medicines, which have lost their potential medicinal value due to improper storage to the patients could not be ruled out.

1.3.10 Delay in Quality testing of drugs

In Assam, the Regional Drug Testing Laboratory (RDTL), Guwahati conducts post-purchase testing of drugs on the basis of random collection of samples by the Drugs Controller, Assam, immediately after receipt of the consignment of the medicines in the CDWH.

The result of tests conducted on the procured medicines, with respect to their quality is summarized in **Table – 1.16**:

30 Cost of 9999995 Tab Ciprofloxacin 500 mg @ ₹2.237 per Tab.= ₹223.70 lakh
Less Cost of 9999995 Tab Ciprofloxacin 500 mg @₹1.22 per Tab.= ₹122.00 lakh
Excess expenditure= ₹101.70 lakh

Table – 1.16

Year	No. of Samples drawn	No. of reports received	No. of reports pending	No. of samples found substandard (*percentage*)
2013-14	215	180	35	15 (8)
2014-15	221	169	52	21 (12)
2015-16	463	182	281	6 (3)
Total	**899**	**531**	**368**	**42 (8)**

Source: Drugs Controller

It can be observed from the details above that, on an average, 8 *per cent* of the medicine samples tested was found to be sub-standard. It was also noticed that the time taken in receipt of laboratory reports ranged between one and seven months after issue of the medicines from CDWH to the peripheral health centres in the districts. Reasons for such delays were neither available on records, nor were they stated, either by the Drugs Controller or by the Director, Regional Drug Testing Laboratory (RDTL). As per the reply of Drugs Controller, the responsibility for testing of drugs and submission of test reports in time lies with the RDTL.

Further, in respect of Joint DHS, Karbi Anglong, and DHS, Kokrajhar who procure medicines by themselves as well as in respect of Joint DHS, Kamrup (Metro), who receives medicines from the CDWH, no samples of drugs were collected by the Drug Inspectors, for laboratory tests during 2013-16.

On this being pointed out, the Drugs Controller replied (24 August 2016) that samples were not collected due to shortage of Drug Inspectors, with one Drug Inspector being required to cover more than three districts. The reply of the Drugs Controller was not tenable, as no sample was collected from the above mentioned three districts during the last three years.

Thus, the purpose of testing the medicines was defeated due to delayed release of test reports and the possibility of sub-standard medicines being distributed to the beneficiaries could not be ruled out, as discussed in the following paragraph.

1.3.11 Supply of sub-standard drugs due to late receipt of test reports

Scrutiny of records of the CDWH revealed that 44 samples of drugs declared sub-standard by RDTL during January 2013 and March 2016, were reported to CDWH, after periods ranging between one and 19 months since collection of samples. Due to delays in submission of the test reports, all the sub-standard medicines (except in the case of two items[31], where balance medicines remained in stock as on 30 June 2016) had already been issued from the CDWH to the districts, for onward distribution.

31

Sl. No.	Name of the medicine	Name of the supplier from whom received	Balance stock at CDWH (in number) (30.06.2016)
1	Tab Paracetamol 500 mg	Mehsan Pharmaceuticals	11,000
		Veejay Laboratory	70,000
2	Tab Norfloxacin 400 mg	Ghanashyam Pharmaceuticals	1,19,800
		Veejay Laboratory	9,800

Of the total liability of ₹ 70.49 lakh in respect of procurement and supply of such sub-standard drugs, it was observed that an amount of ₹ 55.86 lakh had already been paid (between March 2013 to October 2015) to the suppliers. However, no action was found to have been taken by the Department against the defaulting firms in this respect.

Thus, delay in receipt of laboratory reports frustrated the purpose of quality control of drugs before their distribution besides putting the lives of the patients at risk.

1.3.12 Conclusion

Absence of adequate funding and an established procurement policy, in conjunction with a weak internal control mechanism, resulted in lack of financial discipline and short supply of medicines, as also supply of sub-standard medicines. Not-observing of storage norms, non-receipt/delayed receipt of laboratory test reports, also defeated the purpose of maintaining the quality of drugs being supplied to health care units.

1.3.13 Recommendations

In order to ensure provision of the required quantities of good quality medicines for achieving the objective of providing comprehensive health care services for all, the following recommendations may be considered by the State Government:

- *Budgeting should be done based on realistic requirement of medicines.*
- *Procurement manuals to guide procurement and distribution of quality medicines should be established and followed.*
- *Timely quality testing of drugs before procurement as well as during distribution and storage should be ensured and action taken against the erring suppliers.*

Guwahati Development Department and Public Health Engineering Department

1.4 Compliance Audit of "Water Supply Schemes in Guwahati City"

1.4.1 Introduction

The rapid and unplanned growth of Guwahati has led to many challenges, and providing drinking water to the residents is most crucial amongst the challenges. Its population of 1.24 million, residing within an area of 272 square kilometres, requires 243.53 million litres per day (MLD) of potable water presently. The requirement is estimated to increase to 423.17 MLD in the year 2025, which would further go up to 600.93 MLD in the year 2040, with the pace of growth in population.

There are three agencies**,** *viz*., (i) Guwahati Municipal Corporation (GMC), (ii) Public Health Engineering Department (PHED); and (iii) Jalboard, Guwahati**,** which provide water supply in the City. There are seven mega Water Supply Schemes (WSSs) and 81 (including two ongoing schemes) Piped Water Supply Schemes (PWSSs)**,** based on Deep Tube Well**s** (DTW**s**) maintained by these three agencies vide details in the table.

Name of the agency	No. of Mega schemes	No of PWSS	Completed prior to 2010-11		Completed during 2011-12 to 2015-16		Ongoing PWSS	Installed capacity (In MLD)	Production capacity (In MLD)
			Mega schemes	PWSS	Mega schemes	PWSS			
GMC	3	9	3	9	-	-	-	74.57	45.57
PHED	3	72	3	24	-	46	2	18.55	15.63
JALBOARD	1	0	1	-	-	-	-	12.60	9.60
Total	**7**	**81**	**7**	**33**	**-**	**46**	**2**	**105.72**	**70.80**

Presently**,** the total production capacity of potable water is 70.80 MLD, which is 67 *per cent* of the total installed capacity (105.72 MLD) of the above three agencies. The water supply presently caters to the needs of only 29 *per cent* of the population/24 *per cent* of the total households of Guwahati and that too was inadequate due to irregular supply of water. Moreover, the disinfection facilities available in the existing PWSSs in the city were also not adequate.

The Guwahati Metropolitan Development Authority (GMDA) under the administrative supervision of Guwahati Development Department (GDD), Government of Assam (GoA)**,** has taken up the implementation of three new water supply projects to cater to the increasing water demands of the growing population of the city. Compliance audit was conducted during April-June 2016 to assess the status of the existing**,** as well as ongoing water supply schemes in Guwahati city. The observations made during the audit have been discussed in the succeeding paragraphs.

1.4.2. Existing Water Supply Schemes

Detailed study of the seven mega WSSs and 81 (including two ongoing) PWSSs maintained by GMC, PHED and Jalboard, Guwahati**,** revealed the following:

1.4.2.1 Shortfall in achievement of household connections

64 PWSSs implemented by two PHE Divisions (63 PWSSs) and the Jalboard (one PWSS), out of 88 WSSs and PWSSs being implemented by the three agencies could not cover the targeted households by providing house water connections. Against the target of 33,642 households, only 15,337 (46 *per cent*) could be covered by water connections. Reasons for shortfall in achievements were neither on records**,** nor could be stated by the Agencies concerned.

1.4.2.2 Defunct and non-functional schemes

As per records of the implementing agencies**,** all the 86 completed WSSs and PWSSs were functioning. During joint physical verification by Audit alongwith the representatives of the implementing agencies, it was, however, found that the Borgosthal-Giripath PWSS (₹ 42.89 lakh), Bhagaduttapur PWSS (₹ 22.00 lakh) and Lalganesh Banikpara PWSS (₹ 15.43 lakh) had not been functioning since September 2015, February 2016 and June 2015 respectively due to technical defects and low levels of ground water.

In respect of Borgosthal-Giripath PWSS, the matter of lowering of ground water level was intimated (August 2014) to the concerned Executive Engineer (EE) by the Users' Committee[32] with a request to take necessary corrective steps. In response, the EE instructed (August 2014) the concerned Assistant Executive Engineer (AEE) to submit a detailed report after field verification. Steps taken by the AEE and follow up action, if any, were however, not found available in the records of the Division.

Regarding Bhagaduttapur PWSS, the Users' Committee tried to repair the defects on their own but could not succeed. The matter was intimated (March 2016) to the concerned EE by the Users' Committee. In response, the EE prepared and submitted (July 2016) an estimate worth ₹ 39.69 lakh for strengthening of the scheme to the Superintending Engineer (SE), PHE, Guwahati Circle for approval. Approval of SE was however, awaited (October 2016).

Further, regarding Lalganesh Banikpara PWSS, the GMC stated (October 2016) that the scheme became non-functional due to blockage of the well and the process of clearing the blockage was going on.

The concerned 316 beneficiary households (connected with these three schemes), however, remained deprived of piped drinking water supply since then as these PWSSs were still non-functional (November 2016).

The Hirapara Lapatul PWSS (under Guwahati PHE Divn-II) was completed in March 2008 with a target for coverage of 203 households with water connections. Till date (November 2016), however, only two household connections were provided water connections due to non-receipt of demand from the local residents. Thus, the scheme remained non-functional since completion for want of requirement of water connections. It was, therefore, evident that the scheme was conceived without assessing local demand, rendering the expenditure of ₹ 20.59 lakh incurred towards completion of the scheme largely unfruitful.

1.4.2.3 Supply of untreated water

Audit observed that in 10 PWSSs (GMC: 9 and PHED: 1) raw water from Deep Tube Well (DTW) was being supplied directly to the consumers through pipelines without any treatment or purification by the respective agencies. During joint physical verification, the consumers stated that the water contains heavy iron and therefore, was not fit for dinking. The water quality test conducted by District Level laboratories also reflected availability of iron, fluoride and turbidity in the water being supplied to the consumers.

On this being pointed out, the Superintending Engineer, Water Works, GMC stated that treatment facilities alongwith reservoirs were not constructed due to fund constraints and non-availability of space.

[32] Committee formed by the users for running and maintenance of the scheme.

1.4.2.4 Water Quality

Scrutiny of water quality test reports of the functional schemes revealed that water having iron (32 schemes), fluoride (seven schemes) and turbidity (14 schemes) contents beyond the permissible limits was being supplied by PHED as well as by GMC to the consumers as shown in **Table -1.17**:

Table – 1.17

Iron/fluoride/turbidity content	Number of schemes			
	Guwahati Divn-I (PHED)	Guwahati Divn-II (PHED)	GMC	Total
Iron between 0.32 and 5.2 mg/ltr (against the permissible limit of 0.30 mg/ltr)	17	08	07	32
Fluoride between 1.69 and 6.38 (against the permissible limit of 1-1.5 mg/ltr)	01	06	--	07
Turbidity between 7 and 53 NTU (against the permissible limit of 1-5 NTU)	06	04	04	14

Source: Departmental records.

Remedial action taken, if any, towards mitigation of iron/fluoride/turbidity contents**,** in the water being supplied through the above schemes was not found on records of the agencies concerned.

Thus, supply of untreated/non-potable water to the consumers was fraught with the risk of serious health hazards warranting immediate attention to overcome the situation.

1.4.2.5 Sufficiency of supply water

With a view to ascertain the sufficiency of water being supplied to the consumers**,** joint physical verification was conducted by Audit alongwith the departmental representatives in 73 out of 86 completed PWSSs. It was seen that**,** out of 69 functional PWSSs[33], 34 PWSSs (49 *per cent*) were supplying sufficient water to the consumers. Supply of water by the remaining 35 PWSSs (51 *per cent*) was irregular and the quantity of water being supplied by them was also not sufficient to meet the requirements of the consumers. The frequency of water supply by these PWSSs is shown in **Table – 1.18**:

Table - 1.18

Frequency of water supply	Duration of supply (in minutes)	No. of schemes	Sufficient	Insufficient
Daily (two times)	50 - 360	11	10	01
Daily (one time)	10 - 180	41	22	19
Every alternate day	05 - 60	12	02	10
3-4 days in a week	05 - 10	01	-	01
2 days in a week	07 -15	01	-	01
Once in every 3rd day	20	01	-	01
Once in every 4th day	35	01	-	01
Once in every 8th day	30	01	-	01
Defunct/non-functional schemes	--	04	-	-
Total	**--**	**73**	**34**	**35**

33 Four schemes were defunct/non-functional.

In reply the EE (PHE), Guwahati Division-II stated (October 2016) that the irregular and insufficient supply of water was due to poor maintenance by the Users' Committees. It was also stated that all the schemes were handed over to the Users' Committees after completion and that the PHE Department was not liable for running and maintenance of the schemes. It was, however, observed that in other cases of completed and handed over schemes in the State, the department was incurring the maintenance expenditure.

1.4.3 New Water Supply Projects

To provide safe potable water and to cater the increasing water demands of the growing population of the city, the Chief Executive Officer (CEO), GMDA under the administrative supervision of GDD**,** initiated **(**December 2008) implementation of the following three Water Supply Projects in Guwahati through two Project Implementation Units (PIUs) *viz.*, PIU, Japan International Cooperation Agency (JICA) and PIU, Assam Urban Infrastructure Investment Programme (AUIIP) and one Project Implementation Agency (PIA), *i.e.*, Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The area-wise distribution of responsibilities was as under:

(i) South Guwahati West Water supply project with financial support under JNNURM through PIA, JNNURM,

(ii) South Central and North Guwahati Water Supply Project with financial support (in the form of loan) from JICA through PIU, JICA; and

(iii) South East Guwahati Water Supply Project, under loan assistance from the Asian Development Bank (ADB) through PIU, AUIIP.

The area and population coverage as well as designed water demand**,** including estimated costs and up to date expenditure of these new Water Supply Projects**,** have been given in **Table - 1.19**.

Table – 1.19

Particulars	Year	South Guwahati West Water Supply Project (JNNURM)	South Central and North Guwahati Water Supply Project (JICA)		South East Guwahati Water Supply Project (ADB)	Total
		West Zone	North Zone	South Central Zone	South East Zone	
Area (Sq. Km.)	--	100.95	27.90	75.97	67.64	272.4**6**
Population (Number)	2010	324666	79429	597359	244628	1246082
	2025	582749	147809	1004604	445121	2180283
	2040	895977	239530	1401601	694569	3231677
Designed Water Demand (MLD)	2010	62.00	20.00	114.00	47.00	243.00
	2025	107.00	38.00	192.00	88.00	425.00
	2040	166.00	57.00	259.00	126.00	608.00
Estimated cost (₹ in crore)	--	389.53	1427.00		681.00	2497.53
Up to date expenditure (₹ in crore)	--	357.66	416.56		11.86	786.08

Source: Detailed Project Reports and departmental data

Audit findings on implementation of the new Water Supply projects have been discussed in the succeeding paragraphs.

1.4.3.1 South Guwahati West Water Supply Project under JNNURM

The Ministry of Urban Development (MoUD), Government of India (GoI) sanctioned (11 March 2008) an amount of ₹ 252.85 crore**,** being 90 *per cent* of the total project cost of ₹ 280.94 crore under JNNURM for construction of South Guwahati West 107 MLD Water Supply Project. On receipt of the fund, the GDD, GoA accorded (18 December 2008) administrative approval of ₹ 280.94 crore for the project. The project was allotted (18 February 2009) to M/s Gammon India Ltd. (GIL) at a contract price of ₹ 349.70 crore on turnkey basis. The contract agreement which included the payment break-up schedule was executed on 24 March 2009 with M/s GIL with the stipulation to complete the work within 30 months *i.e.*, by September 2011. On the basis of the contract price, GDD accorded (5 December 2009) revised administrative approval of ₹ 355.31 crore. The project was not completed within the target date and the same was extended to December 2015. Further, a revised administrative approval of ₹ 389.53 crore including the cost of engagement of a Project Management Consultant (PMC) and clearance costs towards other agencies like Railway, Assam Power Distribution Company Limited (APDCL) *etc.*, was accorded in February 2016. However, no rescheduled target date of completion was fixed till June 2016. The work commenced on 24 March 2009 and an overall physical progress of 92.64 *per cent* could be achieved (June 2016) with up to date expenditure of ₹ 357.66 crore after 87 months of commencement.

(a) Improper tendering

(i) The GMDA invited (27 June 2008) Notice Inviting Tenders (NIT) of the above work on turn-key basis as per cost of the DPR (₹ 280.94 crore). Accordingly, on the basis of the DPR cost, the financial bid was evaluated and on evaluation, the work was awarded (18 February 2009) to M/s Gammon India Ltd., at a tender value of ₹ 349.70 crore. It was, however, seen from the DPR that the cost of ₹ 280.94 crore was derived on the basis of component-wise estimated cost of each item, including contingency (3 *per cent*) of ₹ 8.14 crore and administrative charges (0.5 *per cent*) of ₹ 1.36 crore. After exclusion of contingency and administrative charges from the DPR cost, the actual project cost worked out to ₹ 271.44 crore (₹ 280.94 crore – ₹ 9.50 crore). The GMDA, however, invited NIT for ₹ 280.94 crore (including contingency and administrative charges), instead of the actual project cost of ₹ 271.44 crore. As a result, the NIT amount was inflated by ₹ 9.50 crore and thus, invitation of NIT on inflated cost vitiated the whole tender process and the award of work on evaluation of financial bid on the basis of inflated project cost was not proper.

(ii) Out of the actual project cost of ₹ 271.44 crore, a provision of ₹ 185.65 crore was made in the DPR towards the cost of pipes of different specifications. NIT of the work was invited on turn-key basis (including design, execution and supply) and the work was accordingly awarded to M/s Gammon India Ltd. (GIL) at a tender value of ₹ 349.70 crore. M/s GIL was, however, not the manufacturer of the pipes. As such, after receipt of the work order, M/s GIL made purchase agreements with different pipe manufacturing companies for the supply of Ductile Iron (DI) and Mild Steel (MS) pipes. Audit observed that M/s GIL procured pipes from manufacturing companies at 64 to 195 *per cent* lower rates from the rates allowed to M/s GIL as per DPR, by the GMDA. M/s GIL had procured 4,64,710 RM pipes from the above manufacturing companies at a cost of ₹ 99.51 crore against which the GMDA had made payment of ₹ 204.65 crore to M/s GIL as per contract rates, for supply of the above quantity of pipes. While awarding a project on turn-key basis, the item-wise rates quoted by the contractor should have been evaluated with reference to the rates of the pipe manufacturing companies, as the major expenditure of the project was to be incurred on pipes. Thus, invitation of the NIT on a turn-key basis without prior evaluation of the item-wise rates, resulted in extension of undue benefit to the extent of ₹ 105.14 crore (₹ 204.65 crore *minus* ₹ 99.51 crore) to the contractor, which was avoidable.

(b) Delay in implementation

The work was stipulated to be completed by September 2011 but the contractor (M/s GIL) could not complete the work within the stipulated time despite allowance of four extensions up to December 2015. As of June 2016, overall physical progress of 92.64 *per cent* could be achieved with an expenditure of ₹ 357.66 crore. Thus, the progress of work was not satisfactory even after allowing extension of 54 months from the stipulated date of completion. Moreover, the actual physical progress in respect of major components of the project ranged from 46.43 to 94.01 *per cent***,** as shown below:

Component	**Physical Progress as of May 2016 (in percentage)**
Intake Well with approach bridge	78.18
Water Treatment Plant (WTP)	94.01
Semi Underground Reservoir (SUGR)	87.07
Elevated Service Reservoir (ESR)	88.19
Laying of pipe lines	84.24
Erection of Valves, Construction of Thrust block *etc.*	46.43
Supply and installation of other items	81.88
Installation of electro-magnetic item *etc.*	77.35

Source: Departmental records

It was apparent that**,** without completing these major components**,** supply of water from the scheme was not possible. The reasons for the poor progress were as under:

(i) Water Treatment Plant and Service Reservoirs: The land required for Water Treatment Plant **(**WTP) and Service Reservoirs was not acquired by GMDA before taking up the project. The required land for WTP was handed over to the contractor in phases**,** between June 2009 and April 2011, whereas the lands for the Elevated Service Reservoir (ESR) and the Submerged Underground Reservoir (SUGR) were handed over between March 2010 and July 2011 only. As a result, completion of the WTP and Service Reservoirs was delayed.

(ii) Utility Lines: The WPT unit layout was prepared without proper survey of the area and as a result, the existence of two active OIL pipes was detected only during construction of the boundary wall of the unit. Consequently, the entire WPT unit layout had to be redesigned and completion was accordingly delayed.

(iii) Laying of pipe lines: Permission required for laying pipe lines through Railway areas and under railway lines (by jack pushing[34]) was not obtained from the Railways prior to implementation of the project. The Railways were approached for Right of Way permission at Boripara only in December 2013 and the permission was granted in the mid of 2014, while permission for the work to be carried out at Gosala Gotanagar had not been accorded by the Railways till June 2016.

Similarly, pipe laying at the National Highway (NH) near Jalukbari Chariali was required to be done by jack pushing. Necessary permission in this regard, from the National Highways Authority of India (NHAI) was obtained very late (February 2015), as a result of which, out of five locations where jack pushing was required to cross the NH, only one work could be completed till date.

Moreover, in 16 locations where culvert crossing was necessary, there was delay in getting clearance from Public Works Department (PWD) which subsequently delayed implementation of the work. No mention was made in the Memorandum of Understanding (MoU) between the GMDA and the PWD regarding laying of pipelines along PWD roads in the context of culvert crossing in those 16 locations, which could have obviated the need for individual clearance for every location from the PWD.

(iv) Drawal of power lines: Permission for completion of drawal of 33 KV power line from the Kamakhya Grid Sub- Station to WTP, and Intake via SUGR, was still awaited from the Railways.

(v) Realignment of primary grid network: The primary grid network alignment had to be changed, as the Railways, Inland Waterways Authority of India and Gauhati University did not permit laying of the raw and clear water pipelines within their areas. Thus, as the Railway and Inland Waterways Authority of India and Gauhati University were not consulted before preparing the DPR, the alignment had to be changed at the time of execution, resulting in delay in completion of the work.

(vi) Filling Materials: Silt for land filling in the pre-setting tank (PST) area (about 40000 m^3) was not yet available due to which the work of PST was hampered. For collection of river silt, approval was required from Forest Department but GMDA had not taken any action in this regard, except for making correspondence with the Deputy Commissioner, Kamrup, in January 2013 and November 2015 respectively, without being properly followed-up.

Further, the GMDA had not been able to acquire the land for the sludge disposal site till June 2016, reasons for which were neither available on records, nor stated.

[34] Jack pushing method is used for laying underground pipes (for crossing road, rail line *etc.*) without open excavation.

Thus, the very purpose of allotting the project on turnkey basis was defeated as important components of execution were dependent on departmental action.

Keeping in view the trend of progress of work during the last seven years (March 2009 to June 2016) as well as issues relating to planning as discussed above, the possibility of completion of the scheme in the near future was remote and the population of 3.25 lakh, planned for coverage by piped water supply, remained uncovered so far (November 2016). Moreover, due to delay in completion of the project, funds amounting to ₹ 25.28 crore had not been released by the Central Government till June 2016.

1.4.3.2 South Central and North Guwahati Water Supply Project under JICA

As per the loan agreement signed (31 March 2009) between the Japan International Cooperation Agency (JICA) and the GoI, JICA was to lend ₹ 1,183 crore for implementation of the Guwahati Water Supply Project against the estimated cost of ₹ 1,427 crore. The final disbursement of the loan was to be made in 10 years from the date of loan agreement and no further disbursement was to be made by JICA thereafter, unless otherwise agreed upon between JICA and the Borrower. The objective of the Project was to provide 24 hour potable water supply with 100 *per cent* coverage of the citizens of the South Central and North Zones of Guwahati City. The project aimed to cover the water demand of the entire estimated population in the year 2025 within the project area and also to meet the water demand of the estimated population of 2040 by upgrading the capacity. As per the Action Plan prepared during discussion between JICA and GDD, the project was split into 20 packages and the target date of completion of all the project components (all construction works and consulting services) was fixed as May 2017.

Test-check of records revealed that, out of 20 packages, work relating to nine packages (Packages one to seven for civil construction, Packages 8(a) and (b) for supply of pipes) was awarded to six contractors between January 2011 and March 2012 at a total contract value of ₹ 836.17 crore, with the stipulation that the work be completed between July 2013 and February 2016. Another two packages i.e., engagement of the (i) Project Management Consultant (PMC); and (ii) Institutional Capacity Development Consultant (ICDC) were awarded in February 2010 and September 2011, at contract values of ₹ 78.50 crore and ₹ 48.50 crore respectively. The works relating to the remaining nine (20-11) packages were not awarded (June 2016). Though the allotted works were to be completed between July 2013 and February 2016, till June 2016, physical progress ranging from five *per cent* to 57 *per cent* in respect of construction works and 58 *per cent* to 94 *per cent* in respect of supply of pipes, could be achieved with overall physical progress of 46 *per cent* and expenditure of ₹ 298.27 crore. The contract package-wise detailed position of works is shown in **Table – 1.20**.

Table – 1.20

Contract package No.	Details of works allotted	Name of the contractor	Contract value (₹ in crore)	Target date of completion of work	Physical progress (in percentage) as of 06/2016	Revised target date
C#01	Intake, transmission main, WTP, *etc.*, for North Zone	JWIL-Ranhil JV	71.17	22.02.15	5	31.03.18
C#02	Distribution network of North Zone	VISHWA-BRCCPL (JV)	28.69	23.12.13	36	31.03.17
C#03	Intake, transmission main, WTP, *etc.*, for South Central Zone	JWIL-Ranhil JV	138.55	07.02.16	21	31.03.18
C#04	Raising, transmission & reservoirs for South Central Zone	Gammon India Ltd.	175.72	13.09.13	38	31.03.18
C#05	Distribution network in Ramsa Hill & Amiya Nagar Zone	M/s IVRCL	83.06	20.05.14	48	31.05.17
C#06	Distribution network in Lechubagan&Geetanagar Zone	-do-	57.20	20.11.14	57	31.03.17
C#07	Distribution network in Sonaighuli&Narakasur Zone	-do-	99.45	20.11.14	45	30.06.17
C#08(a)	Supply of DI pipes	Jindal Saw Ltd.	90.10	28.07.13	58	31.12.17
C#08(b)	-do-	Electrosteel Casting Ltd.	92.04	28.07.13	94	31.08.17

Source: Information furnished by the implementing agency.

Reasons for the poor (five *per cent* to 94 *per cent*) physical progress of the allotted works relating to nine packages, during the seven years from the date of loan agreement (31 March 2009), by the contractors were mainly attributable to non availability of land for the execution of the work due to encroachment, delay in handing over of land, change in location and the non- performance of the contractors etc; as detailed in ***Appendix – 1.7.***

Thus, due to absence of proper planning, survey and investigation, as also due to lack of timely action against non-performing contractors, physical progress of only 46 *per cent* could be achieved in the last seven years under nine packages, while no progress was achieved in respect of the balance nine packages[35], as these packages were not awarded till date. As such, the possibility of completion of the work within the stipulated date (May 2017), as per the loan agreement with JICA, was remote.

1.4.3.3 South East Guwahati Water Supply Project under ADB

The Asian Development Bank (ADB) had agreed (02 September 2011) to provide multi-tranche financing facilities to the Government of India for the purposes of financing projects under the Assam Urban Infrastructure Investment Programme (AUIIP). Accordingly, a loan agreement was signed (09 March 2012) between the ADB and the Government of India. As per the loan agreement, ADB agreed to lend ₹ 436.59 crore from its ordinary capital resources with the objective of improving urban services in the cities of Guwahati and Dibrugarh by way of implementation of

[35] Two packages related to the engagement of PMC and ICDC.

the following projects and with the stipulation that the projects be completed by 31 December 2017:

(i) Water supply (Phase-I) : South East Guwahati Water Supply Scheme, comprising construction of water intake and water diversion structures, water treatment facilities, water transmission system and service reservoirs

(ii) Drainage improvement in Dibrugarh; and

(iii) Solid Waste Management Infrastructure in Dibrugarh.

Out of the above three projects, GoA had taken up 'South East Guwahati Water Supply Scheme' under the AUIIP to provide 24 hours potable water to the residents of the Guwahati Metropolitan Area (South East Guwahati Zone). The project was to cover an area of around 71 sq. km. having projected populations of 5,08,025 and 8,04,877 in the years 2030 and 2045 respectively. The project was divided into three packages *i.e.*, (i) Construction of intake works, raw water rising main, WTP and pure water pumping station, (ii) Construction of pure water rising main, feeder mains to all storage reservoirs and pipelines; and (iii) Construction of six storage reservoirs, including approach roads. Out of the above three packages, the works of two packages were awarded to the lowest tenderer (M/s IVRCL Ltd.).

Details of these two packages were as under:

Table – 1.21

Particulars	**Package No.AUIIP/PR-1/GUW/WS/01**	**Package No. AUIIP/PR-1/GUW/WS/02**
Items of work under the package	Contraction of water supply, transmission, main pipelines and allied work	Construction of storage reservoirs at six locations, approach road and allied works
Date of NIT	26 September 2011	28 October 2011
Work allotted to	M/s IVRCL Ltd.	M/s IVRCL Ltd.
Value of work	₹ 63.66 crore	₹ 40.76 crore
Date of issue of LoA	30 April 2013	5 June 2012
Date of agreement	29 May 2013	1 February 2013
Date of Notice to proceed to work	4 June 2014	30 May 2013
Target date of completion	900 days (20 November 2016)	1100 days (4 June 2016)
Mobilisation advance paid	₹ 6.37 crore	₹ 4.08 crore
Physical progress	NIL	15 *per cent*
Action taken against the contractor	Terminated on 7 December 2015	Terminated on 7 December 2015
Present status	Work not yet re-allotted	Work not yet re-allotted

Source: Departmental records

In this regard, Audit observed that prior to the contract agreement in September and October 2011 made with M/s IVRCL Ltd., for Packages-1 and 2 respectively, the PIU, JICA had advised (14 August 2012) the Project Director, AUIIP to reconsider the decision regarding award of contract to M/s IVRCL Ltd., as the performance of M/s IVRCL Ltd., had been abysmally poor in the JICA funded Water Supply Project in Guwahati. Inspite of such adverse reports from JICA, the other PIU under GDD, the works were awarded by the Project Director, AUIIP, to M/s IVRCL Ltd. The firm, however, did not commence execution of the works despite issue of several notices from AUIIP. As a result, the works of both the packages had to be terminated on

7 December 2015. On termination, M/s IVRCL Ltd., filed petition before the Hon'ble City Civil Court of Hyderabad, upon which the Court granted injunction on encashment of Bank Guarantees. As a result, advances paid to the contractor could not be recovered till date (June 2016).

The works had not been re-allotted till June 2016 even though the process for re-bidding in respect of Package-2 was completed in April 2016. The process for re-bidding in respect of Package-1 had not started till date (June 2016). It was also observed that the lowest bid in respect of Package-2 was ₹ 68.59 crore, which was 68 *per cent* higher than the price (₹ 40.76 crore) at which the Package was allotted to M/s IVRCL Ltd. As a result, the project cost was likely to increase by ₹ 27.83 crore, necessitating upward revision of water charges to be collected from the consumers**,** resulting in extra burden to the consumers.

Thus, due to absence of proper planning and poor selection of contractor, physical progress of only 15 *per cent* could be achieved in over four years in respect of Package-2, whereas there was no progress in respect of Package-1 and the possibility of completion of the project within the stipulated date (31 December 2017) in terms of the loan agreement with ADB, was remote as the work of construction of intake works, raw water, rising main, WTP and pure water pumping station had not yet been allotted (June 2016).

1.4.4 Conclusion

The existing water supply systems in the city run by GMC, PHED and the Jalboard, cater to the needs of only 29 *per cent* of population/24 *per cent* of the total households of Guwahati City through 86 completed schemes. Even the water supply to these households remained inadequate due to irregular supply of water by 35 PWSSs. In addition, three piped water supply schemes became non-functional between June 2015 to February 2016 which were yet to be operationalised. Moreover, the water being supplied by the PHED and GMC, to their consumers, was unsafe being the disinfection facilities available in the existing PWSSs in the city were not adequate. New schemes could not be completed on time mainly due to improper planning and lack of timely action against defaulting contractors as per provisions of the contract agreement. As such, the coverage of the 1.24 million population of Guwahati city through piped water supply, as had been conceived was remote in the near future.

1.4.5 Recommendations

The following recommendations may be considered by the Government:

- *Guwahati Metropolitan Development Authority and Guwahati Development Department need to ensure early completion of the South Guwahati West Water supply project.*
- *Works of the remaining nine packages under the South Central and North Guwahati Water Supply Projects need to be taken up on priority for early completion.*
- *Selection of a suitable contractor and award of works in respect of the South East Guwahati Water Supply Project need to be expedited.*

Health and Family Welfare Department

1.5.1 Fraudulent Payment

In the absence of basic records in support of procurement and distribution of fruits to indoor patients of Kanaklata Civil Hospital, payment of ₹ 66.68 lakh released on the basis of claims of suppliers, was susceptible to fraud.

Director of Health Services (DHS), Assam, approved the list of dietary articles and the rates for diet supply to the indoor patients of Kanaklata Civil Hospital (KCH), Tezpur. The Joint Director of Health Services (Joint DHS), Sonitpur was responsible for the checking of the quality of the dietary articles supplied.

Scrutiny (November – December 2014) of the Cash Book, contingency bill register and vouchers of the Joint DHS, Sonitpur revealed that, during the period from October 2010 to June 2014, a total amount of ₹ 66.68 lakh was paid to the suppliers for daily supply of fruits to KCH. The fruit items included supply of apples, bananas, guavas, mangoes, pears, papayas, oranges, sweet limes (mausambi) and dates *etc.*

Audit, however, observed that no fruit items were included in the list of dietary articles for diet supply to the indoor patients as approved by the DHS, Assam. Further, the stock and issue register of the Hospital and copy of indents for the supply of fruits for the period of supply (November 2010 to January 2014) could not be furnished to Audit, though called for while the stock and issue register pertaining to the period February to June 2014 was produced to Audit.

The Joint DHS and Superintendent, KCH in reply to an audit query stated (December 2014) that, though the fruit items were supplied as per open market rate, no records *viz.*, quotations, indents, stock registers *etc.*, were however, maintained in this regard. The Superintendent also confirmed that the suppliers supplied the items daily to the kitchen directly without any delivery challans or indents but the same were not further distributed among the patients. Thus**,** the procurement and receipt of the fruits was doubtful.

In the absence of basic records in support of procurement of the unapproved item of fruits and its distribution to the indoor patients of KCH, the payment shown as released against the suppliers bills of ₹ 66.68 lakh, without verification was susceptible to fraud and needed investigation.

The matter was reported to Government in July and August 2016, their reply had not been received (November 2016).

Public Health Engineering Department

1.5.2 Excess payment

The Store and Workshop Division (PHE), Guwahati made excess payment of ₹ 3.20 crore towards VAT to AGMC Limited for supply of PVC/GI pipes, specials, pumps *etc.*, during 2011-14.

Procurement of Polyvinyl Chloride (PVC)/Galvanised Iron (GI) pipes, specials, pumps *etc.*, required for implementation of Piped Water Supply Schemes (PWSS) under different PHE divisions of the Bodoland Territorial Council (BTC) area of Assam, is made from the State Government owned Assam Government Marketing Corporation (AGMC) Ltd. The supply orders are issued by the Chief Engineer (B&S[36]), PHED, Assam, Guwahati (for funds routed through the State Government) and Secretary, PHED, BTC, Kokrajhar (for funds received directly by BTC), to AGMC Ltd., as per AGMC approved rates. On the basis of the supply orders issued by the CE (B&S), the AGMC supplies the materials to the respective divisions and submits bills to the division concerned for certification. The divisions, after certification, forward the bills to the Executive Engineer (EE), Store and Workshop (S&W) Division (PHE), Guwahati for making payment to AGMC for the supply orders issued by the CE (B&S). Bills against the supply orders issued by the Secretary, PHED, BTC are submitted to the Secretary, PHED, BTC who, in turn, forwards the same to the respective divisions for making payment to AGMC and payments are accordingly made to AGMC by the divisions concerned.

Scrutiny (December 2014 - June 2015) of records of the EE, S&W Division (PHE), Guwahati and the EE, Baksa Division (PHE) revealed that in four supply orders issued to AGMC by the Secretary, PHED, BTC, during 2009-12, it was clearly mentioned that approved rates were inclusive of all taxes, transportation, loading/unloading and AGMC administrative charges. Accordingly, on receipt of bills, the division (Baksa PHE Division) made payment to AGMC after deduction of VAT from the bill value. On the other hand, the CE (B&S) while procuring identical materials from AGMC (supplier) at the same rates for BTC area during 2009-12, issued 16 supply orders, mentioning only that the rates were inclusive of transportation and AGMC administrative charges. In respect of taxes, it was mentioned that Value Added Tax/ Assam Government Sales Tax (VAT/AGST) would be paid as admissible under the rule and if the same was to be deducted, it would be deducted from the bills, for depositing to the State Government.

Detailed scrutiny of the 47 bills, preferred against the 16 supply orders of CE (B&S) revealed that the AGMC submitted all bills against the supply orders issued by both, the CE (B&S) and Secretary, PHED, BTC, inclusive of all charges, without charging VAT as extra. The S&W Division, while making payment to AGMC, deducted VAT directly from the bill value in 20 cases, but in the other (27) cases, instead of

[36] Barak Valley and Sixth Schedule Areas.

deducting the VAT amount directly from the bill value, the VAT amount was, instead, added by the Division to the bill value before deduction of the same. Thus, addition of VAT amount of ₹ 3.20 crore to the bill value of 27 bills by the Division before deduction of the same, as detailed in ***Appendix – 1.8* ,** was not justified and resulted in excess payment of ₹ 3.20 crore made to the Agency.

On the matter being reported to the Government in June and October 2016, the Government stated (October 2016) that VAT was added by mistake in 27 bills, before deduction, and therefore steps would be initiated to recover the excess payment.

1.5.3 Extension of undue financial benefit to contractors

Undue financial benefit of ₹ 1.36 crore was extended to contractors by the Executive Engineer, Guwahati Division-II (PHE) due to wrong computation of item rate of supplying, laying, fitting and fixing of Ductile Iron and Mild Steel pipes.

The Ministry of Development of North Eastern Region (M/o DoNER) administratively approved (August 2008) the project "Stabilisation of Dispur Water Supply Scheme" for an amount of ₹ 7.30 crore under the Non-Lapsable Central Pool of Resources (NLCPR). The objective of the project was to increase the existing capacity of the Dispur Water Supply Scheme from its present capacity of 2.5 million gallons per day (MGD) to 3.5 MGD. Of the total sanctioned amount, Ministry of Development of North Eastern Region (M/o DoNER) was to fund 90 *per cent* of the project cost as grant while the remaining 10 *per cent* was to be provided by the Government of Assam (GoA). The Planning and Development Department, GoA administratively approved (September 2008) the project stipulating January 2010 as the target date of completion. Technical sanction (TS) for the project was accorded (October 2009) by the Chief Engineer, Public Health Engineering (PHE), Assam for ₹ 7.22 crore. The work commenced in December 2009 and, as of January 2016, remained incomplete with a physical progress of 93 *per cent*, after incurring an expenditure of ₹ 5.90 crore against execution of works amounting to ₹ 6.55 crore.

Scrutiny (January-February 2016) of records of the Executive Engineer (EE), PHE, Guwahati Division-II revealed that the entire project work comprising of 17 items was put to tender in November 2008, which included five items with an estimated cost of ₹ 5.09 crore[37], comprising of supplying, laying, fitting and fixing of 1451 metres of 350 mm diameter (dia) Ductile Iron (DI) pipes and 4834.65 metres of 400 mm dia Mild Steel (MS) pipes. In response to the Notice Inviting Tender (NIT), tenders of four[38] contractors were found eligible with the lowest rates quoted being 70 *per cent* above the estimated costs, as worked out by the Division, based on analysis of rates. On negotiation, the tenderers agreed to reduce their quoted rates by only five *per cent.*

---

37 ₹1.20 crore for DI pipes and ₹3.89 crore for MS pipes.

38 M/s. NA Enterprise (650 mtrs. Of 350 mm dia DI pipes), M/s Asomi Construction and Supply Syndicate (801 mtrs of 350 mm DI pipes and 450 mtrs of 400 mm dia MS pipes), Surajit Sinha (2192 mtrs of 400 mm dia MS pipes), and M/s. Zenith Enterprise (2192 mtrs of 400 mm dia MS pipes).

Audit observed that, as per the decision (23 February 2009) of the Tender Committee, further analysis of rates was done by the EE, PHE, Guwahati Division-II and based on the market price, the rates of the MS and DI pipes were fixed at ₹ 11,235 and ₹ 10,716 per running metre (RM) respectively, which were 40 and 30 *per cent* above the estimated costs respectively. The above works were ultimately awarded (12 November 2009) to the four contractors at the new analysed rates by the Superintending Engineer (PHE), Guwahati, with the stipulation to complete the work within 90 days from the date of issue of the work order.

A comparative analysis by Audit, of the rates for the above items of work, however, revealed that the new rates had been erroneously fixed at 40 and 30 *per cent* above the estimated costs. The error occurred due to adoption of an incorrect base price, excess provisions for transportation of material, insurance, octroi and cost of sand filling; as well as double taxation (detailed in ***Appendices- 1.9 and 1.10*****)**.

The rates per RM of the pipes worked out by Audit, were ₹ 7,922 (for MS pipes) and ₹ 8,323 (for DI pipes) which were 1.50 *per cent* below and 0.84 *per cent* above the estimated costs respectively.

On this being pointed out in audit, the EE, PHE, Guwahati Division-II while accepting the mistake committed stated (January 2016) that the error was due to oversight and was unintentional.

Thus, incorrect fixation of rates on the basis of faulty analysis, led to extension of undue financial benefit to the contractors. This resulted in an excess payment of ₹ 1.36 crore (detailed in ***Appendix-1.11****)* to the contractors and needed to be recovered.

The matter was reported to Government in June 2016; their reply had not been received (November 2016).

1.5.4 Extra avoidable expenditure

Failure of the Executive Engineer, Store and Workshop Division (PHE) to avail excise duty exemption resulted in avoidable expenditure of ₹ 10.61 crore on procurement of pipes.

As per Central Excise Notification (1 March 2006, as amended on 1 March 2007 and 4 December 2009) of the Ministry of Finance, Department of Revenue, Government of India, all items of machinery required for setting up of water treatment plants and pipes needed for delivery of water from its source to the treatment plant and from there to the first storage point, including pipes of outer diameter exceeding 10 cm (100 mm) used in the distribution network beyond the first storage point, are exempted from levying the central excise duty, if such pipes are an integral part of the water supply projects. However, pipes which are used at the last mile to provide the consumer connection, the cost of which is either paid by the consumer or recovered from the consumers, do not form part of the project and are not eligible for such exemption. The exemption is subject to the condition that a certificate issued by the Collector/ District Magistrate/Deputy Commissioner of the District in which the water supply plant is located, is produced to the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise (as the case may be), having jurisdiction, to the effect that such pipes are cleared for the intended use.

Scrutiny (December 2014-June 2015) of records of the Executive Engineers (EE), S&W Division of the Public Health Engineering Department (PHED), Guwahati, revealed that the Additional Chief Engineer, PHED, Guwahati placed (June 2009 and December 2014) supply orders for the procurement of 37,95,681 RM un-plasticised polyvinyl chloride (UPVC) pipes (110 mm to 200 mm dia) from local manufacturing firms for utilization in the scheme "National Rural Drinking Water Programme". The division procured the entire quantity of pipes, worth ₹ 108.47 crore between June 2009 to December 2014. The division paid ₹ 108.47 crore to the supplying firms, during the above period of supply. The said payment included excise duty, education cess on excise duty and higher education on excise duty of ₹ 10.61 crore, as detailed in ***(Appendix – 1.12)***. Even though the excise duty on pipes exceeding 100 mm dia was exempted, the EE did not take any steps to avail the benefit of such exemption, before making payment to the suppliers.

On this being reported (June and October 2016), the Government in reply stated (October 2016) that the UPVC pipes were procured by the Department as per the rates fixed by the ASIDC under the Assam Preferential Store Purchase (APSP) Act, 1989. Further, payments were made to the supplier during the period against the actual proof of deposition of excise duty to the Central Excise Department, resulting in no loss to the Government exchequer.

The reply of the Government was not tenable, as the Department had to seek excise duty exemption and was not liable to pay any excise duty on such procurement.

Thus, failure to take appropriate action for availing excise duty exemption by the EE, S&W division, PHED, Guwahati, resulted in extra expenditure of ₹ 10.61 crore, which was avoidable.

1.5.5 Extra expenditure

Due to not availing of the benefit of Central Sales Tax remission, the Chief Engineer (CE), Public Health Engineering (PHE), Assam, incurred an extra expenditure of ₹ 1.10 crore.

The Chief Engineer (CE), Public Health Engineering Department (PHED), Assam, invited (September 2009) quotations from manufacturing companies having BIS license for the supply of ISI marked Ductile Iron (DI) Spun Pipes (size: 80 mm to 500 mm dia, of K7 and K9 class). In response, three manufacturing companies[39] offered their rates. The Purchase Committee, after verification of rates offered by each manufacturing company, approved the lowest quoted rates for each specification of pipes, including charges on account of packing, forwarding, loading, unloading,

[39] (1) Electrosteel Casting Limited, Kolkata, (2) Jindal Saw Limited, New Delhi and (3) Electrotherm (India) Limited, Ahmedabad.

stacking and insurance. All the three companies were approved for the supply of pipes on the basis of lowest quoted rates.

Scrutiny (December 2014-June 2015) of records of the Executive Engineer (EE), S&W Division, (PHE), Guwahati revealed that the CE, PHED, Guwahati placed (July 2010 and February 2011) six supply orders for procurement of 2,31,917 RM[40] DI Spun Pipes worth ₹ 36.86 crore (11 different sizes from 80 mm to 500 mm dia, of K7 and K9 class) from the three manufacturing firms at the lowest quoted rates for Greater Titabor Water Supply Scheme under the "National Rural Drinking Water Programme". The supplying firms delivered 2,20,633 RM pipes (valued at ₹ 36.08 crore), between August 2010 and November 2011, against the ordered quantity of 2,31,917 RM pipes, to the PHE Store at Titabor, under EE, PHE, Jorhat Division. The S &W Division paid ₹ 36.08 crore to the supplying firms between August 2010 and November 2011.

Further verification of records revealed that out of the above three companies, M/s Electrosteel Casting Ltd., Kolkata, while offering rates of DI pipes, stated that they were enjoying the benefit of Sales Tax remission under the West Bengal Incentive Scheme and therefore, CST would be charged as 'NIL' on their bills. Audit observed that, while finalizing the rates and suppliers, the Purchase Committee did not consider this offer and instead added a notional Central Sales Tax (CST) of four *per cent* to the rates quoted by M/s Electrosteel Casting Ltd., Kolkata which was incorrect. The firm was the lowest tenderer in eight categories, while M/s Jindal Saw Ltd., was the lowest tenderer in three categories of pipes excluding of CST. Order was placed on all the participating firms. However, the supply order for M/s Electrosteel Casting Ltd., Kolkata, mentioned 'NIL' CST, while the other two had CST of four *per cent* mentioned therein.

As per the offer, M/s Electrosteel Casting Ltd., Kolkata, supplied the material at the lowest approved rates without charging CST in their bills, whereas the other two companies[41] supplied the material at the same rates, charging CST as extra over the bill value and thus, were not the lowest. The procurement of pipes from the above two manufacturing companies without availing benefit of CST remission offered by M/s Electrosteel Casting Limited, Kolkata, was not justified and resulted in extra expenditure of ₹ 1.10 crore[42].

---

40 M/sElectrosteel Casting Limited, Kolkata: 82,553 RM, (2) M/s Jindal Saw Limited, New Delhi: 82,552RM and (3) M/s Electrotherm (India) Limited, Ahmedabad: 66.812 RM.

41 (1) M/s Jindal Saw Limited, New Delhi and (2) M/s Electrotherm (India) Limited, Ahmedabad.

42

Name of the Firm	CST amount paid
Electrotherm (India) Limited, Ahmedabad.	₹57,86,894
Jindal Saw Limited, New Delhi	₹52,04,096
Total	**₹1,09,90,990**

On the matter being pointed out (July and October 2016), the Government stated (October 2016) that the exemption of CST by the manufacturer was not considered in the recommendations of the Purchase Committee and accordingly, the supply orders were placed on the suppliers as per the lowest rates, approved by the Purchase Committee. However, the reason for not considering the exemption of CST by the Purchase Committee was not stated.

The reply was not tenable as the extra expenditure of ₹ 1.10 crore could have been avoided had the entire order been placed on the firm which offered rates excluding CST.

1.5.6 Extra expenditure towards procurement of PVC and GI pipes

Extra expenditure of ₹ 8.39 crore was incurred by the Department due to procurement of PVC/GI pipes from AGMC Ltd., at higher rates in violation of Government notification and orders.

As per the Assam Preferential Stores Purchase (APSP) Act 1989, all State Government departments and their subordinate authorities, Government organisations and Public Sector Undertakings, shall invariably make purchase of all listed Small Scale Industry (SSI) products from the ASIDC Ltd. Further, vide Office Memorandum (OM) dated 11 August 2010, the Finance Department, Government of Assam disallowed the earlier practice of procurement of materials from the Assam Government Marketing Corporation (AGMC) Ltd., Assam Electronics Development Corporation Limited (AMTRON), Assam Apex Weavers' & Artisans' Cooperative Society Ltd. (ARTFED) *etc.*, directly on single quotation basis, except for procurements made as per the APSP Act, 1989. The OM envisages that the practice of issuing supply orders, based on a single quotation offered by such agencies, violates the statutory provisions contained in Section 7(2) of the Assam Fiscal Responsibility and Budget Management Act, 2005, besides not being in conformity with established financial rules. Industries Department, vide Notification dated 20 February 1992, included Unplasticized Polyvinyl Chloride (UPVC) pipes in the listed items of SSI products, while Galvanised Iron (GI) pipes were already included in the list.

Pipes are essential components of a water supply scheme. In the Public Health Engineering Department (PHED), pipes are procured centrally by the Chief Engineer, (Plain), PHED, Assam for PHE divisions of the plain districts of Assam and by the Chief Engineer, and Secretary (PHED), BTC for all PHE divisions of Barak Valley and Sixth Schedule areas of Assam.

During the period covered by Audit, the Chief Engineer (P), PHED, Assam, had procured (June 2011 to March 2012) UPVC pipes for the plain districts of Assam from ASIDC Ltd.[43] as per the APSP Act 1989 being the item listed as SSI products. ASIDC rates are fixed by a technical committee and are revised from time to time. On the other hand, the CE (B&S), PHED, Assam and Secretary, BTC, Kokrajhar had

[43] Supplies materials through local SSI units registered under APSP Act.

procured UPVC pipes for Sixth Schedule Areas, from AGMC Ltd., (at two different rates) in contravention of the APSP Act, 1989, and the Finance Department's Memorandum of August 2010. On receipt of the material by the Divisions, against the supply orders issued by the CE (P) and CE (B&S), payments were made to the suppliers by the Executive Engineer (EE), S&W Division, Guwahati. For the material received against the supply orders issued by the Secretary (PHED), BTC, payments were made to the suppliers by the respective Divisions (of BTC area).

Scrutiny (December 2014 - June 2015) of records for the period from 2009-10 to 2013-14 of the EE, Store and Workshop Division (PHE), Guwahati and the EE, Baksa Division (PHE) revealed that the rates of UPVC pipes allowed to AGMC Ltd., by the CE (B&S), PHED, Assam and Secretary, BTC, Kokrajhar were much higher than the rates at which UPVC pipes of same quality and specification were procured by the CE (P), PHED, Assam, from ASIDC Ltd., during 2009-13. Due to procurement of UPVC pipes at higher rates from AGMC Ltd., in violation of Government notification and orders, the Department had incurred an extra expenditure of ₹ 4.82 crore towards procurement of 11,39,163 RM UPVC pipes of different diameters, as detailed in **Table – 1.22**:

Table - 1.22

(in ₹)

Name of item	Period of procurement	Specification	Quantity procured (In RM)	Rate allowed to AGMC per RM	ASIDC rate per RM	Difference of rate per RM	Extra expenditure
UPVC pipes	12/2011 to 03/2012	50 mm	36800	75.00	50.32	24.68	908224.00
		63 mm	55350	92.00	80.42	11.58	640953.00
		75 mm	66706	132.00	112.09	19.91	1328116.00
		90 mm	70391	184.00	160.51	23.49	1653485.00
		160 mm	30565	691.00	497.47	193.53	5915244.00
	01/2013 to 02/2013	50 mm	36600	75.00	55.01	19.99	731634.00
		63 mm	47300	92.00	87.89	4.11	194403.00
		75 mm	37400	132.00	122.51	9.49	354926.00
		90 mm	25500	184.00	175.44	8.56	218280.00
	12/2009	63 mm	172720	92.00	85.82	6.18	1067410.00
		75 mm	183270	132.00	119.62	12.38	2268883.00
		90 mm	114460	184.00	171.31	12.69	1452498.00
	06/2011 to 10/2011	50 mm	42650	75.00	51.58	23.42	998863.00
		63 mm	56651	92.00	82.43	9.57	542150.00
		75 mm	56400	132.00	114.90	17.10	964440.00
		90 mm	50400	184.00	164.53	19.47	981288.00
		160 mm	10900	691.00	509.93	181.07	1973663.00
UPVC Casing pipes	12/2011	100 mm	5000	1125.00	404.63	720.37	3601850.00
	01/2013	40 mm	17500	425.00	132.07	292.93	5126275.00
		50 mm	20000	815.00	189.81	625.19	12503800.00
		200 mm	2600	3250.00	1404.17	1845.83	4799158.00
Total		**--**	**1139163**	**--**	**--**	**--**	**48225543.00**

Source: Departmental records

Similarly, in contravention of the Finance Department's orders of August 2010**,** GI pipes for all PHE divisions of Sixth Schedule Areas of Assam were also procured by the CE (B&S), PHED, from AGMC Ltd., at much higher rates than the rates at which GI pipes of the same quality and specifications were procured, during the same period, by the CE (P), PHED, Assam, from M/s North Eastern Tubes Ltd., (ASIDC approved firm), as per rates fixed by the Secretary of Industries, Assam. The Department had incurred a further extra expenditure of ₹ 3.57 crore towards procurement of 97,505 RM GI pipes of different diameters, as detailed in **Table – 1.23**:

Table – 1.23

(in ₹)

Name of item	Period of procurement	Specification	Quantity procured (In RM)	Rate allowed to AGMC per RM	ASIDC rate per RM	Difference of rate per RM	Extra expenditure
GI pipes	01/2012 to 02/2013	32 mm	3500	520.00	205.15	314.85	1101975.00
		40 mm	10980	515.00	239.52	275.48	3024770.00
			8000	325.00	239.52	85.48	683840.00
			6650	615.00	239.52	375.48	2496942.00
		50 mm	12720	725.00	331.32	393.68	5007609.00
			2580	480.00	331.32	148.68	383594.00
		65 mm	14930	875.00	423.42	451.58	6742089.00
		80 mm	16370	1060.00	559.90	500.10	8186637.00
			1775	950.00	559.90	390.10	692427.00
		100 mm	13000	1280.00	814.40	465.60	6052800.00
			1100	1050.00	814.40	235.60	259160.00
		150 mm	4700	1480.00	1265.86	214.14	1006458.00
			1200	1280.00	1265.86	14.14	16968.00
Total		**--**	**97505**	**--**	**--**	**--**	**35655269.00**

Source: Departmental records

Justification of procurement of UPVC/GI pipes from AGMC Ltd., at higher rates in violation of the APSP Act, 1989 and Government notification/orders, could not be furnished by the CE (B&S), PHED, Assam and Secretary, BTC, Kokrajhar, though called for (January 2015).

On the matter being pointed out (June and October 2016), the Government stated (October 2016) that the procurement of pipes (UPVC and GI) from AGMC Ltd., was done as per the notifications[44] of the Government and BTC.

The reply was not tenable, as the Finance Department, Government of Assam, vide Office Memorandum (OM) dated 11 August 2010 disallowed the earlier practice of procurement of materials from AGMC Ltd., directly on single quotation basis, except for procurements made as per the APSP Act, 1989.

Thus, due to procurement of UPVC and GI pipes at higher rates from AGMC Ltd., in violation of APSP Act 1989 and Government notification/orders, the Department had incurred an extra expenditure of ₹ 8.39 crore (₹ 4.82 crore + ₹ 3.57 crore).

44 GAG (A) 176/2004/8 dtd 5 August 2004 and BTC/IBA-103/2004/2 dtd. 4 June 2004.

1.5.7 Idle expenditure and undue financial benefit to the supplier

The Department incurred idle expenditure of ₹ 1.84 crore towards procurement of Disinfection Systems, besides extension of undue financial benefit of ₹ 18.41 lakh to the supplier.

The Chief Engineer (B&S), Public Health Engineering Department (PHED), Assam issued (24 February 2012) work order amounting to ₹ 1.84 crore**,** to M/s M. D. Associates, Guwahati for the supply, fitting, fixing and commissioning of 123 Silver Ionization Disinfection Systems of different capacities at 123 Piped Water Supply Schemes (PWSS) under the Baksa PHE Division at departmental approved rates. The Work Order stipulated, *inter alia*, for (i) Deposit of earnest money amounting to two *per cent* of the work value and signing of an Agreement within seven days from the date of issue of work order, (ii) supply and commissioning of the systems within 60 days from the date of signing the agreement, and (iii) 90 *per cent* payment being made to the supplier after delivery of the disinfection systems with the balance 10 *per cent* to be paid after commissioning of the systems by the Executive Engineer (EE), Store and Workshop (S&W) Division (PHE), Guwahati. Further**,** in case of failure to comply with the terms and conditions of the work order, the earnest money would be forfeited and work order would be cancelled. The agreement was signed on 1 March 2012 and thus, the commissioning of 123 disinfection systems should have been completed by 30th April 2012.

Scrutiny (May-June 2015) of the records of the Executive Engineer (EE), Baksa Division (PHE) for the period 2009-10 to 2013-14 and information furnished (June 2016) by the Division**,** revealed that the EE, PHE, Baksa did not place any requirement for supply of the systems to the higher authorities. The supplier had supplied 123 disinfection systems worth ₹ 1.84 crore to the Division on 12 December 2012 based on the work order placed by the CE (B&S), PHED, Assam**,** as shown in **Table – 1.24**:

Table – 1.24

Capacity of the system	Quantity supplied (In No.)	Rate (In ₹)	Amount (In ₹)
3000 LPH	07	46,000	322000
5000 LPH	06	68,000	408000
10000 LPH	74	1,36,000	10064000
15000 LPH	20	1,46,000	2920000
25000 LPH	07	1,50,000	1050000
50000 LPH	05	2,00,000	1000000
100000 LPH	02	3,20,000	640000
200000 LPH	02	5,80,000	1160000
Total	**123**	**---**	**17564000**
Add VAT @ 5 *per cent*			878200
Grand Total			**1,84,42,200**

Source: Departmental records

Out of the total receipt of 123 disinfection systems, 100 systems were lying in store (June 2016) since their receipt. The balance 23 systems were issued to the supplier (10 January 2013) for installation and commissioning, but no report in respect of installation and commissioning of these systems was submitted to the Division by the supplier till date (June 2016). Further, during physical verification of stores, it was observed that the 100 disinfection systems were lying in the store haphazardly, as shown in the following photographs. The divisional officer accepted the fact that the possibility of damage/deterioration of the systems could not be ruled out, as the systems were lying in store since December 2012.

Silver Ionization Disinfection system (Body)

Silver Ionization Disinfection system (Parts) | ***Silver Ionization Disinfection system (Body)***

(2 June 2016)

Though the contractor failed to execute the work till date (June 2016), the Department had not initiated any action against the contractor (November 2016).

Audit observed that Baksa Division (PHE) forwarded (December 2012) the running bill, amounting to ₹ 1.66 crore after deduction of 10 *per cent* (₹ 18.44 lakh) installation charges as per the work order, from the total bill value of ₹ 1.84 crore, to the EE, S&W Division (PHE), Guwahati for release of payment to the supplier. The EE, S&W Division (PHE), however, made a total payment of ₹ 1.84 crore[45] to the supplier, against the admissible amount of ₹ 1.66 crore, resulting in extension of undue financial benefit of ₹ 18.41 lakh to the supplier.

45

Particulars	Amount paid (In ₹)	Voucher No. & date	Cheque No.
Payment made on Proforma Bill	20,19,000	Voucher No.50 dated 30.03.2013	568926 dated 30.03.2013
Part payment against the running bill of ₹1,65,97,980	1,64,20,000	Voucher No.155 dated 10.09.2013	767048 dated 10.09.2013
Total	**1,84,39,000**		

Source: Departmental records.

On the matter being reported in June and October 2016, the Government stated (October 2016) that after supply of all 123 disinfection systems to the said division, EE, S&W Division paid ₹ 1.64 crore to the supplier out of the total ₹ 1.84 crore, keeping the balance amount of ₹ 0.20 crore in banker's cheque, which was to be paid after receipt of the installation report. Further, as the banker's cheque had remained in the division for a long period of time, the Chief Engineer (PHE), Water, was compelled to release the same which was adjusted from different bills of the same firm, against the actual supply made to different divisions.

The reply is not tenable in view of the fact that 100 systems were still lying in store, while installation and commissioning reports in respect of the other 23 systems were yet to be received. Further, documentary evidence in support of adjustment of the balance amount from various bills of the firm, for supply to different divisions, was not furnished, though called for.

Thus, besides extension of undue financial benefit of ₹ 18.41 lakh to the supplier, the entire expenditure of ₹ 1.84 crore incurred towards procurement of the disinfection systems remained idle since procurement and the beneficiaries under the proposed PWSSs were deprived of getting the intended benefit of the disinfection systems. Further, due to prolonged (since December 2012) storage of the materials, the possibility of damage/deterioration of the disinfection systems could also not be ruled out.

1.5.8 Inadmissible expenditure

Executive Engineer, Store and Workshop Division, Guwahati incurred inadmissible expenditure of ₹ 9.07 crore, by diverting Operation and Maintenance fund under NRDWP.

As per the National Rural Drinking Water Programme (NRDWP) guidelines, the Operation and Maintenance (O&M) fund is meant for expenditure on running, repair and replacement costs of drinking water supply projects. Under the programme, up to 15 *per cent* of NRDWP funds could be utilised by States/UTs towards O&M. States should devolve the required O&M fund to the Panchayati Raj Institutions (PRIs) for operation and maintenance of schemes managed by them. All water supply schemes within the Gram Panchayat (GP) shall be maintained by the GP. For multi-village or bulk water supply schemes, the source, treatment plants and rising mains *etc.*, shall be maintained by Public Health Engineering Department (PHED) or the concerned agency while the distribution and other components within the village are to be maintained by the GP. State Governments shall endeavour to develop sustainable sources of funding for maintenance of rural water supply schemes and shall ensure that the Central and State Finance Commission and O&M funds released by Ministry of Drinking Water and Sanitation (MDWS) are released to Panchayats. As per the guidelines, NRDWP O&M funds cannot be utilised for providing sanitary or other facilities not related to water supply schemes.

Test-check of records relating to NRDWP in the office of the Executive Engineer (EE), S&W Division, Guwahati revealed that, during 2013-14, an amount of

₹ 255.14 crore was received by the Division under the component 'Coverage, Sustainability and O & M of NRDWP'. Audit observed that, during the period from July 2013 to February 2014, a total of 11,353 Rotationally Moulded Squatting Plates @ ₹ 5,069/- (excluding VAT) per plate were purchased by the EE by diverting the funds from O&M component of NRDWP (details in ***Appendix – 1.13***), which was exclusively meant for meeting the expenses necessary for running, repair and replacement costs of drinking water supply projects. These plates are fixed with pan and trap and are fitted on a tank useable as sanitary latrine during natural calamities like flood and ethnic clashes, riots *etc.*, and do not have any connection with the operation and maintenance of water supply schemes. The expenditure was, thus, inadmissible as per the NRDWP guidelines. Approval for the procurement of the plates was accorded by the Deputy/Under Secretary to the Government of Assam, PHED without any recorded reasons while the supply orders were issued by the Chief Engineer (PHE) (B&S) and EE S&W division. Moreover, the material were procured without any demand from the concerned divisions and also without obtaining approval either from the Government of India or from the State Level Scheme Sanctioning Committee (SLSSC), by the EE, S&W, Division, Guwahati.

Further scrutiny revealed that, out of the total procurement of 11,353 plates, only 350 plates could be issued to three PHE Divisions[46] till March 2014. Again, without taking into consideration the trend of consumption during previous year, another quantity of 6,544 plates were procured during 2014-15, though there was an unutilised balance of 11,003 plates lying in the stock (April 2014). Thus, an expenditure of ₹ 9.07 crore[47] was incurred by the EE, S&W Division from O&M components of water supply schemes, in violation of NRDWP guidelines. It was further seen that 4,180 more number of plates were issued to 14 divisions, leaving a balance of 13,367 (11,003 + 6,544 – 4,180) plates in stock.

Audit also observed that the CE (P) and Secretary, Public Health Engineering Department, Assam in his capacity as the Secretary in-charge of Rural Water Supply, Assam while submitting the utilisation certificate (UC) for the year 2013-14 to GoI, assured that the entire funds received during the year were utilised for the purpose for which they were sanctioned and physical and financial progress were achieved according to the programme guidelines despite the fact that an expenditure of ₹ 9.07 crore had been incurred towards procurement of materials (Squatting Plates) beyond the scope of programme guidelines (O&M). Thus, the UC submitted to GOI was incorrect to the extent.

On the matter being pointed out, the Government stated (October 2016) that Rotationally Moulded Squatting Plates were procured by the EE, S&W Division during 2013-14 in order to fulfill the necessity of natural calamities like flood, ethnic clashes, riots as well as other relief works in flood affected area as per the approval of

---

46 *Diphu R, Hojai and Dhing.*

47 (11353 + 6544) x ₹5069.00 = ₹9.07 crore

the higher authority. It was further stated that the materials were now being issued to different divisions.

The reply is not tenable as the material were procured in contravention to the NRDWP guidelines and without taking any approval, either from GoI or from the SLSSC.

Thus, an expenditure of ₹ 9.07 crore was incurred towards procurement of 17,897 Rotationally Moulded Squatting Plates during 2013-15 which was inadmissible, by diverting NRDWP O&M fund, resulting in inadequate maintenance of completed water supply schemes and irregular supply of water to the habitants.

1.5.9 Undue financial benefit to the supplier

The injudicious decision of the Chief Engineer (P) and Chief Engineer (B&S), PHED, Assam to allow enhanced rates, resulted in an extra expenditure of ₹ 4.77 crore incurred towards procurement of DI pipes, by way of extension of undue financial benefit to the supplier.

Ductile Iron (DI) pipes required for implementation of water supply schemes under different PHE Divisions of Assam, are procured centrally by the Chief Engineer (P[48]) and Chief Engineer (B&S), PHED, Assam directly from the manufacturing companies as per approved rates. Specification-wise rates of DI pipes are approved by the Purchase Committee from time to time after inviting quotations from the manufacturing companies of DI pipes.

Scrutiny (April 2015) of records of the Executive Engineer (EE), Golaghat Division (PHE) for the period from 2009-10 to 2013-14 revealed that, as per estimated provision of the scheme 'Composite WSS for Iron and Arsenic Mitigation under Golaghat Central Development Block', the CE (P), PHED, Assam issued (11 January 2013) supply order to M/s Electrosteel Casting Ltd. (approved supplier) for the supply of 67,813 RM DI Pipes (K-7 and K-9) of different specifications with the stipulation to supply the materials within 60 days from the date of issue of supply order (i.e., within 11 March 2013). As per the terms and conditions of the supply order, if the supplier failed to supply the materials within the stipulated date, the supply order would automatically stand void and the earnest money deposited by the supplier would be forfeited to the State Government. The supplier (M/s Electrosteel), however, did not supply any material within the stipulated date and, without cancelling the supply order or forfeiting the earnest money (₹ 1,00,000), the stipulated date of supply was extended upto 30 September 2013. Against the ordered quantity, the supplier delivered 35,062 RM DI pipes valued at ₹ 11.82 crore between June and November 2013.

Subsequently, the Purchase Committee in its meeting held on 08 May 2014, enhanced the rates of DI pipes (K-7 and K-9) of all specifications which were to be effective from 26 November 2013. After enhancement of rates, i.e., after 1 year 4 months from

48 Plain Area.

the date of issue (11 January 2013) of the supply order, the supplier (M/s Electrosteel) expressed (26 May 2014) inability to supply the balance materials and requested the CE (P), PHED, Assam to revise the supply order as per the enhanced approved rates. The CE (P), without assigning any reason, accepted the request of the supplier and amended (27 May 2014) the original supply order by allowing revised enhanced rates for the materials supplied or to be supplied on or after 26 November 2013. Later, the balance material was delivered by the supplier and payment was made at revised enhanced rates, resulting in extra expenditure of ₹ 3.89 crore as shown in **Table – 1.25** (details are given in ***Appendix – 1.14***):

Table – 1.25

(in ₹)

Specification of pipes	**Quantity supplied (in RM)**	**Rate allowed per RM**	**Rate admissible**	**Allowance of extra rate**	**Extra expenditure due to allowance of higher rate**
80mm (K-7)	130.00	1325.10	959.36	365.74	47546.20
150mm (K-7)	2928.00	1960.44	1437.45	522.99	1531314.72
200mm (K-7)	78.00	2449.65	1817.30	632.35	49323.30
300mm (K-7)	24581.50	4171.19	3023.41	1147.78	28214154.07
350mm (K-7)	27.00	5111.57	3787.71	1323.86	35744.22
400mm (K-7)	43.00	6267.45	4549.64	1717.81	73865.83
350mm (K-9)	1449.50	6151.86	4489.94	1661.92	2408953.04
400mm (K-9)	3500.00	7259.24	5399.87	1859.37	6507795.00
Total	**32737.00**	--	--	--	38868696.38

Source: Departmental records

The decision of the CE (P) to allow revised enhanced rates to the supplier was not justified as the supplier failed to supply the materials within the stipulated date i.e., within two months from the date of issue of supply order and even after allowance of extensions up to 30 September 2013. Instead of allowance of revised enhanced rates to the supplier, the Department was required to have taken action against the supplier for delay in supply of materials as per the terms and conditions of the supply order.

Thus, the CE (P) extended undue financial benefit to the supplier by way of allowing enhanced rates for the supply of remaining ordered quantity of 32,737 RM DI pipes**,** resulting in extra expenditure of ₹ 3.89 crore incurred towards procurement at the revised rates. Moreover, due to the delay in supply of DI pipes progress of the work was badly affected and, till September 2016, only 55 *per cent* physical progress could be achieved after two years of commencement (January 2013) of the scheme.

Similarly, the CE (B&S), PHED, Assam issued (10 January 2013) supply order to the same supplier (M/s Electrosteel Casting Ltd.) for the supply of 23,660 RM DI pipes (K-9) of different specifications for utilisation in Greater Bowerghat PWSS under the Hailakandi Division (PHE) with the stipulation to supply the materials within 60 days from the date of issue of supply order (i.e., within 10 March 2013). The supplier**,** however, did not supply any quantity of the materials within the stipulated time. The CE (B&S), PHED as well as EE (PHE), Hailakandi did not revoke the supply order preferred due to not supplying the ordered quantity of materials. Only after enhancement of rates (May 2014), i.e., after 1 year 4 months from the date of issue of supply order (10 January 2013), the supplier expressed (26 May 2014) the inability to supply the materials and requested the CE (B&S) to revise the supply order as per the enhanced approved rates. The CE (B&S) issued (29 May 2014) a fresh supply order, at the enhanced approved rates cancelling the original supply order. Accordingly, 12,129 RM of DI pipes were supplied by the supplier at the enhanced rates, resulting in extra expenditure of ₹ 0.88 crore as shown in **Table – 1.26** (details are given in ***Appendix - 1.15***):

Table – 1.26

(in ₹)

Specification of pipes	Quantity supplied (in RM)	Rate allowed per RM	Rate admissible	Allowance of extra rate	Extra expenditure due to allowance of higher rate
100 mm (K-9)	2590.5	1513.44	1100.40	413.04	1069980.12
150 mm (K-9)	4026.0	2222.52	1642.20	580.32	2336368.32
200 mm (K-9)	1897.5	2942.93	2149.35	793.58	1505818.05
250 mm (K-9)	2698.0	3863.97	2880.15	983.82	2654346.36
300mm (K-9)	917.0	4993.12	3622.50	1370.62	1256858.54
Total	**12129.0**	--	--	--	**8823371.39**

Source: Departmental records

Moreover, as a result of the delay in supplying the pipes**,** the work could not be completed within the stipulated date and only 65 *per cent* physical progress could be achieved till September 2016. Further, proper implementation of the scheme was also affected as 6,384 RM pipes of different specifications were curtailed from the actual requirement of pipes as per the approved estimated provision for accommodating the enhanced rates. Due to reduction in quantity of DI pipes from the estimated provision, the work could not be done as estimated and planned, resulting in less coverage of habitations/population.

On the matter being pointed out (June and October 2016), the Government stated (October 2016) that the supply order was issued (11 January 2013) at the approved rate of 2011-12, which was unworkable due to considerable increase in the mean time. As a result, the supplier could not supply the material due to which the schemes for Arsenic mitigation could not be implemented and people were at the risk of consuming Arsenic contaminated water. As such, considering the emergent situation and in the interest of the public, new approved rates were allowed to the supplier.

The reply is not tenable, as the material was to be supplied within 60 days (*i.e.*, 11 March 2013) of the issue of the supply order and the rates of the material were enhanced only in May 2014.

Thus, payment at enhanced rates in the above two cases, resulted in extra expenditure of ₹ 4.77 crore (₹ 3.89 crore + ₹ 0.88 crore) by way of extension of undue financial benefit to the supplier.

Social Welfare Department

1.5.10 Extra expenditure

Director, Social Welfare, Assam incurred extra expenditure of ₹ 1.08 crore towards purchase of drawing books of pre-school education kit at exorbitantly higher rate than the prevailing market rates.

Rule 21 of the General Financial Rules stipulates that every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy. Further, every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Scrutiny (September – October 2015) of records of the Director, Social Welfare (DSW) Assam, revealed that in response to the DSW's short notice inviting tender (7 December 2013) for the supply of Anganwadi material/articles (including, *inter alia*, drawing book[49]) for Joyful Pre School Education under Integrated Child Development Services Scheme during 2014-15, five firms[50] quoted rates varying from ₹ 110 to ₹ 125 each (inclusive of all taxes and FOR destination) for the supply of drawing book[51]. On the recommendation (18 December 2013) of the state level purchase committee for acceptance of the lowest rate, the DSW issued (12 November 2014) supply order to a firm[52] to supply 1,18,280[53] drawing books at the rate of ₹ 110 per drawing book by 31 March 2015. An amount of ₹ 1.30 crore (inclusive of five *per cent* VAT) was paid (between December 2014 and February 2015) to the supplier for 1,18,280 drawing books supplied in November 2014.

Detailed scrutiny, however, revealed that MD, SSA, Assam, purchased (January 2015) drawing books from a Morigaon based supplier[54] at the rate of ₹ 18.99 (inclusive of all taxes and transportation cost) each. There was nothing on record to indicate that efforts had been made by the Directorate to obtain the prevailing market rates of drawing books of the specifications procured in order to ensure economy of expenditure of public money. Thus, bulk purchase of drawing books by the DSW at higher rates than those of similar or better specifications purchased by other

---

49 2 x 10 nos. per Anganwadi Centre (AWC) of desired specification (Size 29 x 21 cm. and Number of pages: 28 pages).

50 (i) M/s. S. B. Enterprises (₹122), (ii) M/s. M. D. Associates (₹110), (iii) M/s. G. R. Traders (₹115), (iv) M/s. D. R. Traders (₹120) and (v) M/s. G. K. Enterprises (₹125).

51 Size: 28 cm x 22 cm, 80 GSM containing 56 pages plain.

52 M/s. M. D. Associates, Guwahati (₹110).

53 5914 AWCs x (2 x 10 numbers per AWC)

54 M/s. Pragati Paper Converter

Government departments, resulted in extra expenditure of ₹ 1.08 crore[55].

Further, despite irregularity of similar nature being pointed out earlier vide Paragraph 1.2.7 of the Comptroller and Auditor General of India's Report on Social, General and Economic (Non-PSUs) sectors for the year ended March 2013, against the same Directorate, such irregularity still persisted, which suggests that no remedial measures were taken by the Department to avoid recurrence of such lapses in future.

The matter was reported to Government in April 2016; their reply had not been received (November 2016).

Tea Tribes Welfare Department

1.5.11 Avoidable extra expenditure

Procurement of sewing machines at higher rate in 2013-14 as compared to the procurement rates of machines by other State Department/Board resulted in an extra avoidable expenditure of ₹ 62.70 lakh.

Government of India decision (i) below Rule 6 of General Financial Rules stipulates that every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Government of Assam (GoA), Finance Department's order (August 2010) further stipulated that open tenders are to be invited by the Government departments for purchase of any item of stores involving public funds of ₹ 50 thousand and above.

Scrutiny (August - September 2015) of records of the Director, Welfare of Tea and Ex-Tea Garden Tribes, Assam revealed that the Finance Committee of the Tea Tribes Welfare Department approved (October 2013) the procurement of sewing machines from M/s. USHA International Ltd.,[56] at the rate of ₹ 6,810 per unit with the stipulation that all expenditure will be incurred by observing all financial rules, procedure, formalities, issue of Notice Inviting Tender (NIT) and Central Vigilance Commission (CVC) Guidelines. The machines were meant for free distribution among selected beneficiaries of Tea and Ex-Tea Garden Tribes living below poverty line of 46 sub-divisions under the Family Oriented Income Generating Scheme (FOIGS) during 2013-14. The Director issued (5 December 2013) supply order to a firm[57] for the supply of 5,139 sewing machines with accessories @ ₹ 6,810 per unit (inclusive of VAT but excluding transportation). However, no tenders were invited as the Director stated that the rate and make of the sewing machine was already

55

Article	Supplier	Purchase Rate (incl. all taxes and FOR destination)	Quantity procured	Expenditure incurred	Rate allowed by MD, SSA (incl. all taxes and FOR destination)	Diffe-rence	Extra expenditure
Drawing Book	M/s. M.D. Associates	₹110	118280	₹1,30,10,800	₹18.99	₹91.01	₹1,07,64,663

56 USHA Tailor Foot Sewing Machine.

57 M/s R.D. Enterprise, Guwahati authorised supplier of M/s USHA International Ltd.

approved by the Government. An amount of ₹ 3.32 crore (excluding VAT) was paid (December 2013) to the firm.

Cross-check by Audit with the records of similar procurement of sewing machines of the same make and model by Assam Khadi and Village Industries Board during 2013-14 revealed that another firm, M/s Shree Shyam Enterprise supplied (July 2013) the machines with accessories @ ₹ 5,590 per unit (including VAT and FOR destination to different district offices). Further, during 2014-15, the Director, Welfare of Tea and Ex-Tea Garden Tribes, Assam procured 976 sewing machines (together with accessories) of the same brand and model through tender @ ₹ 5,121 per unit (including VAT and transportation) from M/s. Shree Shyam Enterprise.

Thus, while sewing machines of USHA Tailor were procured by the Assam Khadi and Village Industries Board during 2013-14 and by the Director, Welfare of Tea and Ex-Tea Garden Tribes, Assam during 2014-15 at ₹ 5,590 and ₹ 5,121 respectively (both inclusive of VAT and FOR), procurement of sewing machines of the same brand and specifications by the Director during 2013-14 at ₹ 6,810 resulted in excess expenditure of ₹ 62.70 lakh[58], which was avoidable.

On this being pointed out, the Director, stated (May 2016) that no tenders were invited as the maximum retail price of each unit of sewing machine of the specified model was fixed by the Government at ₹ 6,810 which included loading, unloading, transportation, installation, insurance and delivery to 46 sub-divisions of the State. As such, there was no excess expenditure incurred. The fact, however, remained that procurement of sewing machines of the same brand and specifications were procured during the same year (2013-14) at higher rates which resulted in excess expenditure of ₹ 62.70 lakh.

1.5.12 Extra expenditure

Procurement of power tillers by the Director, Welfare of Tea and Ex-Tea Garden Tribes at a higher rate resulted in extra expenditure of ₹ 60.27 lakh incurred, which was avoidable.

The General Financial Rules provide that every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety and should exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

With a view to generating self employment in the agriculture sector, Government of Assam (GoA), Tea Tribes Welfare Department sanctioned and released (March 2015) ₹ 4.65 crore under "Family Oriented Income Generating (special project) Scheme", for purchase of 280 power tillers with accessories as per rates fixed by the State Purchase Committee, Tea Tribes Welfare Department during 2014-15 for distribution

---

58 (₹6810 - ₹5590) x 5139=₹62,69,580

amongst agro-based below poverty line (BPL) beneficiaries belonging to Tea and Ex-Tea Garden Tribes self help groups (SHGs). The sanction order also stipulated that the Director, Welfare of Tea and Ex-Tea Garden Tribes should ensure the selection of the beneficiaries as per the latest guidelines/procedures by the Sub-Divisional Selection Committee.

Scrutiny (August – September 2015) of records of the Director, Welfare of Tea and Ex-Tea Garden Tribes, Assam revealed that the Director placed (March 2015) order for supply of 280 power tillers (VST Shakti brand, without trailer, 13 HP) with M/s Nikita Marketing Pvt. Ltd., Guwahati @ ₹ 1,65,900 (inclusive of five *per cent* VAT, Income Tax, other forms of taxes *etc.*) per unit. An amount of ₹ 4.65 crore (including VAT) was paid (March 2015) in advance to the supplier against delivery of material made between May and July 2015.

Further scrutiny revealed that, in response to the notice inviting tender (NIT) of the Director (November 2014), four[59] (out of nine) tenders were found to be valid and technically qualified. It was also noticed that though M/s Prince Agro Machinery, Guwahati and M/s J.K. Engineering & Agro Services, Guwahati[60] were the lowest bidders (1st and 2nd lowest tenderer respectively), they were not considered (February 2015) by the State Purchase Committee of the Tea Tribes Welfare Department, as several complaints were received earlier against power tillers with foreign inputs. Instead, the third lowest bidder was accepted at a higher cost of ₹ 21,525[61] per tiller. The reason attributed for not considering the rates quoted by 1st and 2nd lowest tenderer was, however, found incorrect as no complaint against the performance of the power tillers with foreign inputs (either SHRACHI or RHINO brands) was received till date (March 2016) and the tillers were performing satisfactorily as per information furnished by various government departments[62]. Further, the power tillers were approved by the Government of India (GoI) in September 2014 and by GoA, Department of Agriculture, for the year 2014-15. Moreover, the lowest tenderer for SHRACHI brand possessed the Central Farm Machinery Training and Testing Institute (CFMTTI) certification.

59 **(in ₹)**

Sl. No.	Name of the Firm	Rate quoted (incl. of VAT, Income Tax, all other forms of taxes)	Product name	Status
1.	M/s Prince Agro Machinery, Guwahati	1,44,375	SHRACHI (with foreign inputs)	Lowest
2.	M.s. J.K .Engineering & Agro Services, Guwahati	1,47,621	RHINO (with foreign inputs)	Second lowest
3.	M/s Nikita Marketing Pvt. Ltd., Guwahati	1,65,900	VST SHAKTI	Third lowest
4.	M/s. Chemtrade India Pvt. Ltd., Guwahati	1,93,130	KAMCO	Fourth lowest

60 Suppliers of SHRACHI and RHINO power tillers with foreign inputs

61 ₹1,65,900-₹1,44,375=₹21,525

62 i) Director of Agriculture, Assam ii) Deputy Director, Welfare of Scheduled Castes, Assam iii) Director, Welfare of Plain Tribes and Backward Classes, Assam and iv) Deputy Director of Agriculture (B/A), Directorate of Agriculture, Assam.

As of July 2015, 241 of the 280 power tillers were stated to have been delivered to the specified stations, leaving a balance of 39[63] tillers yet to be delivered. However, neither the beneficiary list nor records in respect of distribution of the power tillers, though stated to have been delivered to the ultimate beneficiaries, could be made available to Audit till date (March 2016), indicating purchase of the power tillers without assessment of actual requirement.

Thus, consideration of the tendered rate (₹ 1,65,900) of the third lowest tenderer, instead of the rate (₹ 1,44,375) of the lowest tenderer on the unsubstantiated ground of complaints against power tillers built with foreign inputs, resulted in an extra expenditure of ₹ 60.27 lakh[64], which was avoidable. Besides, despite making advance payment, non-delivery of 39 tillers worth ₹ 64.70 lakh, resulted in extension of undue financial benefit to the firm for more than one year.

The matter was reported to Government in June and August 2016; their reply had not been received (November 2016).

Welfare of Minorities Development Department

1.5.13 Undue financial benefit

Willful decision of the Director, Char Areas Development (DCAD) to award supply order for the purchase of 8685 HTWs at a higher rate to a bidding firm, resulted in extension of undue financial benefit of ₹ 95.53 lakh to the supplier.

With the objective of providing pure drinking water facility to the people residing in Char Areas of Assam, the Director, Char Areas Development (DCAD), Assam, implemented (January – February 2014) the developmental scheme "Drinking Water Facilities", during 2013-14, in 13[65] districts of the State. The DCAD invited (5 August 2013) tenders from manufacturers/authorised dealers/distributors for the supply of 8,685 Hand Tube Wells (HTWs)[66] with accessories. An amount of ₹ 4.69 crore was sanctioned (January 2014) by the Government of Assam, Welfare of Minorities and Development Department, for the procurement of the HTWs.

Scrutiny (January and February 2015) of records of the DCAD revealed that, in response to the notice inviting tender (NIT), four tenders[67] were received and after consideration of their technical bids, the purchase committee[68] decided (11 September 2013) to open the financial bids of all the four tenderers. Upon opening the price bid of the technically qualified tenderers, the purchase committee

63 Out of 39 power tillers, 29 are meant for Reserve Stock (destinations for which have not been mentioned), six for the Silchar sub-division (which refused to receive the tillers owing to demand of more tillers), two for the Barpeta sub-division and two for the Rangia sub-division.

64 [₹1,65,900-₹1,44,375=₹21,525]; ₹21,525 x ₹280= ₹60,27,000.

65 Barpeta, Darrang, Goalpara, Bongaigaon, Dhubri, Jorhat, Marigaon, Nagaon, Nalbari, Kamrup, Sonitpur, Lakhimpur and Dhemaji.

66 No brand name of the product was specified.

67 A) M/s. Prakash Enterprise, Guwahati (a registered SSI unit), B) M/s. B. S. Enterprise, Guwahati, C) Shri Dilip Kr. Das, Nalbari and D) M/s. Maa Durga Enterprise, Guwahati, who were the only tendering firms.

68 Chairman of the Purchase Committee was the DCAD.

commented that the lowest rate of ₹ 4,300 per set (inclusive of all taxes) quoted by M/s B.S. Enterprise, for TATA brand No. 6, was absurd, as it was much lower than the market price of products of similar specifications. It was, however, observed that the Purchase Committee did not mention any market price against which the lowest offer had been benchmarked.

The purchase committee further instructed (12 September 2013) the DCAD to collect the rates of HTWs from the Public Health Engineering (PHE) Department and the Commissioner of Taxes, Assam. The purchase committee subsequently, approved (25 November 2013) the rate of ₹ 5,400 per HTW (set) (inclusive of VAT and other charges, though the rates intimated by the Commissioner of Taxes were excluding taxes and other charges) as the market price for the year 2013-14.

Further scrutiny revealed that DCAD placed (27 February 2014) order with M/s. B.S. Enterprise for the supply of 8,685 HTW sets of TATA brand No. 6 with accessories, as per prescribed specification, to be delivered within ten days @ ₹ 5,400 per set, inclusive of VAT and other charges (FOR). The firm supplied 8,685 HTW sets within one day (28 February 2014), against which payment of ₹ 4.69 crore was made (March 2014) to the firm. There was nothing on record to indicate whether any re-tendering was done by DCAD or any fresh bid proposal was received from M/s B.S. Enterprise for the supply of HTWs.

Thus, the decision of the DCAD to award supply order for the purchase of 8,685 HTW sets of the same brand, at a price higher than the bid price to a bidder whose financial bid had been rejected being absurdly lower than the market price, without going for subsequent re-tendering, resulted in extension of undue financial benefit of ₹ 95.53 lakh[69] to the bidder.

On this being pointed out, the DCAD, who was also the Chairman of the Purchase Committee (30 April 2016) stated that, keeping the quality of the supply in mind, the Purchase Committee, for greater public interest, decided to procure the HTWs @ ₹ 5,400 per set, instead of at the tendered rate of the supplier of ₹ 4,300 per set, as supply at the lower rate would have led to low quality supply, which could not have sustained quality goods.

The reply of the Director was not tenable, as the Purchase Committee had already considered the technical bids in respect of all the four tenders received, including the offer of M/s B.S. Enterprise who had quoted the rates for the same quality of HTW and the Purchase Committee had decided to open the financial bids of all the four tenderers.

Thus, the decision of the Purchase Committee to award the order for supply of 8,685 HTWs to M/s B. S. Enterprise, at a rate higher than the quoted rate of the firm, without justification, led to extension of undue financial benefit of ₹ 95.53 lakh to the supplier, which was avoidable.

---

69 (₹5400 - ₹4300) x 8685 sets= ₹95,53,500.

The matter was reported to Government in March and May 2016; their reply had not been received (November 2016).

Welfare of Plain Tribes and Backward Classes Department

1.5.14 Excess expenditure

Bodoland Territorial Council incurred excess expenditure of ₹ 1.47 crore in procurement of biscuits for Morning Snack to the children of Anganwadi Centres.

As part of the implementation of Supplementary Nutritional Programme (SNP) for providing morning snacks in Bodoland Territorial Council (BTC) areas during 2012-13, Government of Assam (GoA) sanctioned (October 2012) ₹ 4.44 crore to the Principal Secretary, BTC, Kokrajhar for providing morning snacks to pre-school children of ages three to six years of 6,719 Anganwadi and 175 mini Anganwadi Centres. The Director, Social Welfare (DSW) Assam released (August 2013) the sanctioned amount to the Principal Secretary, BTC vide nine[70] cheques. The programme included providing morning snacks to the children of the Anganwadis @ ₹ 2 per child per day. A Purchase Committee was constituted (10 September 2013) for finalization of rates of various items under the programme. In its meeting (10 September 2013), the Committee approved the rate of biscuits[71] at its maximum retail price (MRP) inclusive of transportation cost. The rates were effective from 10 September 2013.

Scrutiny (August - October 2015) of records of the Principal Secretary, BTC, revealed that Joint Secretary, Social Welfare Department, BTC incurred (February 2014) ₹ 3.45 crore for the procurement (October 2013) of 4,31,71,300 pieces of Britannia Marie Gold biscuits @ ₹ 0.80 per piece from 37 Non-Governmental Organisations (NGOs)/ Self-Help Groups (SHGs) by issue of 85 supply orders to NGOs/SHGs. Independent market survey (September 2015) by Audit revealed that the prevailing MRP of a 300 gram packet of Britannia Marie Gold biscuit was ₹ 27 and it contained a maximum of 57 pieces. Further, invoices collected from a local Britannia distributor issued during the same period August 2013 revealed that the MRP of a 300 gram packet of the biscuit of the same brand ranged between ₹ 25 (August 2013) and ₹ 26 (December 2013). The price of each biscuit thus, worked out to ₹ 0.46[72] on an average. Thus, there was an excess expenditure incurred by the Department in procuring biscuits from the NGOs/SHGs @ ₹ 0.80 per piece of biscuit if compared to the prevailing market rate.

On this being pointed out, the Government stated (July 2016) that during implementation of the scheme, the concept of single use portable packets meant for distribution was considered so as to avoid contamination. The biscuits were supplied

---

70 Cheques bearing nos. 217201 to 217209 dated 02.07.2013 of State Bank of India, New Guwahati Branch.
71 Brittania Marie Gold
72 Average of ₹27/57 pieces, ₹25/57 pieces and ₹26/57 pieces= ₹0.46.

in cartons containing 24 packets (200 gram) per carton and each packet containing 26 biscuits at MRP ₹ 20. The issue rate per piece of biscuit was thus ₹ 0.80, including the transportation cost.

The reply is not acceptable as no documents in support of the supply of biscuits in 200 gram packets, by the supplier containing 26 or less pieces of biscuit per packet or its distribution to the beneficiaries in packets was furnished. Further, all the delivery challans and bills of the suppliers mentioned pieces of biscuits supplied @ ₹ 0.80 per biscuit and not the packets. Moreover, as per approval of the Purchase Committee the biscuits were to be procured at MRP inclusive of transportation tax.

Thus, due to not adhering to the instructions of the Purchase Committee to procure biscuits at MRP BTC had to incur an excess expenditure of ₹ 1.47 crore (detailed in ***Appendix- 1.16***).

1.5.15 Excess expenditure

Bodoland Territorial Council incurred excess expenditure of ₹ 2.40 crore on procurement of Galvanized Corrugated Iron (GCI) sheets at rates, higher than the prevailing market rates.

Government of India (GoI) decision (i) below Rule 21 of General Financial Rules stipulates that every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. As per the instructions of the Central Vigilance Commission (CVC), it is very important to establish the reasonableness of prices on the basis of prevailing market rates, before the award of contract. Further, Government of Assam, Department of Finance Office Memorandum No. FEC (I) 10/2009/2A dated 11 August 2010 directs that, in case of procurement of goods involving public funds of ₹ 50,000 and above, financial procedures including guidelines of the CVC, should be followed.

Scrutiny (August – October 2015) of records of the Principal Secretary, Bodoland Territorial Council (BTC), Kokrajhar revealed that, against a proposal (23 April 2013) of the Additional Principal Chief Conservator of Forest (APCCF) of BTC, the Chief of BTC sanctioned (24 April 2013) ₹ 9.47 crore for improving the economic condition of beneficiary poor villagers residing in 167 sanctioned villages within the forest areas of BTC by providing GCI sheets. In response to the notice inviting tender (NIT) issued (8 March 2013) by the APCCF, calling for supply[73], transportation and delivery of GCI sheets of TATA make (9ft. x 3 ft. x 0.80 mm thickness) to the identified beneficiaries, a Purchase Committee headed by the Secretary, Forest accepted (17 April 2013) the lowest quoted rate of ₹ 12,456[74] per bundle for supply of TATA Shaktee brand GCI sheets. The APCCF issued supply order (May 2013) to the

73 Inclusive of VAT of 5 *per cent.*

74 M/s. M.Brahma Enterprise, Kokrajhar, hereinafter referred to as the firm.

firm for the supply of 7,600 bundles of TATA Shaktee GCI sheets at the accepted rate (including VAT of 5 *per cent*). The goods were delivered in May 2013 and the firm was paid (July 2013) an amount of ₹ 9.02 crore after deduction of ₹ 45.08 lakh, being the amount of VAT (5 *per cent*).

Audit observed that the manufacturer's price (effective from 6 April to 5 July 2013 within the State, including in Kokrajhar) of TATA Shaktee brand GCI sheets (9ft. x 3 ft. x 0.80 mm thickness), during the same period of placing of the order, was ₹ 9,304[75] (inclusive of 5 *per cent* VAT) per bundle.

On this being pointed out, the Secretary, BTC, in his reply, stated (dated NIL) that 7,600 bundles of GCI sheets of the required specifications were procured from the lowest tenderer at their quoted rate and the same was approved by the Purchase Committee. While accepting that the procurement resulted in excess expenditure, it was stated that the Department was not aware of the manufacturer's price at the time of procurement.

Thus, the BTC incurred an excess expenditure of ₹ 2.40 crore[76] towards the procurement of 7,600 bundles of GCI sheets from the firm at higher rates than the prevailing market rates.

1.5.16 Excess expenditure

The Director, Welfare of Scheduled Castes, Assam incurred excess expenditure of ₹ 80.20 lakh on procurement of dyed cotton yarn at higher rate.

With a view to uplift the economic condition of the families living below the poverty line in the rural areas of the State, the Directorate of Welfare of Scheduled Castes, decided to provide cotton yarn to the selected beneficiaries under the "Self-help scheme for Scheduled Caste women". Out of the total beneficiaries, 70 *per cent* were selected by the Scheduled Caste Development Board, while the remaining 30 *per cent* were nominated by the Hon'ble Members of the Legislative Assembly of reserved Scheduled Caste constituencies. An amount of ₹ 4.99 crore was administratively sanctioned (13 March 2013) by GoA for the procurement of 6,666 units of 2/80 count dyed cotton yarn @ ₹ 7,500 per unit (five bundles).

Scrutiny (July – August 2015) of records of the Director, Welfare of Schedule Castes (DWSC), Assam revealed that the rate of 2/80 count dyed cotton yarn (weighing 4.54 kilogram per bundle) for 2012-13 was fixed (13 and 20 January 2012) at ₹ 1,500 per bundle as offered by the Managing Director, Assam Government Marketing Corporation (AGMC) Ltd., by the Departmental Purchase Committee (DPC). The rates were inclusive of administrative charges of AGMC, loading, unloading and transportation upto the destination and other contingencies. The DWSC issued

[75] ₹1,163 per sheet x 8 sheets per bundle.

[76] ₹3,152 x 7600 bundles=₹2,39,55,200

(August 2013) supply order to five suppliers[77] for the supply of 6,599 units of 2/80 cotton yarn within 90 days from the date of issue of the supply orders, against which 6,416 units of yarn were supplied (between September 2013 and February 2014). An amount of ₹ 4.81 crore was paid (February 2014 and October 2014) to the suppliers (detailed in ***Appendix - 1.17***) at the rate of ₹ 1,500 per bundle.

Further scrutiny of records revealed that the quoted offer of M/s S. B. Enterprise of ₹ 1,250 per bundle (inclusive of FOR destination, loading and unloading and taxes) was not accepted by the DPC while fixing the rate of procurement of 2/80 dyed cotton yarn. No reasons for not accepting the rate by the DPC were however, found recorded. It was also revealed that the rate of M/s S. B. Enterprise was commensurate with the prevailing market rate, as intimated by the Commissioner of Taxes (₹ 1,000 per bundle).

On the matter being pointed out (July and August 2016), the Government stated (September 2016) in reply that the rate (₹ 1,500 per bundle) was approved by the DPC based on the market study. The rate was also confirmed by the representative of the Handloom and Textile Department. Hence, the DSWC, Assam followed the decision of the DPC while placing the supply orders @ ₹ 1,500 per bundle, subject to the condition of maintaining of the quality which was to be confirmed by the Inspector of Handloom and Textile Department, before receipt of the cotton yarn by the SDWOs concerned.

The reply was not tenable, as the lowest rate offered by M/s S B Enterprise was not accepted by the DPC without recording any reason thereof, although it was found valid as per the approved Comparative Statement by the Director, WPT&BC Department. Further, the prevailing market rate during the period, as certified by the Commissioner of Taxes, Assam, was ₹ 1,000 per bundle of 2/80 dyed count cotton yarn.Thus, for not accepting the lower rate of ₹ 1,250 per bundle of 2/80 dyed cotton yarn by the DPC, the DWSC had to incur an excess expenditure of ₹ 80.20 lakh[78] on procurement of 6,416 units of 2/80 dyed cotton yarn.

1.5.17 Extra avoidable expenditure

Failure of the Panchayat and Rural Development Department, Bodoland Territorial Council to procure spray machines at a lower rate resulted in extra avoidable expenditure of ₹ 1.17 crore.

Government of Assam (GoA), Finance (Economic Affairs) Department, sanctioned ₹ 10.24 crore to the Bodoland Territorial Council (BTC), as General Performance Grant/Special Areas Performance Grant of 2012-13 (2nd instalment), under the award of the XIII FC (2013-14). Subsequently, with a view to assist farmers of 24 Development Blocks of the Bodoland Territorial Area District (BTAD) through

---

77 Managing Director, AGMC, Ltd. (5666 units), M/s. PEE & ES Agency, Guwahati (267 units), M/s Ankur Associates, Guwahati (266 units), M/s Aadnin Associates, Guwahati (267 units) and M/s Pee-Kay Traders & Suppliers, Guwahati (133 units).

78 (₹1500 per bundle-₹1250 per bundle) x 5 bundles x 6416 units=₹80,20,000.

distribution of spray machines, the Joint Secretary, BTC approved (May 2013) a proposal of the Director, Panchayat and Rural Development (P&RD), BTC for procurement of 36,782 Napsak Spray Lance machines of 16 litre capacity at the approved rate (₹ 2175 per machine) of the Assam Government Marketing Corporation Ltd. (AGMC).

Scrutiny (August – October 2015) of records of the Principal Secretary, BTC, Kokrajhar revealed that, based on the approval (18 June 2013) of a firm[79] by the Purchase Committee on the basis of the lowest quoted rate of ₹ 2175 per machine, the Director (P&RD), BTC issued (July 2013) supply order to it for supply of 36,782[80] NSL machines at its quoted rate within 60 days from the date of issue of the supply order. Further, it was also observed that the Purchase Committee approved (9 October 2013) procurement of Masand Leaf Napsak spray machine (@ ₹ 2170 per machine) and Hymatic Napsak Spray Lance machine (@ ₹ 2175 per machine) on the basis of a petition of the firm (18 September 2013), considering the availability of material. The supplies were completed (between September and October 2013) by the firm and it was paid (October 2013) ₹ 7.84 crore[81].

Scrutiny also revealed that the Welfare of Plains Tribes and Backward Classes (WPT&BC) Department, BTC had approved (July 2013) the rate of ₹ 1850 per spray machine, of 16 litre capacity for procurement from a different supplier during the same period.

On this being pointed out, the Director, P&RD Department, BTC stated that while the spray machines procured by the Department were of a better quality, no information regarding ability of suppliers to supply spray machines of similar specifications @ ₹ 1850 was available with the Department, leading to inability to compare rates before the procurement. The reply was not tenable, as the District Agricultural Officer, BTC, Kokrajhar and the Executive Engineer, Agriculture, Kokrajhar Division, had both certified that the Masand Leaf and Hymatic Napsak spray machines (16 litres) were the same NSL machine and, thus, were of similar quality.

Thus, it was observed that the Department of P&RD, BTC incurred extra avoidable expenditure of ₹ 1.17 crore[82] as compared to the procurement of spray machines of similar specifications by WPT&BC Department, BTC during the same period. This could have been avoided had there been information sharing between the departments of the BTC regarding the procurements made.

---

79 M/s. M. Brahma Enterprise, Kokrajhar.

80 Kokrajhar – 12000 machines, Chirang – 7594 machines, Baksa – 9188 machines and Udalguri – 8000 machines.

81 {₹7,99,58,910 –₹15,99,178 (being AGMC charge of 2 *per cent)}*= ₹7,83,59,732.

82 {28394 x ₹(2175 – 1850)} + {8388 x ₹(2170 – 1850)} – ₹2,38,244 (2% AGMC charge)= ₹1,16,73966.

1.5.18 Payment of fraudulent claims

Expenditure of ₹ 94.28 lakh was incurred by EE (Agriculture), BTC on payment of fraudulent claims by owners of tractors for free tractorisation of land belonging to riot affected farmers.

With the objective of compensating the loss of income from agricultural produce, in case of riot affected farmers of Kokrajhar and Chirang districts, the Joint Secretary, BTC, Kokrajhar, accorded administrative approval (December 2012) for an amount of ₹ 2.76 crore for tilling of farm land (one bigha[83] each) belonging to 27,368[84] victimized families, free of cost during the year 2012-13. Free tractorisation involved engagement of departmental/hired tractors, under the supervision of Junior Engineers (JEs) of the Office of the Executive Engineer (EE), Agriculture, BTC. The beneficiary list of the affected families was approved by the Director-cum-Council Head of Department (CHD), Agriculture. The amount of ₹ 2.76 crore was released (October 2013) by the BTC authorities to the Executive Engineer (Agriculture), BTC and was paid for the tractorisation work during July-November 2014.

Scrutiny (August – October 2015) of records of the Principal Secretary, BTC, Kokrajhar revealed that four JEs[85] issued work orders for the tractorisation work (between December 2012 and February 2013). However, no measurement books or log books of the vehicles were maintained in support of the actual execution of work. Further, the period of execution of the work by the tractor owners was not mentioned in the bills and there was no authentication available on the passed bills certifying the actual execution of the allotted work. In the absence of the above documents, the actual execution of the work of tractorisation could not be vouchsafed in audit.

On cross-check of the details of the tractors shown in the bills submitted by the tractor owners with those maintained by the Offices of the District Transport Officer (DTO), Kokrajhar and Chirang, it was revealed that, in six instances (detailed in ***Appendix-1.18***) the registration numbers of tractors shown in the bills were registration numbers of vehicles other than tractors. In another eight instances (detailed in ***Appendix-1.19*)**, tractors with registration numbers shown to be issued by the DTOs of Kokrajhar and Chirang districts, were confirmed by the respective DTOs not to have been issued by them and therefore, were fake. In 12 other instances (detailed in ***Appendix-1.20*)**, though the work orders were issued, the registration numbers of the tractors shown as used for tractorisation were issued after the date of issue of work orders. In two separate instances (detailed in ***Appendix-1.21*)**, the registration numbers bore DTO/RTO code AS-40**,** which had not been allotted to the State. Additionally, in 12 instances (detailed in ***Appendix-1.22*),** the names of owners of the tractors were found to be different from those registered with the DTOs.

[83] 1 bigha = 17,452 sq. ft.
[84] 12114 families in Chirang District and 15254 families in Kokrajhar District.
[85] Shri Raju Bathari, JE, Shri Naba Kr. Mazumdar, JE, Shri Apurba Kr. Roy, JE and Shri Kishan Patar, JE.

The above discrepancies, in conjunction with the facts that no measurement books or log books of the vehicles were maintained in support of the work and also that no authentication by the supervising JEs certifying the actual execution of the allotted work, was available on the passed bills indicate that, while fraudulent claims were preferred by the tractor owners, the Department on its part, failed to verify the genuineness of the claims before making payments against the claims made.

In this regard, the Commissioner and Secretary to the Government of Assam, WPT&BC Department, stated (July 2016) that the registration numbers and names of owners were wrongly entered in haste.

The fact, however, remained that the payments had been made to the persons/vehicle owners whose names appeared in the work orders.

Thus, payments amounting to ₹ 94.28 lakh[86], released against the bills preferred in these cases, were susceptible to fraud/embezzlement and thus needed to be investigated.

1.5.19 Unfruitful expenditure

Non-delivery of 26 pick-up vans by the firm, despite advance payment by the Director, Welfare of Scheduled Castes to the firm, defeated the objective of extending the benefits of the scheme to all the selected beneficiaries.

The Directorate of Welfare of Scheduled Castes, Assam with the objective of generating self-employment among educated unemployed Scheduled Caste (SC) youths proposed (December 2012) to procure 95 pick-up vans of TATA MAGIC (IRISH) BS-III, under the scheme "Self-Help Scheme to SC unemployed Youth" for the year 2012-13. As per the decision (7 September 2012) of the State Level Advisory Council for the welfare of Scheduled Castes and also the Departmental Purchase Committee (DPC) (5 November 2012), the vehicles were to be supplied at 75 *per cent* subsidy to the beneficiaries. The Government of Assam (GoA) sanctioned (March 2013) an amount of ₹ 2.99 crore for the purpose, which included ₹ 1.50 crore for purchase of 95 TATA MAGIC (IRISH) BS-III pick-up vans.

Scrutiny (July – August 2015) of records of the Director, Welfare of Scheduled Castes (DWSC), Assam revealed that in response to the notice inviting tender (4 October 2012), the DPC approved (9 November 2012) the rate of ₹ 2.10 lakh (inclusive of 13.5 *per cent* VAT) offered by the lowest tenderer[87], among four tenderers. Of this amount, ₹ 1.57 lakh was to be paid by GoA per pick-up van, while the balance ₹ 0.53 lakh was to be borne by the beneficiary concerned. Supply order was issued (17 April 2013) to the firm with the stipulation to supply the vehicles to selected beneficiaries at FOR destination. However, neither any agreement was executed with the firm, nor any delivery schedule specified in the supply order. The firm, in its quotation, had, however, stipulated, *inter-alia*, that while 100 *per cent* payment should be made

86 ₹14.37 lakh + ₹20.26 lakh + ₹28.61 lakh + ₹5.21 lakh + ₹25.83 lakh
87 M/s. Himatsingka Auto Enterprise, Guwahati, hereinafter referred to as the firm.

before the delivery, the prevailing price of the quoted vehicle at the time of delivery would be applicable in the event of price increases by TATA Motors Limited. The firm increased (23 April 2013) the unit rate of the vans by ₹ 16,118, which was acceded and the increased amount of ₹ 16,118 was to be borne by the beneficiaries. Accordingly, DWSC released (29 April 2013) payment of ₹ 1.29 crore[88], as advance to the firm for 95 vans, being 75 *per cent* government subsidy, after deduction and deposit of ₹ 20.20 lakh towards VAT. It was also observed by Audit that, with the increase of the overall price of the vehicle, the VAT amount payable to the government exchequer had increased to ₹ 29 lakh[89] and the beneficiary component of the price increased to ₹ 0.69 lakh per unit.

On further scrutiny, it was observed that during the period from July 2013 to April 2014, 69 pick-up vans were delivered to the beneficiaries, leaving a balance of 26 vans to be delivered. An amount of ₹ 14.41 lakh, being the beneficiary component of 21 out of these 26 remaining beneficiaries[90], had already been paid to the firm through Bank Drafts. On the request of the firm (October 2014), which quoted certain business related constraints, an extended time of delivery till 10 January 2015 was granted by the DWSC. However, no further vehicles have been supplied (May 2016) by the firm.

Thus, payment of ₹ 55.36 lakh[91] made to the firm, against the 26 undelivered vans defeated the objective of extending the benefits of the scheme to the selected SC beneficiaries. This included ₹ 14.41 lakh, being the contribution of the beneficiaries from their own resources, which had been blocked with the firm for more than two years and eight months. Further, against the deduction of VAT amounting to ₹ 29 lakh, only ₹ 20.20 lakh was deducted and deposited into the government exchequer till date (August 2016), resulting in short realisation of government revenue of ₹ 8.80 lakh.

As such, failure of the DWSC in ensuring timely delivery of the vans before making advance payment, by executing agreement with the supplier and incorporating penal provisions therein, to safeguard the interests of the Government, led to unauthorised retention of funds by the firm.

In reply, the DWSC stated (May 2016) that the process of initiation of legal action against the firm was going on. However, no legal notice was issued till November 2016.

88 vide Cheque No.21489 dated 29.04.2013.

89 VAT 13.5 *per cent* of ₹2,26,118 x 95= ₹28,99,963

90 @ ₹68,618 per beneficiary

91 {(₹1,57,500 x 26) + (₹68,618 x 21 beneficiary contribution)}=₹55,35,978