

## Chapter-IV Compliance Audit Observations

### 4.1 Revenue receipts

#### 4.1.1 Loss of revenue<sup>14</sup>

As per the Rules 18 and 32 of Assam Minor Mineral Concession (AMMC) Rule, 2013, all mining contracts should be granted through complete bidding process and allotted to the highest bidder<sup>15</sup>. In case of any exception, the appropriate authority should clearly record the reasons for rejection of higher bids and acceptance of lower bid.

(i) Test checked of records (between June 2019 and October 2019) of 37 settlement of Mineral Concessions (MCs) in three Forest Territorial divisions<sup>16</sup> under BTAD revealed that the highest bidders of nine MCs in the three divisions were rejected without any recorded reasons in spite of them having fulfilled all required criteria<sup>17</sup>. The settlement orders were issued between September 2015 and December 2015 to nine bidders whose bids were lower than the highest bids resulted in loss of revenue amounting to ₹ 10.37 crore. Details of MC holders are shown below:

**Table 4.1: Details of MC Holders**

Division/ No. of MCs test- checked	Name of MC holders	Name of the MCs (Status of bids)	Quantity under settlement (in cum)	Period & date of Settlement	Details of bids (₹ in lakh)		
					Highest	Allotted	Difference
<b>Baksa/10 MCs</b>	S Narzary	Palla River Sand and Stone (Lowest)	28,00 (Sand)	7 Years & 28.10.15	108.50	73.50	35.00
			14,000 (Stone)				
	A K Basumatary	Pakhamara River Sand and Stone (Lowest)	28,000 (Sand)	7 Years & 16.09.15	247.94	80.50	167.44
			10,500 (Stone)				
	B Goyari	Paglandia Stone & Sand Gravel (Lowest)	21,000(Stone)	7 Years & 28.10.15	129.50	94.50	35.00
			28,000(Sand)				
	S Boro	Kaldia (Doijama) Gravel sand & Stone (Lowest)	3,500(Sand)	7 Years & 28.10.15	31.50	17.50	14.00
			7,000(Stone)				
	Raja Eragdao	Darranga Stone & Sand No. 6 (Lowest)	7,000(Sand)	7 Years & 28.10.15	68.67	31.57	37.10
			7,000(Stone)				
	Raju Boro	Barnadi Sand & Stone – No. 3 (Lowest)	14,000(Sand)	7 Years & 28.10.15	670.25	139.93	530.28
			21,000(Stone)				
	K Biswas	Barandi Stone & Sand-1(A) (5 <sup>th</sup> Highest)	8,750(Sand)	7 Years & 28.10.15	329.00	171.85	157.15
			36,750 (Stone)				

<sup>14</sup> Also featured under Paragraph 4.5.3 in CAG Report No. 2 of 2021

<sup>15</sup> No.-FIG.20/2001/4 dated 15 December 2003

<sup>16</sup> Territorial Divisions of Dhansiri, Chirang and Baksa.

<sup>17</sup> (i) PAN No. TIN to be mentioned in the tender form (ii) A financial Soundness Certificate from the DC/SDO ascertaining the financial capability to operate the mining contract (iii) Demand Draft of earnest Money (iv) Caste Certificate *etc.*

Division/ No. of MCs test- checked	Name of MC holders	Name of the MCs (Status of bids)	Quantity under settlement (in cum)	Period & date of Settlement	Details of bids (₹ in lakh)		
					Highest	Allotted	Difference
Chirang/ 15 MCs	S K Brahma	Aie-ghat Sand Grave (2 <sup>nd</sup> Highest)	17,500(Sand)	7 Years & 28.10.15	98.01	68.92	29.09
			17,500(Stone)				
Dhansiri/ 12 MCs	M Doimari	Dhansiri Sand/ Stone No-1 (3 <sup>rd</sup> Highest)	14,000(Sand)	7 Years & 28.10.15	86.00	54.49	31.51
			14,000(Stone)				
	Total				1,769.33	732.76	1,036.57

(ii) Further scrutiny of records of DFO Chirang revealed that the division had received (January 2015) six bids for settlement of 3,500 cum sand and 14,000 cum gravel for seven years in Agrong Sand & Gravel Mahal. The Division then prepared a comparative statement of the six bids received and rejected five of the six bids for reasons shown in Table-4.2:

**Table 4.2 Details of bid**

Sl. No.	Name of the bidder	Bid value offered (₹ in lakh)	Remarks of the DFO
1	Pradip Kr Boro	581.62	Did not submit PAN card
2	Rintu Kr Das	154.69	Documents submitted not Self-attested
3	Ranajn Nasumatary	84.47	Earnest money not submitted
4	Samar Muchahary	48.02	Tender settled with this bidder
5	Ranjan Sarkar	47.93	Documents submitted not Self-attested
6	Satish Ch Basumatary	30.50	Earnest money not submitted

Source: Comparative statements

Audit noticed that the division had also rejected even the second highest bid of ₹ 1.55 crore simply on the ground that the bidder had submitted all required documents without self-attestation (February 2015) which could have been considered by the DFO.

This arbitrary rejection of second highest bid on the ground of ‘non-self-attested’ of documents resulted in loss of revenue of ₹ 1.07 crore (₹ 1.55 crore - ₹ 0.48 crore). The Council should consider fixing responsibility against the concerned officials for the loss of revenue and to issue instruction to avoid arbitrary rejection of bids.

The Council did not furnish any reply.

#### **4.1.2 Non-settlement of Market/Hats/Ghat with highest bidder**

During 2016-17, the Council Head of the Department (CHD), invited (17 May 2016) tender for the annual lease of the Market/Hats/Ghat, *etc.*, falling under the jurisdiction of BTC area.

Scrutiny of comparative statements and settlement orders, revealed that 274 Market/ Hats/ Ghat, *etc.*, were settled during 2016-17. Out of these 274 settled Market/ Hats/ Ghat, 24 Market/ Hats/ Ghat were settled with lessees whose total bids value was ₹ 29.54 lakh in place of highest bidders whose total bids value was ₹ 68.56 lakh. This led to loss of ₹ 39.02 lakh to the Council while leasing out 24 Market/Hat/Ghat during 2016-17. The details of the market and the bids are shown in **Appendix VII**.

Reason for accepting the Markets/Hats/Ghats with the lower bidders was not available on record. The Council should consider fixing responsibility against the concerned officials for the loss of revenue.

The Council did not furnish any reply.

#### 4.1.2.1 Short-realisation of Lease/Kist money

Clause 13 of NIT provides that the tenderer should deposit the settled money of Market/ Hat/Bazar including earnest money before the settlement order was issued.

Scrutiny of records of the CHD, Market and Fair, BTC revealed that 97 Market/ Hat/ Ghat/ Parking, etc., were awarded during 2016-17 by the Blocks to different bidders at ₹ 72.44 lakh. However, ₹ 28.05 lakh of Lease/Kist money only was realised and ₹ 44.39 lakh remained outstanding as of March 2017 as given in Table-4.3. The details are shown in *Appendix-VIII*.

Table-4.3: Table showing amount of revenue unrealised

(in ₹)					
Sl. No	Name of the Development Block	Total No. of Market/ Hat/ Ghat/ Parking	Amount of Market Settlement	Amount realised	Amount yet to be realised
1	Kokrajarhar	15	6,90,810	88,765	6,02,045
2	Gosaigaon	5	7,12,268	3,56,600	3,55,668
3	Rupshi	3	59,390	24,101	35,289
4	Sidli Chirang	3	1,86,915	69,100	1,17,815
5	Borobazar	12	5,36,946	2,60,591	2,76,355
6	Dotma	8	2,09,845	36,500	1,73,345
7	Nagriajuli	7	7,70,203	1,05,800	6,64,403
8	Rangia	1	1,88,158	1,87,158	1,000
9	Mahamaya	1	22,501	5,101	17,400
10	Jalah	14	16,49,217	11,87,635	4,61,582
11	Udalguri	17	9,04,188	2,36,415	6,67,773
12	Bhergaon	8	6,11,239	1,63,100	4,48,139
13	Mazbat	3	7,01,921	83,685	6,18,236
<b>Total</b>		<b>98</b>	<b>72,43,601</b>	<b>28,04,551</b>	<b>44,39,050</b>

Thus, due to failure of CHD, Market to comply to collect the settled money prior to issue of settlement order as per NIT, BTC suffered loss of own revenue to the tune of ₹ 44.39 lakh.

Information furnished (July 2023) showed that the Deputy Commissioner have been requested by the Secretary, BTC to initiate *bakijai* (process of recovery of dues) cases against all the defaulters, but thereafter no communication has been received by the Market and Fair department of BTC from the Deputy Commissioner on the status of recovery.

The Council did not furnish any reply.

## 4.2 Irregular expenditure

Director, Finance (Economic Affairs) Department, GoA sanctioned<sup>18</sup> Grants-in Aid of ₹ 4.13 crore each during December 2016 and March 2017 under Fifth Assam State Finance Commission grant for release to eight Urban Local Bodies (ULBs) under BTC area for utilisation of funds towards non-salary component. BTC submitted the Utilisation Certificate (UC) to the Finance Department (GoA) certifying that the condition for GIA was duly fulfilled on 13 February 2017 and 12 September 2017.

Scrutiny of records, however, revealed that against each of the sanctions received from GoA, BTC had either diverted part of the fund for payment of salaries or accorded Administrative Approval (AA)/Financial Sanction (FS) for a part of the fund after UCs were submitted as shown in Table 4.4:

Table: 4.4 Utilisation of fund

(₹ in crore)

Details of sanction		Details of UC		Details of AA/FS accorded by BTC			Remarks
Date	Amount	Date of submission	Amount	Date of AA/FS	Purpose	Amount	
15.12.2016	4.13	13/02/2017	4.13	04/02/2017	5 schemes	3.09	-
				16/03/2017	Salary	1.04	Funds were diverted and FS was granted after submission of UC.
04.03.2017	4.13	12/09/2017	4.13	08/05/2017	4 schemes	2.74	-
				30/08/2017	3 schemes	0.20	-
				01/12/2017	Salary	1.16	Fund was diverted and FS was granted after submission of UC.
				21/04/2018	1 scheme	0.03	AA was granted after submission of UC
			<b>8.26</b>			<b>8.26</b>	

In respect of schemes<sup>19</sup> against which AA was accorded, no records were available to indicate that the works were completed prior to submission of UCs.

Thus, diversion of scheme funds towards payment of staff salaries was in violation of the scheme's guidelines and submission of UCs to the Finance Department even before incurring expenditure was irregular.

The Council did not furnish any reply.

<sup>18</sup> Under Grant No-66 Compensation & Assignment to Local Bodies & Panchayati Raj Institutions

<sup>19</sup> Construction of & repairing of roads, installation of LED streetlight with GI pole, Bio-toilet, etc.

### 4.3 Unfruitful expenditure

BTC accorded (February 2013) administrative approval for ₹ 2.00 crore for construction of three storied RCC Guest House at Kokrajhar under award of XIII Finance Commission for the year 2011-12 to 2014-15. The estimate of work was technically sanctioned (April 2013) by the Additional Chief Engineer, PWD, BTC and work order was issued (22 October 2013) by the Divisional Officer (DO), Kokrajhar Soil Conservation Division to a local contractor<sup>20</sup> with the instruction to complete the work within one year from the date of issue of work order. The contract agreement *inter-alia* provided that no claim would be made for payment prior to completion of 80 *per cent* of the work. Further, it was also agreed upon that the order of execution of the work will be treated as cancelled, if the contractor fails to complete the work within the stipulated time and the contractor will have no claim of any kind whatsoever the decision of the Department will be final.

The work commenced in October 2013 and some irregularities in execution of work and estimate were brought (January 2014) to the notice of the contractor for rectification by the DO. Records further showed that the contractor had stopped the work from June 2014 after achieving of 49.5 *per cent* of physical progress. It was also noticed that the contractor expressed (August 2015 and April 2017) his inability to complete the work due to price escalation and proposed to complete the work provided the estimate was revised as per APWD (Building) SoR 2013-14. The contractor was paid an amount of ₹ 1.00 crore between March 2016 and May 2017.

Reasons for making payment of ₹ one crore after being aware that the contractor stopped execution of the work since June 2014 prior to completion of 80 *per cent* of the assigned work and not cancelling the work order in contravention to the agreed terms and conditions of the contract was however, not found on records.

On this being pointed Council Head of the Department, Soil Conservation Department attributed (November 2020) the reasons for the contractor abandoning the work to paucity of funds due to closure of XIII Finance Commission. It was further stated that a proposal had been sent to the appropriate authority for making provision of fund under 15<sup>th</sup> FC grants and if not approved under 15<sup>th</sup> FC, the remaining work would be executed under SOPD (BTC) fund in a phased manner. Audit could not verify as to whether a proposal was made to this effect.

Thus, due to failure of the DO in initiating timely action to cancel the work order despite the contractor expressing his inability to complete the work, the project remained incomplete and abandoned for more than five years as on the date of Audit. The objective of having an RCC Guest House not only remained unfulfilled but also the expenditure of ₹ one crore on the work remained unfruitful.

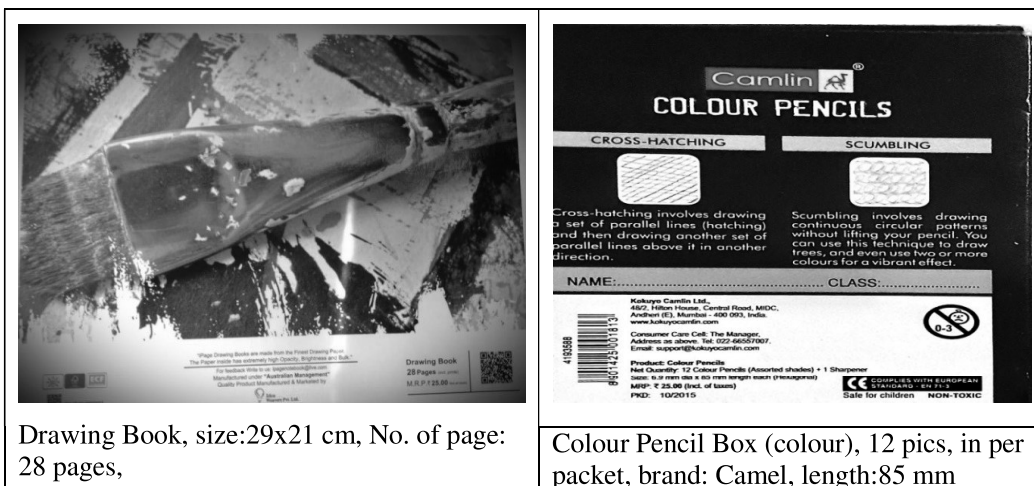
The Council did not furnish any reply.

<sup>20</sup> Shri Bimal Singh Narzary

#### 4.4 Excess expenditure of ₹ 1.28 crore

Rule 114 of BTC Fund Rule, 2012 provides that the bills in support of payment for purchases shall be accompanied by a certificate that the articles detailed in the vouchers have been actually received and entered in the stock register, that their quantities are correct and their quality good, that the rates paid are not in excess of the market rates and that suitable notes of payment have been made in the indents and invoices concerned to prevent double payment.

Joint Secretary, BTC approved (November 2015) an amount of ₹ 377.45 lakh for procurement of Anganwadi materials during 2015-16 for 7,165 Anganwadi Centres (AWCs) under BTAD. Accordingly, the Director cum Council Head of the Department, (CHD) Social Welfare Department, BTC, purchased Drawing Book (size 29 x 21 cm, Nos of pages 28), Drawing pencil box (colour) (12 pcs in each packet) during the month of December 2015 valuing ₹ 171.10 lakh as per BTC approved rate.



Drawing Book, size:29x21 cm, No. of page: 28 pages,

Colour Pencil Box (colour), 12 pics, in per packet, brand: Camel, length:85 mm

Comparison of Maximum Retail Price (MRP) of the above supplied materials *vis-a-vis* actual procurement rates showed that CHD, Social Welfare Department, BTC, procured the above materials items at higher rates (356 to 440 *per cent*) than that of MRP for the supplied articles as given in Table 4.5.

**Table.4.5: Table showing Payment made above MRP**

Name of the materials	Purchase rate inclusive VAT	MRP including taxes	Difference	Quantity procured	Excess expenditure	% of purchase rate over MRP
Drawing book	₹110	₹25	₹85	85,980	₹ 73,08,300	440
Drawing pencil box	₹89	₹25	₹64	85,980	₹ 55,02,720	356
<b>Total</b>					<b>₹ 1,28,11,020</b>	

The supplier was paid net amount of ₹ 1.60 crore after deducting statutory dues of ₹ 0.16 crore.

Audit observed that the CHD, Social Welfare Department, BTC did not make any attempt to ascertain the prevailing market rate of materials as required under rules prior to placing of order to the supplier. Consequently, the materials were purchased at a rate higher than the corresponding available MRP resulting in excess expenditure of ₹ 1.28 crore.

The Council did not furnish any reply.

#### 4.5 Extra expenditure towards Procurement of Food Stuff under SNP

Test check of the records revealed that during 2016-17, the Social Welfare Department of BTC procured 17,803.85 quintals of rice @ ₹ 3,500 per quintal and 3,402.78 quintals of musur dal @ ₹ 11,800 per quintal including transportation cost under Supplementary Nutrition Programme (SNP) for distribution of food stuff to the beneficiaries at Angwanwadi Centres (AWCs) under BTC area. These items were procured from the local NGOs during January 2016 to April 2016 at the rate approved by the Purchase Committee at a total cost of ₹ 10.25 crore as detailed in **Appendix-IX**. Audit however noticed that the Purchase Committee fixed the rates based on the deliberation amongst its members without calling for tenders.

Comparison of prevailing wholesale market rate of food stuff including transportation, loading and unloading charges, *etc.*, obtained from Food & Consumer Affairs, Kokrajhar *vis-a-vis* actual procurement rate of Director Social Welfare, BTC, Kokrajhar revealed that the above food stuff was procured at higher rate (121 to 136 *per cent*) than the prevailing market rate at the time of issuing the supply order (December 2015 to January 2016) as detailed in Table 4.6.

**Table 4.6: Table showing procurement above Market rate**

Food Stuff	Approved rate in ₹ per qtl including transportation	Quantity Procured (in qtl)	Total amount paid (₹ in crore)	Prevailing market rate in ₹ per qtl inclusive of transportation <i>etc.</i>	Difference of rate per qtl (in ₹)	Excess expenditure (₹ in crore)	% of purchase rate over market rate
Rice (Aijons)	3,500	17,803.85	6.23	2,579	921	1.64	136
Musur dal	11,800	3,402.78	4.02	9,779	2,021	0.69	121

Thus, attempt to ascertain the prevailing market rate available from Food Civil Supplies and Consumer Affairs, Kokrajhar was not made before approval of the rate for purchase of the food items. This has resulted in extra expenditure of ₹ 2.33 crore<sup>21</sup> over the prevailing wholesale market rate.

The Council did not furnish any reply.

#### 4.6 Creation of future liability

Rule 41(5) of the BTC Fund Rules, 2012 provides that no liability shall be created or incurred unless necessary fund for the purpose is available.

<sup>21</sup> ₹ 1.64 crore + ₹ 0.69 crore

Joint Secretary, BTC, Kokrajhar accorded administrative approval (December 2015) of ₹ 47.25 crore for procurement of sewing machines. CHD, WPT & BC Department procured (February 2016) 45,840 sewing machines from four local suppliers at a total cost of ₹ 43.32 crore. Against this, the suppliers were paid ₹ 2.94 crore during 2016-17 leaving a balance of ₹ 40.38 crore<sup>22</sup> due to non-availability of fund.

Further, Jt. Secretary, BTC, Kokrajhar accorded approval (February 2016) for the procurement of 18,181 pieces of blankets and 20,491 medicated mosquito nets for distribution to BPL families of BTAD through DRDAs. The Director, P&RD Department, Kokrajhar procured the above materials at a total cost of ₹ 4.99 crore. Of this, an amount of ₹ 1.24 crore was paid to the supplier leaving a liability of ₹ 3.75 crore<sup>23</sup> as on 31 March 2017.

Thus, a liability of ₹ 41.79 crore<sup>24</sup> was created while incurring expenditure due to non-availability of funds in violation of Rule 41(5) of BTC Fund Rule.

The Council did not furnish any reply.

#### **4.7 Conclusion**

The audit of accounts of BTC for 2016-17 disclosed that:

- i. The Council suffered loss of revenue amounting to ₹ 11.83 crore for not settling bids with the highest bidders.
- ii. The Council failed to collect the settled amount from the lessees of Market/Hat/Ghat as per the terms of NIT, BTC resulting in loss of revenue of ₹ 44.39 lakh.
- iii. BTC irregularly diverted part of scheme funds towards payment of staff salaries and submitted UCs to the Finance Department before incurring the expenditure.
- iv. Injudicious purchase of materials at rate higher than the market rate led to BTC incurring an extra expenditure of ₹ 3.61 crore.
- v. BTC created a liability of ₹ 41.79 crore in violation to the provision of its Fund Rules.

These issues need to be addressed with corrective measures taken by the BTC in order to improve its functioning and compliance with Financial Rules.

#### **4.8 Recommendations**

- *The Council should consider taking appropriate action to fix responsibility for loss of revenue and issue strict instruction for proper selections of bidders as per Financial Rules.*

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<sup>22</sup> As on July 2023, amount yet to be paid = ₹ 0.55 crore

<sup>23</sup> As on July 2023, amount yet to be paid = ₹ 1.41 crore

<sup>24</sup> ₹ 40.38 + ₹ 1.41



- *Council may issue clear instructions to prescribe the responsibilities and procedures to be followed by the Purchase Committee, and the Executives to avoid excess expenditures, loss of revenues, irregular expenditure, etc.*



**Guwahati**  
**The 28 December 2023**

**(JOHN K. SELLATE)**  
**Principal Accountant General (Audit), Assam**

*Countersigned*



**New Delhi**  
**The 09 January 2024**

**(GIRISH CHANDRA MURMU)**  
**Comptroller and Auditor General of India**