

CHAPTER-I

SOCIAL SECTOR

Performance Audit of “Implementation of National Rural Drinking Water Programme”

Audit of “Pension Management System of the Directorate of Pension”

COMPLIANCE AUDIT

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

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

During 2016-17, against a total budget provision of ₹ 45,140.44 crore, an expenditure of ₹ 32,970.27 crore was incurred by 19 departments, including three Councils under sixth schedule areas, viz., the Bodoland Territorial Council (BTC) under Welfare of Plain Tribes and Backward Classes (WPT&BC) Department; North Cachar Hills Autonomous Council (NCHAC) and the Karbi Anglong Autonomous Council (KAAC) under Hill Areas Department. Department-wise details of budget provision and expenditure incurred thereagainst by these 19 departments are given in *Appendix-1.1*.

1.1.1 Planning and conduct of audit

The audit of this Sector is conducted in accordance with Annual Audit Plan. The departments/offices are selected on the basis of risk assessment. Departments/offices are categorized as 'high' risk, 'medium' risk and 'low' risk based on weighted parameters such as expenditure trends, serious objections found in last audit, media reports, major activities/scheme executed *etc.* Inspection Reports are issued to the heads of offices 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 Report of the Comptroller and Auditor General of India.

During 2016-17, out of 1,590 auditable units under Social Sector, 336¹ were audited during the year involving an expenditure of ₹ 16,182.34 crore (including expenditure incurred in earlier years). This chapter contains one Performance Audit (PA) on 'Implementation of National Rural Drinking Water Programme', Audit of 'Pension Management System of the Directorate of Pension', result of one Compliance Audit of 'Incentive to Scheduled Caste students (Scholarship schemes)' and 11 other Audit paragraphs.

The major observations made in audit during the year 2016-17 are discussed in succeeding paragraphs.

¹ High risk units:144, medium risk units:101 and low risk units: 91.

Performance Audit

Public Health Engineering Department

1.2 Implementation of National Rural Drinking Water Programme

Government of India (GoI) launched the National Rural Drinking Water Programme (NRDWP) in April 2009 as a Centrally Sponsored Scheme. Its objective was to provide adequate and safe water for drinking, cooking and other basic domestic needs on a sustainable basis to the rural population.

A PA of NRDWP covering the period 2012-13 to 2016-17 was conducted to assess the impact of its implementation in the State. The Government of Assam (GoA) incurred an expenditure of ₹ 2,356.03 crore on NRDWP during 2012-17 on implementation of 21,106 water supply schemes. As of 31 March 2017, only 17 per cent of rural habitations could attain 'fully covered' status (*availability of 55 litres per capita per day water*) under the scheme. The 'quality affected' 12.5 per cent habitations that existed in the State as on 31 March 2017 were higher than the national average of 4.3 per cent quality affected (QA) habitations. The key findings of the PA were as under:

Highlights:

State level Annual Action Plans were prepared without any documented input from the village/district levels as Village Water Security Plan and District Water Security Plans were not prepared.

(Paragraph 1.2.7.1)

As against the target of 35 per cent of rural households to have piped water supply connection, a meagre 1.88 per cent rural households could be provided with water connection as on 31 March 2017.

{Paragraph 1.2.8.1 (i)}

There were 11,048 quality affected (QA) habitations on 01 April 2017 as against 15,979 QA habitations on 01 April 2012. This was due to short achievement of target fixed for coverage combined with emergence of 3,357 new QA habitations during the period. There was also shortfall in the coverage of the quality testing of the targeted sources/delivery points, and initiation of remedial action in respect of all contamination cases detected.

{Paragraphs 1.2.9.6 and 1.2.9.9 (ii)}

The State did not have a sustainability plan for a balanced use of ground and surface water. 73.7 per cent of the completed Piped Water Supply (PWS) schemes remained dependent on ground water.

{Paragraph 1.2.9.8 (i)}

Water contaminated with Arsenic/Fluoride was being supplied from 18 completed Piped Water Supply schemes (PWSSs) in two² PHE Divisions without any testing. In another PWSS³, water was being supplied despite presence of contamination as per test reports.

{Paragraph 1.2.9.9 (viii)}

NRDWP funds were utilized in violation of the programme guidelines. There were instances of unauthorized expenditure, diversion of funds, unfruitful expenditure, excess expenditure, undue financial benefit *etc.*, noticed.

(Paragraph 1.2.10)

None of the 32 Mega Piped Water Supply Schemes taken up in nine selected divisions during February 2011 to February 2014 were completed.

(Paragraph 1.2.10.4)

The data discrepancies in the Integrated Management Information System (IMIS) undermined the reliability of the system. Regular monitoring and evaluation of implementation of the NRDWP as envisaged in the guidelines was not done.

(Paragraph 1.2.11)

1.2.1 Introduction

Since independence, GoI has undertaken various programmes to provide safe drinking water to the rural population. One of such programmes was the Accelerated Rural Water Supply Programme (ARWSP) which was introduced by GoI in 1972-73 to assist the States and Union Territories to accelerate the pace of coverage of drinking water supply. GoI launched NRDWP in 2009 as a Centrally Sponsored Scheme by modifying the earlier ARWSP and subsuming earlier sub-missions, miscellaneous schemes *etc.* The ultimate goal of NRDWP is to provide all rural households with adequate and safe water for drinking, cooking and for other basic domestic needs on a sustainable basis.

As on 31 March 2017, out of total of 88,099 habitations in the State, 14,885 habitations were 'fully covered'⁴, 62,166 were 'partially covered'⁵ and 11,048 were 'quality affected' (QA)⁶. The position is graphically represented in **Chart-1.1**:

² Golaghat and Hojai.

³ Lawpani PWS under Nagaon division.

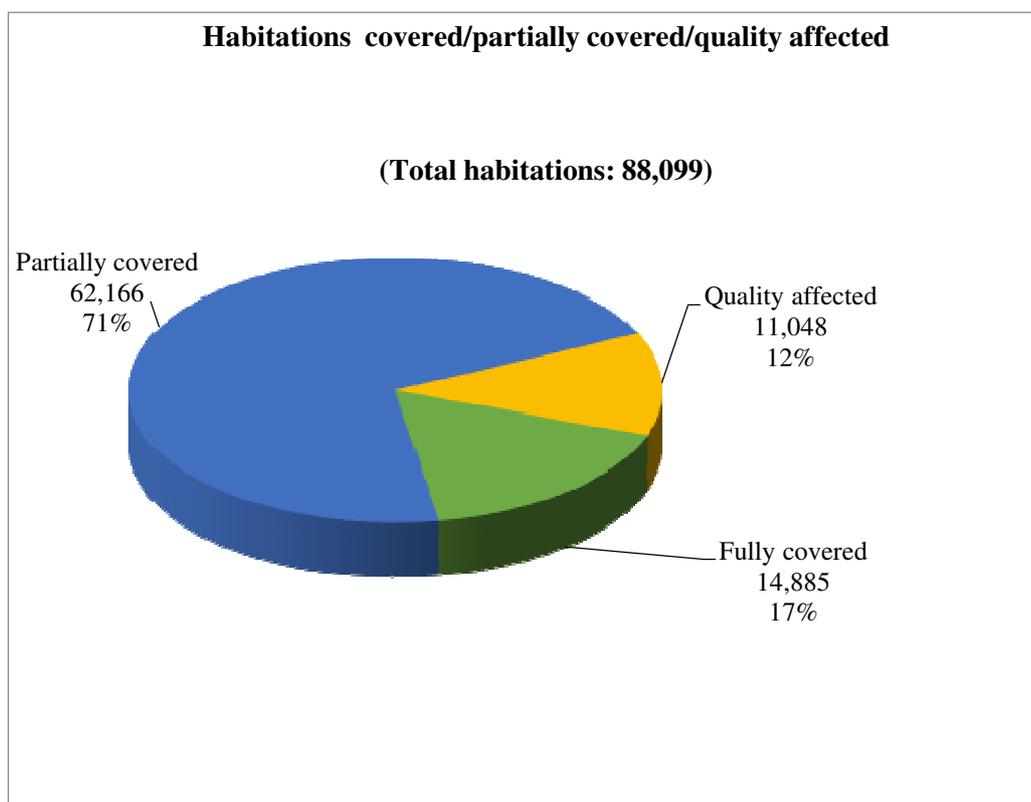
⁴ 'Fully Covered' are those habitations, in which the average supply of drinking water is equal to or more than 55 lpcd.

⁵ 'Partially Covered' are those habitations in which the average supply of drinking water is less than 55 lpcd and equal to or more than 10 lpcd.

⁶ 'Quality Affected' are the habitations where water samples tested in laboratories have indicated levels of chemical contamination (Arsenic, Fluoride, Iron, Nitrate and Salinity) higher than the permissible limits set by the Bureau of Indian Standards (BIS).

Chart 1.1

Status of coverage of habitations as on 31 March 2017 in the State



It was also noticed that, out of total 10,052⁷ completed Piped Water Supply Schemes (PWSSs) as on 31 March 2017, 7,405 (73.7 per cent) were dependent on ground water and 2,647 (26.3 per cent) on surface water.

1.2.1.1 Component of the NRDWP

The components, purpose and funding pattern of NRDWP are given in **Table-1.1** below:

Table-1.1
Component, purpose and funding/allocation pattern

Sl. No.	Components	Purpose	Percentage of allocation	Fund sharing pattern between Centre and State
(1)	(2)	(3)	(4)	(5)
1	Coverage	Providing safe and adequate drinking water supply to 'unserved' ⁸ , 'partially served' ⁹ and 'slipped back' ¹⁰ habitations.	47	90:10

⁷ 10,052 includes 2,650 PWSS completed out of altogether 21,106 schemes taken up during 2012-17 under NRDWP. Balance 7,402 PWSS were executed prior to 2012.

⁸ 'Unserved' habitation means not covered (NC) habitations.

⁹ 'Partially served' habitations mean partially covered habitations.

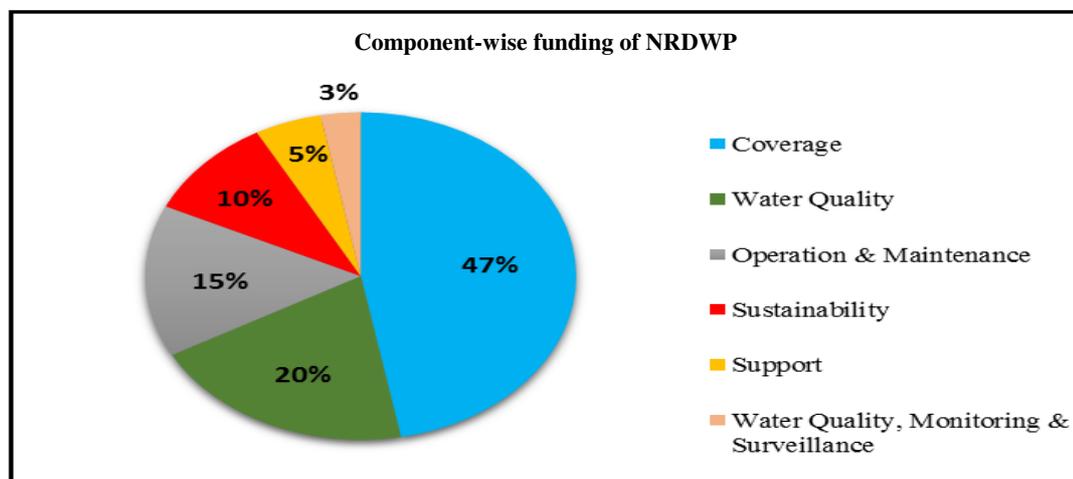
¹⁰ 'Slipped back' habitations are those habitations which become 'partially covered' from 'fully covered' or 'not covered' from 'partially covered' due to various reasons.

(1)	(2)	(3)	(4)	(5)
2	Water Quality	To provide safe drinking water to water quality affected habitations.	20	90:10
3	Operation & Maintenance (O & M)	To meet the expenditure on running, repair and replacement costs of drinking water supply projects.	15	90:10
4	Sustainability	To encourage States to achieve drinking water security at the local level through sustainability of sources and systems.	10	
5	Support	Support activities include expenditure on Water and Sanitation Support Organisation (WSSO), District Water and Sanitation Mission (DWSM), Block Resource Centres (BRCs), Information, Education and Communication (IEC), Human Resource Development (HRD), Management Information System (MIS,) Computerization and Research & Development (R&D) etc.	5	100:00 (till 2014-15 by Centre) (90:10 from 2015-16 between Centre and State)
6	Water Quality, Monitoring & Surveillance (WQM&S)	For monitoring and surveillance of water quality in the habitations at field level and for setting up, upgrading laboratories at State, district and sub-district levels.	3	

Source: NRDWP Scheme Guidelines.

The allocation of funds under the different components of the NRDWP is given in **Chart-1.2** below:

Chart-1.2



1.2.1.2 Institutional set up

The NRDWP Guidelines (April 2009) provided for constitution of various authorities/committees for the effective implementation of the NRDWP. The month/year of constitution of the authorities/committees in the State and the functions/responsibilities assigned to them is shown in **Table-1.2** below:

Table-1.2
Constitution and functions of the institutions

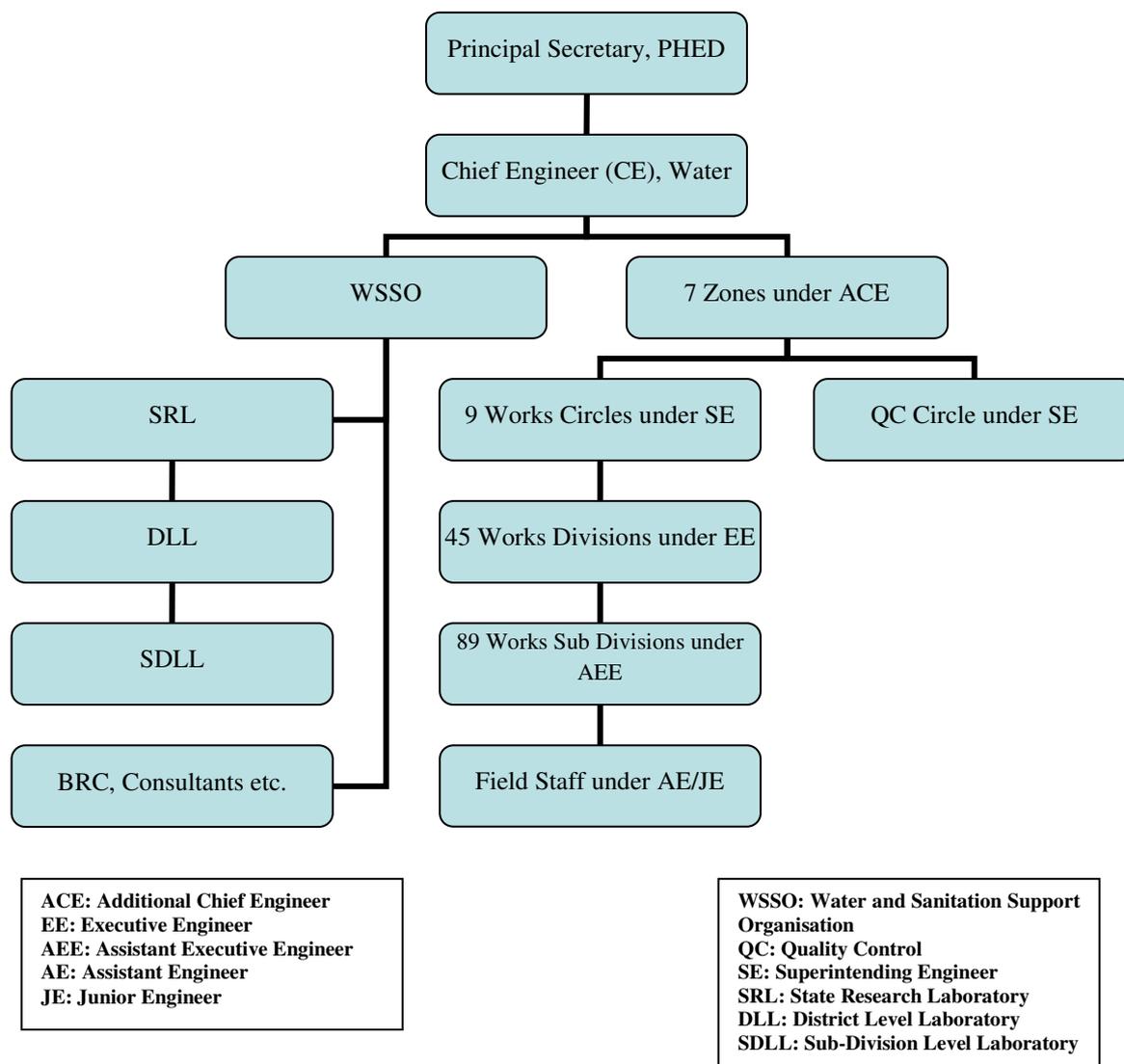
Sl. No.	Name of the authority/committee	Month/Year of constitution	Functions assigned under NRDWP guidelines
1	State Water and Sanitation Mission (SWSM)	February 2009	Organising meetings and providing overall guidance for implementation of the schemes under the NRDWP including release of funds to executing Public Health Engineering (PHE) divisions and maintenance of accounts for the transaction made by the State under NRDWP.
2	State Level Scheme Sanctioning Committee (SLSSC)	May 2010	To approve all rural water supply schemes and also review the implementation of the schemes. To meet twice in a year.
3	Water and Sanitation Support Organisation (WSSO)	January 2011	Responsible for providing support for Information, Education and Communication (IEC) and training activities; human resources development; providing hardware and software support for Management Information System (MIS) at the district and sub-divisional level; research and development activities, <i>etc.</i>
4	State Technical Agency (STA)	May 2013	Providing technical support and input for planning and designing of important projects and examining the Detailed Project Reports (DPRs) for different projects.
5	Source Finding Committee (SFC)	May 2017	To gather information regarding adequacy, sustainability of sources as well as quality of water of the source; to highlight water source issues and to suggest possible solutions.
6	District Water and Sanitation Mission (DWSM)	February 2009	Coordination on matters relating to water supply between the district level representatives of Health, Education departments <i>etc.</i> , and authorities implementing the National programmes such as Sarva Siksha Abhijan (SSA), National Rural Health Mission (NRHM), Integrated Child Development Scheme (ICDS), <i>etc.</i> ; consolidation of data/information at district level.
7	Block Resource Centres (BRCs)	February 2009	Coordination on matters relating to water supply and sanitation at block level.
8	Village Water and Sanitation Committees (VWSC)	February 2009	Coordination on matters relating to water supply and sanitation at village level.

Source: Departmental records.

1.2.1.3 Organisational set up

The Principal Secretary, Public Health and Engineering Department (PHED) has the overall responsibility for the implementation of the NRDWP in the State. The Chief Engineer (CE), PHE, Water is the Executive Head of the Department. The organisational set-up of the PHED is given in the **Chart-1.3**:

Chart-1.3
Organisational Structure



Source: Departmental records.

1.2.2 Audit Objectives

The PA aimed to assess whether:

- an institutional mechanism existed to ensure effective implementation of the schemes;
- planning was adequate to ensure drinking water supply for all on a sustainable basis and in a time bound manner;
- allotment of funds was adequate and fund management was economical and effective; and,
- an adequate and effective mechanism existed at different levels for monitoring and evaluation of the rural water supply programme.

1.2.3 Audit Scope and Methodology

The PA of the NRDWP covering the period from 2012-13 to 2016-17 was conducted during March to July 2017. Audit held an Entry Conference on 15 March 2017 with the Principal Secretary, PHED wherein the Audit Objectives, Criteria, Scope and Methodology of Audit were discussed. The findings of the PA were discussed by Audit with the Secretary to GoA, PHED, CE, PHE (Water) and other representatives of the Department in an Exit Conference held on 12 October 2017. Audit issued the draft PA report to the Department on 20 October 2017. The responses of the Department based on the discussion held during the Exit Conference and formal replies sent by the Department to the audit observations contained in the draft PA report have been suitably incorporated in the report.

1.2.4 Acknowledgement

The office of the Accountant General (Audit), Assam acknowledges the co-operation extended by the PHED, GoA, SWSM, WSSO and CE, PHE (Water) during the course of this PA.

1.2.5 Audit Sampling

In addition to scrutiny of the records of the SWSM, WSSO and CE, PHE (Water), Assam, 25 *per cent* of the districts (minimum of two districts from each stratum) were selected based on probability proportional to size without replacement (PPSWOR) method with size measure as total expenditure during 2012-17 with due geographical representation¹¹. Audit also selected PHE Divisions and blocks under the selected districts by using PPSWOR method and Gram Panchayats (GP) in the selected blocks by using the simple random sampling without replacement (SRSWOR) method. A beneficiary survey of households from selected habitations (10 households from each habitation by using SRSWOR) was also conducted. Audit also conducted joint physical verification of selected PWSSs along with the officials from the selected PHE Divisions. The details of selected samples are given in **Table-1.3** and the *Appendix-1.2*.

¹¹ Selecting the districts from the strata of (i) Upper Assam, (ii) Lower Assam, (iii) Southern Assam (*i.e.*, Barak Valley), and, (iv) Sixth Schedule Areas.

Table-1.3
Details of samples covered in audit

	District	Division	Block	Gram Panchayat	Habitation	Beneficiary	PWS Scheme
Selected	9 ¹²	13 ¹³	23 ¹⁴	46 ¹⁵	184 ¹⁶	1840	143
Total number	27 ¹⁷	16 (in nine selected districts)	107 (in nine selected districts)	296 (in 23 selected blocks)	1,395 (in 46 selected GPs)	91,881 (in 184 selected habitations)	894 (in 13 selected divisions)

Source: Departmental records and sample selection.

1.2.6 Audit Criteria

Audit benchmarked the criteria for the PA against the following:

- NRDWP guidelines, 2009 and revised guidelines, 2013 issued by GoI;
- Orders/Notifications/Circulars issued by GoI and GoA from time to time for implementation of the NRDWP;
- Physical and financial progress reported under Integrated Management Information System (IMIS) of the NRDWP (indiawater.gov.in);
- Assam Public Works Department (APWD) Manual; and,
- Assam Financial Rules and Orders of the Finance Department, GoA.

Audit Findings

1.2.7 Planning

1.2.7.1 Annual Action Plan

As per NRDWP guidelines, Village Water Security Plan (VWSP) was to be prepared by each VWSC indicating the demographic, physical features, water sources and other details of the village like available water infrastructure and gaps, proposed works to augment the existing infrastructure and requirement of funds. The DWSM was required to prepare a District Water Security Plan (DWSP) based on all the VWSPs of the district. The State was also required to prepare a five-year rolling

¹² Cachar, Dhubri, Golaghat, Hailakandi, Jorhat, Kamrup (R), Karbi Anglong, Nagaon and Udalguri.

¹³ Two from each selected district subject to availability. Along with the records of 13 PHE divisions in nine selected districts, the records of the Stores and Workshop (S & W) Division, from which the centralized procurement for PHED is done, were also scrutinised.

¹⁴ 20 per cent of rural blocks from each selected districts subject to availability.

¹⁵ Two from each selected block subject to availability.

¹⁶ Four habitations from each selected GP.

¹⁷ Though there are 33 administrative districts in the State, NRDWP data for the newly created six districts (2015-16) have not been maintained separately. Hence, for sampling purposes, 27 districts have been taken into consideration.

Water Security Action Plan during each financial year and fix sub-goals and priorities based on mutual consultations with the Centre in the form of a comprehensive Annual Action Plan (AAP). The SLSSC was to approve the AAP and to submit the same to the Ministry of Drinking Water and Sanitation (MDWS), GoI by February each year.

Audit observed that the VWSP, DWSP and five year rolling plans were not prepared in the State, as was required. The CE, PHE, Water prepared the AAPs on the basis of division-level AAPs received from the Executive Engineers. The suggestions/proposals of elected peoples' representatives in the preparation of AAPs were also not obtained as was required under the guidelines. AAPs were prepared on the basis of budgetary allocation and physical progress of ongoing schemes. The Department was uploading the AAPs in Integrated Management Information System (IMIS) on getting approval of the SLSSC. The AAPs were submitted to the GoI in May every year *i.e.*, with a delay of three months during the period covered in audit.

The schemes taken up in the State under the NRDWP thus, lacked an integrated approach in addressing the rural drinking water security issues in the absence of VWSP/DWSP.

Further, there were deficiencies in planning for the following significant components:

(i) Water Quality Test Plan

Annual plans for fixing yearly targets for the purpose of testing water quality in the laboratories at State, district and sub-divisional levels to ensure the quality of water were not prepared for any of the years during 2012-17. Audit observed supply of untreated and contaminated drinking water through PWSS (discussed in subsequent paragraphs) signifying the need of organised planning to ensure supply of safe drinking water.

(ii) Operation and Maintenance (O & M) Plan

The State did not prepare any plan for O & M for ensuring availability of spares, equipment and manpower in line with the funds allocated for running and repair of drinking water supply projects. Large number of defunct schemes observed in Audit pointed towards the absence of the O & M plan.

(iii) Sustainability Plan

Sustainability Plan for fixing targets for recharge and rest of ground water aquifers during monsoon, storing surface water, adopting roof-water harvesting and reviving traditional and village ponds *etc.*, was not prepared by the State. Audit also observed that the SFC, which had the mandate to gather information regarding adequacy, sustainability of sources and quality of water of the source *etc.*, was constituted only in May 2017. As a result, the State was yet to overcome dependence on ground water in the absence of a comprehensive plan.

(iv) Support Activity Plan

The Department fixed targets relating to different activities¹⁸ under the Support Activity Plan during 2012-14. The Department, however, could conduct only 3,849 (three *per cent*) activities against the total target of 1,19,180 activities during 2012-14, which was insignificant. Preparation of Support Activity Plans during the years, was, thus, not realistic.

Further, as per IMIS data, during the years 2014-15, 2015-16 and 2016-17, the Department handed over 212, 111 and 447 PWSSs to Panchayats under “Community Involvement” component of Support Activity Plan. Audit, however, observed that no PWSS was actually handed over to any Panchayat in the State during the corresponding period. Thus, the information exhibited in the Support Activity Plan could not be relied upon.

(v) Water Quality Monitoring and Surveillance Plan

Plan to tackle water quality problem for monitoring and surveillance of water quality in habitations at the field level and for setting up and upgrading laboratories at the State, district and sub-district levels was not prepared. This was required in view of large number of QA habitations in the State.

On these being pointed out, the Government, while accepting the observation, in its reply assured (November 2017) to take appropriate remedial measures.

1.2.8 Physical and Financial performance**1.2.8.1 Physical performance****(i) Target and achievement**

Ministry of Drinking Water and Sanitation (MDWS), GoI, set *inter-alia*, the following targets/goals to be achieved by 2017 as per the Strategic Plan 2011-22. The achievements made by the State against each of them are as shown in **Table-1.4** below:

¹⁸ IEC (mass media, website, print media *etc.*), social mobilisation like Gram Sabha, exposure visits *etc.*, Trainings/Workshops *etc.*

Table-1.4
Status of achievement of goals set as per the Strategic Plan

Sl. No.	Goal	Status of achievement by the State
1.	At least 35 <i>per cent</i> of rural households should have piped water supply connection.	Only 1.88 <i>per cent</i> households (1,09,195 out of total 58,00,611) could be provided with piped water supply connection ¹⁹ (as on 31 March 2017).
2.	Provide enabling support and environment to Panchayati Raj Institutions (PRIs) and local communities to manage at least 60 <i>per cent</i> of rural drinking water sources and systems. Timely transfer of O & M funds from State Plan and Finance Commission funds to enable GPs to operate and maintain schemes without service breaks.	No PWSS was handed over to the PRIs. Resultantly, O & M funds have not yet been devolved to the Panchayat level (November 2017).
3.	Piped water supply with metered household connections and volumetric tariffs with appropriate cross subsidy for SC/ST and BPL households.	No metered household connection provided to any of the rural population (31 March 2017).
4.	All the government schools and anganwadis to be provided with water supply for drinking and for toilets in adequate quantity by convergence of NRDWP.	6,549 Lower and Upper Primary schools (21 <i>per cent</i>) and 8,696 anganwadis (45 <i>per cent</i>) were without water facility, both for drinking and toilet purposes (31 March 2017).
5.	A separate piped water supply programme for assisting the low income States, including Assam, would be launched to meet their enhanced funding requirements to achieve the goals set out in the Strategic Plan.	Such a programme under World Bank project had been launched in which three WSSs had been taken up in 2014-15 with a target to cover a population of 7,37,142 by October 2018. As on 31 March 2017, only 18 to 35 <i>per cent</i> physical progress had been achieved under the schemes.

Source: Strategic Goal set by MDWS and departmental records.

(ii) Status of schemes

The Department implemented 21,106 schemes in the State (including 1,860 schemes taken up before 01 April 2012) during 2012-17 as per IMIS data (Format-2). Of these, the Department reported completion of 21,047 schemes leaving 59 schemes in an incomplete stage *{Appendix-1.3 (A)}*. However, the data did not appear to be reliable, as 428 numbers of schemes were found incomplete *{Appendix-1.3 (B)}* in the 13 selected divisions alone.

This indicated that the IMIS data was not reflecting the true and fair picture at the ground level. The actual status of completed schemes in the State could not be ascertained due to non-maintenance of the basic records.

(iii) Delay in completion of schemes

As per information furnished to Audit, it was noticed that there was delay in completion of 1,477 schemes ranging from one year to more than ten years in the State (as of March 2017). However, in the selected 13 test-checked Divisions alone

¹⁹ Household connection means a water service pipe connected with in-house plumbing to one or more taps (e.g., in the kitchen and bathroom).

under the nine selected districts covered by Audit, completion of as many as 1,435 schemes was found delayed as shown in **Table-1.5**:

Table-1.5
Delay in completion of schemes in 13 selected Divisions

Name of the schemes	Delay in completion of schemes				
	Less than one year	>=1 to <3 years	>=3 to <5 years	>=5 to <10 years	Total
Piped Water Supply Scheme	26	183	135	90	434
Hand Pumps/Bore wells/Tube Wells	154	750	--	--	904
Others	--	97	--	--	97
Total	180	1,030	135	90	1,435

Source: Records of the selected Divisions.

In view of above, number of delayed schemes was understated by the department and hence the position of delay in completion of schemes projected by the State was unrealistic. Reasons for the delay were observed to be lack of funds, poor planning, legal disputes, non-availability of land, drying up of water sources *etc.*

On this being pointed out, the Government, in its reply, stated (November 2017) that steps had been taken to expedite progress and to complete the schemes at the earliest.

(iv) Position of non-functional schemes

As per IMIS data 721 out of 10,052 PWSSs were non-functional as of March 2017 due to drying up of sources, lack of O & M fund, *etc.*, which comprised 277 schemes from the nine selected districts covered under Audit. However, as per information furnished by the concerned nine divisions, the number of non-functional schemes was 266.

Further, as per IMIS data 20,407 schemes, out of a total of 1,33,010 schemes (spot sources *viz.*, ring well, hand tube well, pond *etc.*) were non-functional in the State as on 31 March 2017. Of these, 4,307 non-functional schemes were in the nine selected districts.

The main reason for a large number of schemes remaining non-functional was due to drying up of sources, non-utilisation and diversion of O & M funds *etc.*, as discussed in the succeeding paragraphs.

The Government, in its reply, stated (November 2017) that steps had been taken to make the non-functional and defunct schemes functional with the State fund on priority.

Thus, due to schemes remaining incomplete, delay in completion of schemes and existence of non-functional and defunct schemes, the objective of NRDWP to provide adequate and safe drinking water to rural people in time remained unachieved.

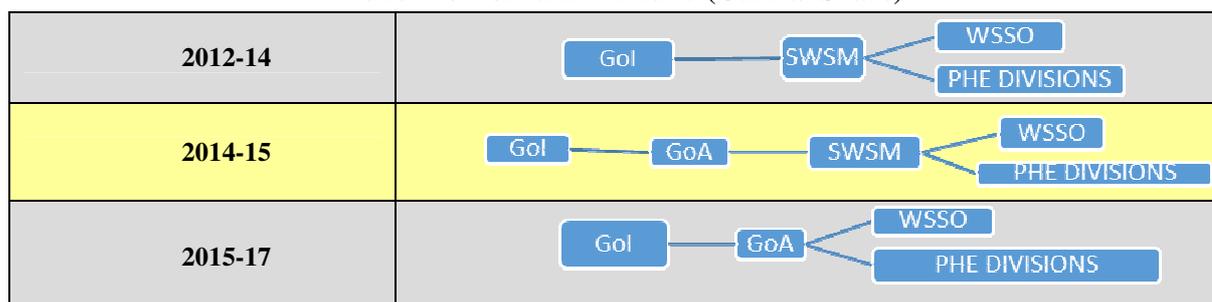
1.2.8.2 Financial Performance

(i) Fund flow arrangement

During 2012-14, Central share of NRDWP funds was directly credited to the dedicated bank accounts²⁰ of the SWSM. The SWSM subsequently disbursed the same to the implementing agencies. Since 2014-15, Central share was however, being routed through the State exchequer. The GoA in 2014-15, transferred the funds to SWSM, which in turn released the same to the implementing agencies. During 2015-17, the GoA released funds (except World Bank share) directly to the implementing agencies through Fixation of Ceiling²¹ (FOC) without routing through SWSM.

The GoA released the State’s share of NRDWP funds directly to the implementing agencies through FOC during the entire period of 2012-17, under intimation to SWSM, for keeping record of component-wise receipt and expenditure. The fund flow of release of funds during various periods was as given in **Chart-1.4 (a) & (b)** below:

Chart-1.4 (a)
Fund Flow of NRDWP fund (Central Share)



Source: Departmental records.

Chart-1.4 (b)
Fund Flow of NRDWP fund (State Share)



Source: Departmental records.

(ii) Receipt and Expenditure

The accounts for four components (out of the six referred to in **Paragraph 1.2.1.1**) of NRDWP comprising of Coverage, Water Quality, Operation and Maintenance and Sustainability were maintained in the name of ‘Programme Fund’ and accounts for the remaining two components viz., Support and WQM&S were maintained in the name

²⁰ SWSM maintained two separate Savings bank accounts for Programme and Support activity with SBI, Dispur.
²¹ The GoA introduced (May 1998) the system of release of fund through ceiling with a view to regulate the outflow of cash on account of expenditure on the items listed at Annexure-5 in the Budget Grant, on monthly basis and to enforce control over appropriation. The validity of ceiling issued in a particular month is not extendable under any circumstances beyond the specified date.

of 'Support Activity'. In addition to above NRDWP components, the Department also received funds for providing safe drinking water under 'Natural Calamities' and 'Water Quality' in the State, being affected with chemical contamination and Japanese Encephalitis/Acute Encephalitis Syndrome.

The year-wise details of funds released by the GoI and GoA for the programme fund and support activities and expenditure incurred during the period 2012-17 were as given in the **Table-1.6** below:

Table-1.6
Position of receipt and expenditure under NRDWP in the State

(₹ in crore)

Year	Name of component	Opening Balance	Funds received		Miscellaneous receipts including interest	Total funds available	Expenditure incurred		Closing Balance
			GoI	GoA			GoI	GoA	
2012-13	Programme Fund	2.69	727.10	39.05	14.58	783.42	555.26	39.05	189.11
	Support Activity	18.42	32.11	0.00	0.57	51.10	42.65	0.00	8.45
	Total	21.11	759.21	39.05	15.15	834.52	597.91	39.05	197.56
2013-14	Programme Fund	189.11	474.69	40.00	3.09	706.89	594.85	40.00	72.04
	Support Activity	8.45	40.29	0.00	0.41	49.15	36.23	0.00	12.92
	Total	197.56	514.98	40.00	3.50	756.04	631.08	40.00	84.96
2014-15	Programme Fund	72.04	505.37	43.73	1.49	622.63	540.85	43.73	38.05
	Support Activity	12.92	40.50	0.00	0.49	53.91	49.46	0.00	4.45
	Total	84.96	545.87	43.73	1.98	676.54	590.31	43.73	42.50
2015-16	Programme Fund	38.05	194.83	6.02	0.28	239.18	200.77	6.02	32.39
	Support Activity	4.45	19.28	0.00	0.04	23.77	17.41	0.00	6.36
	Total	42.50	214.11	6.02	0.32	262.95	218.18	6.02	38.75
2016-17	Programme Fund	32.39	305.70	8.29	6.83	353.21	167.35	8.29	177.57
	Support Activity	6.36	9.86	0.53	0.00	16.75	13.58	0.53	2.64
	Total	38.75	315.56	8.82	6.83	369.96	180.93	8.82	180.21
Grand Total	--	2349.73	137.62	27.78	2536.24²²	2218.41	137.62	--	

Source: Departmental records and Utilization Certificates furnished.

From the table above, it will be seen that the Department incurred an expenditure of ₹ 2,356.03 crore (GoI- ₹ 2,218.41 crore + GoA- ₹ 137.62 crore) for the implementation of the NRDWP during 2012-17 out of the total available funds of ₹ 2,536.24 crore. The balance of ₹ 180.21 crore remained unutilised with the implementing agencies (₹ 177.26 crore) and SWSM (₹ 2.95 crore).

²² Total fund available: ₹ 2536.24 crore (₹ 21.11 crore + ₹ 2349.73 crore + ₹ 137.62 crore + ₹ 27.78 crore).

(iii) *Short release of funds by GoI*

There was short release of Central share amounting to ₹ 79.80 crore during 2012-17 under the components of Support, WQM&S and Earmarked (Bacteriological/Chemical) Funds²³ against the allocated funds as shown in Table-1.7:

Table-1.7
Short release of Central share during 2012-2017

Year	Component	Allocation (Central share)	Total Central share released	Short release
		(₹ in crore)		
2012-13	Earmarked (Bacteriological)	1.60	0.80	0.80
	Support	26.76	20.07	6.69
	WQM&S	16.05	12.04	4.01
	Total	44.41	32.91	11.50
2013-14	Earmarked (Chemical)	25.52	12.76	12.76
	Earmarked (Bacteriological)	1.45	0.72	0.73
	Support	24.59	23.56	1.03
	Total	51.56	37.04	14.52
2014-15	Earmarked (Chemical)	24.11	0.00	24.11
	Earmarked (Bacteriological)	1.37	0.79	0.58
	Total	25.48	0.79	24.69
2015-16	Earmarked (Chemical)	11.14	5.57	5.57
	Earmarked (Bacteriological)	0.63	0.25	0.38
	WQM&S	6.55	6.55	0.00
	Total	18.32	12.37	5.95
2016-17	Earmarked (Chemical)	12.56	0.00	12.56
	Earmarked (Bacteriological)	0.71	0.00	0.71
	Support	12.33	6.16	6.17
	WQM&S	7.40	3.70	3.70
	Total	33.00	9.86	23.14
Grand Total		172.77	92.97	79.80

Source: GoI sanctions and records of CE, PHE, Water.

The reasons for short release of Central share were neither found on record nor stated (November 2017) by the Government.

(iv) *Short release of State's matching share*

The GoA was to release the matching share of ₹ 218.21 crore against the release of Central share of ₹ 2,249.72 crore²⁴ during 2012-17, as detailed in Appendix-1.4. The GoA, however, released ₹ 137.61 crore only, resulting in short release of State share of ₹ 80.60 crore. The reasons for the short release of State's share were neither on record nor stated by the SWSM, though called for.

The PHED, in its reply, however, stated (November 2017) that demand for the release of the balance fund of State's share was being initiated.

²³ As per guidelines, GoI in 2012 approved earmarking of five per cent, additional funds for allocation to State, with habitations having Chemical contamination of drinking water sources (75 per cent weightage in allocation) and with bacteriological affected priority districts (25 per cent weightage in allocation).

²⁴ Excluding ₹ 100.00 crore released during 2011-12.

(v) Short-release of Central share to implementing agencies

During 2015-17, out of total Central share of ₹ 529.67 crore, GoA released ₹ 409.51 crore to SWSM (₹ 53.54 crore²⁵) and to the implementing agencies (₹ 355.97 crore) retaining the balance ₹ 120.16 crore in the State exchequer.

The Government, in its reply, stated (November 2017) that the Central share could not be released as these were received at the fag-end of the year. However, the status of release of the balance Central share was not intimated to audit (31 March 2018) by the GoA.

(vi) Inadmissible expenditure out of NRDWP funds

NRDWP guidelines provide that inadmissible expenses incurred from NRDWP funds had to be borne by the State Government from its own sources. The State shall credit such amount to that extent in the programme funds of NRDWP.

The Divisional Officers incurred an expenditure of ₹ 2.68 crore out of NRDWP funds in the seven²⁶ out of selected 13 Divisions covered under audit, towards non-admissible items of works during 2012-17, as detailed in **Table-1.8** below:

Table-1.8
Inadmissible expenditure

Sl. No.	Division	Particulars of works done	Expenditure (₹ in lakh)
1	2	3	4
1	Jorhat	Construction of Staff Quarter, Guest house, Iron gate, Approach Road, Painting of office building, Renovation of Staff quarter <i>etc.</i>	21.22
2	Tangla	Construction/repairing/site development/electrification/earth-filling of office building, store, staff quarters <i>etc.</i>	14.40
3	Hailakandi	Repairing and renovation of staff quarters, Boundary walls <i>etc.</i>	2.57
4	Rangia	Renovation of office building, Repairing of Vehicle, Construction of boundary wall of PHE store complex and Sand filling at Divisional complex.	4.91
5	Silchar-I	Committed liabilities of projects prior to introduction of NRDWP Scheme.	9.56
6	Silchar-II	Renovation/extension/modification/painting of existing store building, approach and parking yard.	9.74
7	Store and Workshop	Development of site, construction, upgradation, renovation of Staff Quarters, shed, road, floor, boundary wall, gate <i>etc.</i> , at PHED institute, Office building, repairing of departmental vehicles, painting of Office building, providing electrification <i>etc.</i> , and maintenance of Garden at Store & Works Division at Betkuchi Complex and PHE office, Bamunimaidan <i>etc.</i>	205.21
Total			267.61

Source: Departmental records.

²⁵ ₹ 53.54 crore released to SWSM was for Rural Water Supply and Sanitation Programme – Low Income state (RWSSP-LIS) NRDWP share.

²⁶ Including Stores and Workshop Division.

Audit, however, observed that the GoA did not affect credit of the said expenses to the programme fund. Had this amount been recouped into the programme fund by the GoA, the Department could have provided safe drinking water facility to more habitations with the diverted fund of ₹ 2.68 crore.

(vii) Undue advance and loss of interest

The payments, as per supply orders for various material procured by the Stores and Workshop (S & W) Division, Guwahati, were to be made to the suppliers after the supply of material and there was no provision for making advance payment.

The Division, however, made an advance payment of ₹ 84.46 crore to the suppliers against proforma bills amounting to ₹ 105.51 crore submitted by the suppliers during 2012-13 to 2014-15 prior to the supply of material. Out of the said advance, the Division made an adjustment of ₹ 84.36 crore, after a delay ranging from eight to 647 days as of July 2017, leaving an unadjusted balance of ₹ 0.10 crore.

This resulted in extension of undue financial benefit of ₹ 84.46 crore to the suppliers by way of advance payment. This also resulted in a loss of interest²⁷ of ₹ 1.77 crore, as NRDWP funds were required to be kept in Savings Bank account as per the Scheme Guidelines.

(viii) Diversion of NRDWP funds

The GoA accorded (March 2010) administrative approval (AA) of ₹ 7.79 crore for providing clear surface water to 30,857 habitants of Golaghat district under Greater Kaziranga WSS. The GoA accorded the AA on the basis of the estimates framed by the EE, Bokakhat PHE Division with the stipulation to complete the work within two years. Only 85 *per cent* physical progress of the work could be achieved as of May 2017, though the work was commenced on 20 December 2010, after incurring expenditure of ₹ 6.99 crore. Audit observed that the estimates included a provision of ₹ 39.08 lakh for the accommodation of six operating staff at the treatment plant site. The Division, subsequently, raised the provision to ₹ 77.76 lakh in the detailed estimates, prepared for the Technical Sanction (TS). The Division, however, constructed a guest house, incurring expenditure of ₹ 75.39 lakh deviating from the actual items of work. As such, the Division utilised the fund for purposes other than that, for which it was sanctioned, depriving the six operating staff from their accommodation on the work site.

The EE, Bokakhat PHE Division, in response, stated (June 2017) that conversion of staff accommodation to a guest house was made as per verbal instruction of the higher authority with a view to collect revenue for better maintenance of the Scheme. The fact, however, remained that the Division could not furnish any record in support of

²⁷ Calculated at the rate of four *per cent* simple interest per annum as admissible on savings bank deposit.

any revenue collection made after inauguration of the guest house (May 2013), though called for.

(ix) Excess payment towards Value Added Tax

The Chief Engineer, Barak Valley and Sixth Schedule Areas (B & S)²⁸ and Secretary, BTC, Kokrajhar procured pipes, specials, pumps *etc.*, required for the implementation of PWSS under different Divisions of the BTC area of Assam, from Assam Government Marketing Corporation (AGMC) Ltd., as per approved rates. The Secretary, BTC, Kokrajhar while issuing supply orders to the AGMC Ltd., clearly mentioned that the approved rates were inclusive of all taxes, transportation, loading/unloading and AGMC administrative charges. On the other hand, the Chief Engineer (B&S) while procuring identical materials from the same agency (AGMC Ltd.) at the same rates for the same area (BTC), issued supply orders mentioning only that the rates were inclusive of transportation and AGMC administrative charges. In respect of taxes, it was stated that value added tax (VAT)/Assam Government sales tax (AGST) would be paid as admissible under the rule and it would be deducted from the bills.

The S & W Division, however, while making payment to AGMC, deducted VAT directly from the bill value in some cases, but in other instances, instead of deducting the VAT amount directly from the bill value, made deduction after adding the VAT amount to the bill value, which resulted in excess payment of ₹ 1.53 crore to the agency as detailed in **Appendix-1.5**.

The GoA, while accepting the observation, stated (October 2016) that the VAT was added by mistake before deduction.

An audit observation of similar nature was also made vide **Paragraph-1.5.2** of the Comptroller and Auditor General of India's Audit Report on Social, General and Economic (Non-PSUs) sectors for the year ended 31 March 2016 of the Government of Assam (**Report No. 1 of 2017**), wherein irregular excess payment of ₹ 3.20 crore towards VAT made to AGMC Ltd., was pointed out. However, as observed, irregularity of such nature still persisted.

The above instances of retention of funds by GoA, SWSM and implementing agencies, short release of funds by GoI and GoA, inadmissible expenditure, diversion of funds and undue financial aid to suppliers *etc.*, pointed towards financial mis-management and lack of financial discipline. This had hampered implementation of schemes under NRDWP as evident from the fact that the major PWSSs in the selected districts remained incomplete.

²⁸ The Chief Engineer (P) and Chief Engineer (B & S) have been merged as Chief Engineer (Water).

Control mechanism, thus, needs to be put in place for the effective financial management in compliance with the Scheme Guidelines.

1.2.9 Programme Implementation

NRDWP aimed to achieve the objective of water supply through its six components. The component-wise implementation of the Programme is discussed in the succeeding paragraphs below:

1.2.9.1 Coverage of habitations

The status of year-wise coverage of habitations, considering water supply of 40 litres per capita per day (lpcd), during 2012-13 and 55 lpcd during 2013-17 (as per scale fixed by the GoI from time to time) is given in **Table-1.9** below:

Table-1.9
Status of Coverage of Habitations

Position as on	Total Habitations	Total QA Habitations	'Partially Covered' Habitations				Total (4+5+6+7)	'Fully Covered' Habitations
			With Population Coverage > 0 and < 25 per cent	With Population Coverage >= 25 and < 50 per cent	With Population Coverage >= 50 and < 75 per cent	With Population Coverage >=75 and < 100 per cent		
01.04.2012 ²⁹	86976	15979	10905	5749	4705	2418	23777	47220
01.04.2013	87888	12879	20387	9407	40528	2837	73159	1850 ³⁰
01.04.2014	87888	10684	14224	11998	30264	9648	66134	11070
01.04.2015	89910	8977	13309	10024	30395	13435	67163	13770
01.04.2016	88099 ³¹	9817	9479	8698	26156	17888	62221	16061
01.04.2017	88099	11048	8996	8472	25274	19424	62166	14885

Source: IMIS data Format-C18.

From the above it would be seen that there was a slip back of at least 1,176 (16061 minus 14885) habitations from 'fully covered' to 'partially covered' between 1 April 2016 and 1 April 2017, for which no reason was available on record. Besides, only 17 per cent (14,885 out of 88,099) of total habitations could be fully covered as on 01 April 2017, which was much below the national average of 44 per cent.

Further, test-check of 184 habitations in nine out of the 13 selected districts showed discrepancies in IMIS data with actual field-level data as indicated in **Table-1.10**:

Table- 1.10
Discrepancy of coverage as per IMIS data and Divisional record

Coverage	Number of habitation covered as per IMIS data	Number of habitation covered as per Divisional record
Fully covered	122	109
Partially covered	44	68
QA	18	7

Source: IMIS data and Divisional records.

²⁹ As per 40 lpcd.

³⁰ The number of fully covered habitations reduced during the year because of increased norms of water supply from 40 lpcd to 55 lpcd.

³¹ Number reduced due to merger of habitations.

The achievement of coverage of habitations as reflected in the IMIS data was found to be on higher side, therefore, not reliable and needed reconciliation.

1.2.9.2 Coverage of population

NRDWP guidelines stipulates that at least 50 *per cent* of rural population should have access to 55 lpcd water supply within their household premises or within a 100 meter radius by 2017.

However, as per IMIS data only 4.87 *per cent* of rural population in the selected 13 divisions covered under Audit had access to water supply of 55 lpcd within their household premises or within the 100 meter radius (as on 31 March 2017) against the set target.

1.2.9.3 Coverage to individual households with PWS connections

The Ministry's Strategic Plan for the rural drinking water sector provides that at least 35 *per cent* of rural households should have piped water supply connection by the year 2017. However, as per IMIS data, the Department could provide house connection to only 1.88 *per cent* (1,09,195 out of 58,00,611) households in the State. In the nine selected districts covered under Audit, 2.71 *per cent* households (64,003 out of 23,64,031) were provided with house connection as on 31 March 2017.

The NRDWP Guidelines stipulate that the Department has to involve Accredited Social Health Activists (ASHA) workers in the process of encouraging households to take household water connections by providing incentive to the ASHA workers. The Department, however, did not engage ASHA workers in the process.

Accepting the observation, the Government, in its reply stated (November 2017) that steps had been taken to improve the service through household water connections by involving the ASHA workers.

1.2.9.4 Coverage of schools and anganwadis

There was inconsistency in the number of schools and anganwadis which were provided with drinking water facility, as per records of various available sources, as shown in **Table-1.11 (a)** and **(b)**:

Table-1.11 (a)
Drinking water provided to schools in the State (as on 31 March 2017)

Data	Total number of schools	Number of schools provided with drinking water facility
IMIS	31,902	25,353 (79 <i>per cent</i>)
Sarva Shiksha Abhiyan (SSA)	45,827	42,357 (92 <i>per cent</i>)
CE, PHE, Water	42,987	42,685 (99 <i>per cent</i>)

Source: IMIS, SSA data and departmental records.

Table-1.11 (b)
Drinking water provided to anganwadis in the State (as on 31 March 2017)

Data	Total number of anganwadis	Number of anganwadis provided with drinking water facility
IMIS	19,346	10,650 (55 per cent)
CE, PHE, Water	27,827	15,704 (57 per cent)

Source: IMIS data and departmental records.

Actual coverage of schools and anganwadis could not be ascertained due to the inconsistent data shown above. However, due to the less coverage shown above, the goal of providing access to adequate safe drinking water to all schools and anganwadis by 2017 remained unachieved. This was due to lack of coordination between PHED, SSA and Social Welfare Department to ensure coverage of all schools and anganwadis with water facility.

Regarding inconsistency in data, CE, PHE (Water) stated that IMIS data updation was in progress (December 2017).

1.2.9.5 Coverage of priority areas

(i) Coverage of Scheduled Castes/Scheduled Tribes population

Higher priority was to be given to the coverage of weaker sections viz., Scheduled Castes (SC) and Scheduled Tribes (ST), as per NRDWP guidelines. During 2012-2017, the percentage of fully covered SC and ST population in the State decreased by 1.81 per cent and 8.07 per cent respectively, as would be evident from the **Table-1.12** below:

Table-1.12

Position as on	Total Population		Percentage of SC/ST Population Covered with \geq 40 lpcd		Percentage of SC/ST Population Covered with $<$ 40 lpcd	
	SC	ST	SC	ST	SC	ST
01April 2012	2147898	4175655	61.37	54.12	38.63	45.88
01April 2017	2033129	4104016	59.56	46.05	40.44	53.95

Source: IMIS Format-C19.

Thus, the State was unable to fully cover the SC/ST habitations on priority basis in terms of the provisions of the guidelines.

Accepting the observation, the Government, in its reply stated (November 2017) that priority would be given for the coverage of SC/ST population in the State.

(ii) Coverage of Sansad Adarsh Gram Yojana habitations

As per **Paragraph 15.9** of NRDWP Guidelines (January 2015), proposals of rural drinking water supply under Sansad Adarsh Gram Yojana (SAGY) should be given priority. There are 21 GPs under SAGY in the State which cover over 239 villages and 735 habitations. Only 258 such habitations (35 per cent) were covered by completed PWSS and 156 habitations were being covered with ongoing PWSSs,

leaving 321 habitations without PWSSs. Further, out of 135 SAGY villages from the selected divisions covered under Audit, only 74 villages were having PWSS. This indicated slow progress in providing drinking water facility in the priority area of SAGY GPs.

Accepting the observation, the Government, in its reply stated (November 2017) that administrative approval for 19 new schemes had been accorded in 2016-17 for improving the status of coverage under SAGY.

(iii) Coverage of Open Defecation Free villages

Open Defecation Free (ODF) declared villages should get priority in providing drinking water facility, preferably through PWSS, as per objectives of NRDWP. Audit observed that out of 19,387 habitations in 4,597 ODF villages in the State, the PWSS was provided to only 6,810 habitations. In the selected districts covered under Audit, out of 90 ODF villages, 51 villages (57 per cent) had PWSS and in the remaining 39 villages, there were no PWSS. Further, out of the 51 villages having PWSS, the PWSSs in 13 villages were non-functioning. As such, only 38 out of 90 ODF villages in selected districts covered under Audit were having the functional PWSS.

Accepting the observation, the Government, in its reply stated (November 2017) that 14,128 ODF habitations had been covered with water supply as of date, and efforts to improve the position were being made.

1.2.9.6 Water Quality

A total of 15,979 habitations were found quality affected by fluoride, arsenic, iron etc., as on 01 April 2012 which had been reduced to 11,048 as on 01 April 2017 as shown in **Table-1.13** below:

Table-1.13
Status of water quality affected habitations during 2012-17

Total QA habitations as on 01 April 2012	Target of coverage	Habitations covered	New emergence of QA habitations	Total QA habitations as on 01 April 2017
15,979	12,630	8,288	3,357	11,048

Source: Format C-17A of IMIS.

As much as 12.5 per cent (11,048 out of 88,099) habitations in the State were quality affected against the national average of 4.3 per cent, which was an alarming situation, more so due to disproportionate dependence on ground water resources than the surface water {refer **Paragraph 1.2.9.8 (i)**} which were comparatively prone to presence of these substances.

1.2.9.7 Operation and Maintenance

As per NRDWP guidelines, up to 15 *per cent* of NRDWP funds could be utilised by the States/Union Territories (UTs) for O & M.

During 2012-17, the State expended ₹ 296.55 crore under O & M out of the total available fund of ₹ 318.02 crore, leaving an unspent balance of ₹ 21.47 crore. However, during this period, the State did not devolve any O & M funds to PRIs as no scheme was handed over to the PRIs. As such, not only the participation of PRIs in the implementation process at the grass-root level was denied but also maintenance of water supply schemes by the GPs could not be done for better implementation of the NRDWP as was envisaged in the guidelines.

The Government, in its reply, stated (November 2017) that the process of handing over of the schemes to the PRIs would begin shortly.

(i) Defunct rural water supply schemes for want of fund

It was revealed from the records of the CE, PHE, Water that 721 out of 10,052 PWSSs were non-functional in the State, as of March 2017. Of these, 82 schemes were non-functional due to lack of fund under O & M.

The Divisional Officers of the selected Divisions stated that proper O & M of the completed schemes could not be done due to non-receipt of O & M funds as per requirement. It was also stated that the same had adversely affected the regular supply of water to the habitations. During 2012-17, the Department released only ₹ 25.42 crore against the demand for O & M fund of ₹ 74.16 crore placed by the 13 selected Divisions. Audit also observed that O & M funds were not utilized properly. There were cases of inadmissible expenditure of ₹ 26.66 crore (discussed below) as well as idle expenditure of ₹ 66.00 crore {*Paragraph 1.2.10.8 (ii)*} out of O & M funds.

The Government, while accepting the audit observation, stated (November 2017) in reply that in the current year, ₹ 28.26 crore had been released from the State fund for the O & M. The Government also stated that they had taken steps for making the non-functional schemes functional.

(ii) Inadmissible expenditure

The NRDWP funds cannot be utilised for providing sanitary or other facilities not related to water supply schemes as per the guidelines. The guidelines also envisaged that O & M funds were meant for meeting the expenses necessary for running, repair and replacement costs of completed drinking water supply schemes.

(A) During 2013-15, the PHED procured 19,473 Rotationally Moulded Squatting Sanitary Plates valued at ₹ 10.38 crore³² from the O & M component of NRDWP. The Department procured the plates without any demand from the concerned Divisions and also without obtaining approval either from the GoI or from the SLSSC. The sanitary plates had no connection with water supply schemes as these were meant for use as sanitary latrine during natural calamities like floods and ethnic clashes/riots *etc.*

The Government, while accepting the audit observation, in its reply stated (November 2017) that the Rotationally Moulded Squatting Plates were procured from O & M funds as no other alternative was available and these were being used throughout the State, whenever required.

The fact however remained that the expenditure incurred (₹ 10.38 crore) from O & M component was not admissible under NRDWP and thus, was irregular.

(B) The CE, PHE, Water centrally procured Unplasticised Polyvinyl Chloride (UPVC) pipes required for water supply schemes from Assam State Industrial Development Corporation (ASIDC Ltd.³³). The pipes were procured as per APSP³⁴ Act 1989 at the rate fixed by the Corporation from time to time.

It was noticed in audit that based on the recommendation of the Technical Committee (TC), the PHED, GoA, accorded³⁵ the approval of revised rates with retrospective effect from 04 May 2011 to August 2012 and from 06 November 2012 to 17 April 2013. There was, however, no provision in the APSP Act 1989 for fixing the rates with retrospective effect.

Due to grant of revised rates retrospectively, the S & W Division paid ₹ 11.31 crore³⁶ on account of purchase of UPVC pipes by diverting funds from O & M, which was irregular.

The matter was pointed out to the Government; reply was awaited (March 2018).

(C) The Department, during 2013-15, procured water filters (Arsenic/Fluoride removal filters and Senco-make filters) valued at ₹ 4.97 crore out of the available funds under O & M component of the NRDWP. This was not admissible as the item was in no way related to operation and maintenance of any scheme. The diversion of O & M funds for other purposes had adversely affected the regular supply of water to the habitations due to their non-maintenance properly.

³² at the rate of ₹ 5,069.00 (excluding VAT) per plate.

³³ local Small Scale Industry.

³⁴ Assam Preferential Store Purchase.

³⁵ On 27 September 2012 and 23 April 2013.

³⁶ Out of total claim of ₹ 12.84 crore.

On this being pointed out, the Divisional Officer of the selected Divisions also admitted (March-July 2017) that proper operation and maintenance of the completed schemes could not be done due to non-release of sufficient funds under O & M.

The Government, in its reply (November 2017), however, did not offer any comment.

1.2.9.8 Sustainability

10 per cent of the NRDWP funds are provided under the component ‘Sustainability’ to encourage the States to achieve drinking water security at the local level through sustainability of sources and systems. During 2012-17, the State expended ₹ 201.27 crore under sustainability component out of the available fund of ₹ 214.31 crore, keeping an unspent balance of ₹ 13.04 crore.

In regard to sustainability of drinking water supply and security, Audit observed the following deficiencies:

(i) Dependence on ground water sources

The NRDWP guidelines envisaged gradual shift from over dependence on ground water to surface water sources. It was seen that schemes had a dependence of 98 per cent on groundwater as detailed below:

Table-1.14

As on	Total Schemes	Schemes dependent on Ground Water		Schemes dependent on Surface Water	
		PWSS	Spot	PWSS	Spot
July 2017	1,35,519	7,405	1,25,362	2,647	105
(in per cent)	(100)	(5.46)	(92.5)	(1.95)	(0.08)

Source: IMIS

Majority of the schemes were in the spot (hand pump /borewell / tubewell etc) category. Share of PWSS was limited to 7.41 per cent of total scheme, of which 73.7 per cent had dependence on ground water. As per the departmental records, as on March 2012, the percentage of completed PWSSs dependent on ground water was 73 per cent which worsened by 0.7 per cent in July 2017. It implied that the State could not make any progress to curtail over dependence on ground water sources even after incurring ₹ 201.27 crore under the sustainability component. Continued dependence on ground water-based schemes would have adverse impact on ground water table besides increased risk of QA sources for the water supply.

On this being pointed out, the Government, in its reply, stated (November 2017) that most of the surface source schemes taken up under sustainability component were yet to be completed.

(ii) Irregular expenditure

An expenditure of ₹ 10.33 crore was incurred by the PHED during 2013-17 towards procurement of water filters (capable of yielding safe drinking water free from all pathogenic impurities and hazardous chemicals like fluoride and arsenic for schools and anganwadi centres) under sustainability component. The said expenditure was irregular as procurement of water filters was not concerned with activities under the sustainability component.

The Government, in its reply (November 2017), stated that the SLSSC accorded the approval considering urgency. The reply was not acceptable as there was no provision for procurement of filters under the sustainability component.

The Government may consider fixing responsibility on officials responsible for incurring such inadmissible expenditure.

1.2.9.9 Water Quality Monitoring and Surveillance (WQM&S)

Three *per cent* of NRDWP fund was provided to the States for monitoring and surveillance of water quality in habitations at field level and for setting up, upgrading laboratories at State, district and sub-district levels.

During 2012-17, the State expended ₹ 61.49 crore under WQM&S out of total available funds of ₹ 62.32 crore keeping an unspent balance of ₹ 0.83 crore.

The Government in its reply (November 2017), however, stated that the unspent balance had already been expended for the purpose.

Audit observations on issues relating to WQM&S are discussed in the succeeding paragraphs.

(i) Water quality testing in State level laboratory

A State level “State Referral Laboratory (SRL), Guwahati” had been functioning under WSSO which was accredited to the National Accredited Board of Laboratories (NABL) in December 2016. The SRL should have the capability to examine 78 parameters at State level as per norms of Uniform Drinking Water Quality Monitoring Protocol (UDWQMP). However, the SRL Guwahati had the capability to examine 19 parameters only. The SRL had 10 laboratory/technical staff short against 14 sanctioned posts with the key technical posts of Sr. Chemist/Sr. Water Analyst, Microbiologist/Bacteriologist, Lab Assistant and Sampling Assistant lying vacant.

The UDWQMP stipulates that 10 *per cent* of the samples tested in DLLs should be sent to the SRL for further testing. However, SRL had tested only 2,564 samples against requirement of 28,952 samples meant for water quality testing resulting in a 91 *per cent* shortfall in sample testing. This indicated that the process of

cross-verification at SRL was minimal and the accuracy of testing at DLL could not be ensured.

The Government, in its reply, stated (November 2017) that steps were being taken to fill up the vacant posts and to test more samples in SRL as per prescribed norms.

(ii) Water quality testing in District and Sub-Divisional Labs

District Level Laboratories (DLLs) were functional in all the selected districts as observed from the records. However, selected DLLs covered under Audit lacked the capability to examine six to 25 parameters out of 34 parameters provided in UDWQMP. Various categories of laboratory/technical posts were lying vacant in each of these DLLs, due to which water quality testing was deficient in the laboratories.

The Sub-Division Level Laboratories (SDLLs) functioning in selected districts covered under Audit, were also not capable of examining all the 34 parameters due to shortage of key laboratory/technical persons.

Audit also observed that DLLs and SDLLs of the selected districts covered under Audit were not accredited to NABL.

It was mentioned in para 1.2.7.1 (i) that annual plans for fixing year-wise targets for the purpose of testing water quality in the laboratories at the State, district and sub-divisional levels were not prepared. Information furnished by the selected eight DLLs³⁷ and seven SDLLs³⁸ regarding status of water quality testing done by them during 2012-17 was as under:

**Table-1.15
Status of water quality testing**

				<i>(In numbers)</i>
Selected Laboratories	Total number of samples targeted to be tested by DLLs/SDLLs*	Number of samples actually tested	Number of samples found contaminated	Remedial action taken
Eight DLLs	1,03,420	68,424	20,091	266
Seven SDLLs	81,935	35,696	16,662	135
Total	1,85,355	1,04,120	36,753	401

Source: Information furnished by DLLs/SDLLs.

**Number decided by the concerned DLL/SDLL every year*

It would be seen that

- as against the target of 1,85,355 samples to be tested, the DLLs/SDLLs tested 1,04,120 samples (including repeat samples from same sources at times) - a shortfall of 44 per cent;
- 36,753 (35 per cent) of the 1,04,120 samples tested were found contaminated; and,

³⁷ (i) Cachar, (ii) Dhubri, (iii) Golaghat, (iv) Hailakandi, (v) Jorhat, (vi) Udalguri, (vii) Diphu (Karbi Anglong), and, (viii) Nagaon.

³⁸ (i) Dergaon, (ii) Rangia, (iii) Howraghat, (iv) Dokmoka, (v) Hojai, (vi) Udalguri, and, (vii) Kalaigaon.

- information furnished by the above mentioned DLLs/SDLLs further indicated that remedial action (installation of filters, IRPs, etc.) had been taken with respect to 401 water sources where the test results showed that the water was contaminated. Since test checked DLLs/SDLLs were unable to furnish the number of water sources from which the 1,04,120 samples were drawn or, the number of water sources associated with the 36,753 water samples found contaminated, Audit was not in a position to come to any inference regarding the extent of the contamination of water sources in the areas under the jurisdiction of the eight DLLs and seven SDLLS. For this reason also, Audit could not gauge the extent of the effectiveness and impact of the remedial action taken in the 401 cases.

The Department stated (November 2017) that steps for NABL accreditation of DLLs/SDLLs would be taken up phase-wise and further added that instructions to ensure remedial action immediately on finding contamination and to fulfill the target of water quality testing in DLLs/SDLLs, had been issued. The reply was silent about the fact that the data furnished by DLLs/SDLLs was deficient in so far as the number of water samples taken /tested could not be linked to the water sources from which these samples were drawn.

(iii) Non-functional Sub Divisional Labs

The Department constructed three SDLLs at Chowkhikhola, Kothiatoli and Lahkipur in the selected Karbi Anglong, Nagaon and Cachar districts covered under Audit at a cost of ₹ 53.94 lakh. However, the SDLLs remained non-functional due to non-installation of machinery and equipment³⁹ though these were received more than two years back. Audit found the laboratory staff appointed for SDLLs attached with their respective DLLs while chemicals supplied for these three SDLLs were lying unutilized. Due to non-installation of machinery and equipment procured more than two years ago, the possibility of damage of machineries and expiry of chemicals supplied could not be ruled out. The reasons for non-installation of machinery and equipment were neither found on record nor stated.

The expenditure incurred towards the establishment of the SDLLs thus, proved to be idle. Moreover, the quality of water being supplied to the habitants remained untested.

³⁹ Receipt of equipment at Chowkhikhola, SDLL: March 2015 (₹ 3.12 lakh), Kothiatoli SDLL: June 2013 (₹ 2.82 lakh) and Lahkipur SDLL: October 2013 (₹ 48.00 lakh).



On this being pointed out, the Government, in its reply, stated (November 2017) that instruction had been issued to Director, WSSO/EE concerned to make all the SDLLs functional, on priority.

(iv) Mobile Water Testing Lab

During 2012-15, S&W Division, Guwahati procured and distributed 34 Mobile Lab Testing Vans to the districts for use. This included delivery of two Mobile Vans to Nagaon PHE Division; one in May 2013 for onward delivery to Jorhat PHE Division and the other in February 2014 for use under the division.

Scrutiny of records revealed that Nagaon Division, instead of handing over one vehicle to Jorhat Division retained and utilized under the division. Further, as per Lab Testing Register no testing was done in any of the Labs since August 2015 and both the Vans were found lying in



the campus of the Nagaon Store sub-division. The reasons for not carrying out any test since August 2015 were neither found on record nor stated.

Thus, the intended services of the mobile lab testing units to be provided under NRDWP, remained untapped due to non-utilisation of the same beyond August 2015. Besides, the habitants under Jorhat PHE Division were deprived of the benefit of the services due to non-receipt of the van in the division.

The Government, in its reply, stated (November 2017) that instructions had been given to the Director, WSSO/EE concerned to immediately send the Van meant for Jorhat Division to the Division and to utilise the facilities of mobile water testing by utilizing the vans.

(v) Training for use of Field Testing Kits

The WSSO, Assam did not furnish details of training imparted for use of Field Testing Kits (FTKs) to the GP personnel. Only one⁴⁰ out of 46 selected GPs covered

⁴⁰ Saidoria under Rupohi development block of Nagaon district.

under Audit stated that training on use of FTKs was imparted to the GP personnel while the remaining 45 did not get any such training. As a result, effective use of the FTKs was doubtful.

(vi) ***Wasteful expenditure due to expiry of Field Testing Kits and its refills***

Assam Financial Rules envisage that care should be taken to avoid accumulation of purchased quantities in excess of actual requirement. The Director, WSSO, Assam procured 3,900 FTKs valued at ₹ 2.93 crore and 13,101 refills for FTKs valued at ₹ 4.98 crore during 2013-16. During physical verification (July 2017), Audit noticed that 2,629 FTKs and 5,529 refills were issued to different laboratories leaving a balance of 1,271 kits and 7,572 refills in the store. The shelf life of all the kits and refills lying unutilized in store had already expired resulting in wasteful expenditure of ₹ 3.83 crore as indicated in **Table-1.16**.

Table-1.16
Details of expired FTKs and refills

Item	Quantity procured	Rate (in ₹)	Period of procurement	Date of expiry	Quantity issued	Balance quantity lying in store (August 2017)	Value of unutilized quantity (₹ in crore)
1	2	3	4	5	6	7 (2 – 6)	8 (3 x 7)
FTK	3,900	7,500	August 2013 to April 2015	March 2015 to October 2016	2,629	1,271	0.95
Refills for FTK	13,101	3,800	August 2013 to August 2015	March 2015 to March 2017	5,529	7,572	2.88
Total							3.83

Source: Departmental records.

Failure to utilise 1,271 FTKs and 7,572 refills before expiry of their life span not only led to wasteful expenditure, but also indicated procurement without actual assessment of the requirement for these items.

The Government may consider fixing responsibility for the wasteful expenditure.

Similarly, the selected 13 divisions covered under Audit distributed only 522, out of available 824 FTKs, to GPs leaving a balance of 302 kits unutilized as of March 2017. All these 302 unutilised kits had lost their shelf life resulting in wasteful expenditure of another ₹ 22.65 lakh (₹ 7,500 x 302).

(vii) ***Wasteful expenditure due to expiry of bacteriological vials***

The Director, WSSO, Assam, Guwahati procured 12.25 lakh bacteriological vials⁴¹ during June 2014 to July 2015 valued at ₹ 2.70 crore (@ ₹ 22 per vial). Of these, the Director issued (as of August 2017) 7,21,945 vials to different laboratories, leaving a balance of 5,03,055 vials. During joint physical verification of the unissued vials,

⁴¹ Bacteriological vials are used in field tests to ascertain the bacteriological quality of water without the use of expensive laboratory equipment.

Audit noticed that 3,03,055 vials had expired their respective shelf life (24 months). Failure to utilise 3,03,055 vials before expiry of their life span had not only resulted in wasteful expenditure of ₹ 66.67 lakh but also indicated that the procurement was made without assessing their actual requirement.

On this being pointed out, the Government, while accepting the observation, stated (November 2017) that action had been initiated against the officials responsible for the lapse. The outcome thereof, would be awaited in audit.

(viii) Supply of water contaminated with arsenic/fluoride through PWSS

Water from 44 completed and functional PWSSs under three selected divisions⁴² covered under Audit was collected during the course of audit, considering the possibility of arsenic/fluoride contamination. These were got tested in the DLL/SDLL to ensure the quality of water. Audit, in this regard, observed that:

- In Golaghat PHE Division, eight (out of 10) functional PWSSs were regularly supplying water contaminated with arsenic beyond the permissible limit (0.01mg/litre).
- In Hojai PHE Division, 10 (out of 33) PWSSs were found supplying water contaminated with fluoride beyond the permissible limit (1.5 mg/litre).
- The Nagaon PHE Division, conducted (August 2016) a water quality test in respect of Lawpani PWSS at the State and District Level Laboratories. The test proved the presence of fluoride contamination (5mg/litre) in the water beyond the permissible limit (1.5 mg/litre). Despite the test result, the Division continued to supply water from the same scheme. During joint physical verification in audit (20 July 2017), it was found that the scheme was functional and water was being supplied to the habitations regularly from the scheme. At the instance of Audit, the Division again conducted water testing on 21 July 2017 at the DLL, Nagaon where fluoride contamination of 2.5mg/l was found in the supplied water.

Consequently, due to non-testing of the content of arsenic/fluoride in water, the Division had been supplying contaminated water to the habitants.

The Divisional Officers stated (July 2017) that steps would be taken to provide safe drinking water to the beneficiaries under the above PWSSs from other alternate source, in consultation with the higher authority.

In this regard, it may be mentioned that 35 *per cent* of the water sample tested by the 15 selected DLLs/SDLLs were found to be contaminated {*Paragraph 1.2.9.9 (ii)*}

⁴² Golaghat: 10 schemes, Hojai: 33 schemes and Nagaon: one scheme.

refers}. Besides, contaminated water was also being supplied through the test checked PWSSs as discussed above.

The Government may therefore, review all the PWSS/other schemes executed by all the Divisions in the State to gauge the extent of contamination with a view to address the issue on priority.

(ix) Supply of water through PWS without treatment

Site visit by Audit (May-July 2017) of eight⁴³ PWSSs under four selected PHE divisions⁴⁴ covered under Audit revealed that the Department was supplying untreated water to 9,711 habitants due to non-construction of treatment plant (TP), clear water reservoir (CWR), pumping house, internal connection between TP and CWR, electric problems *etc.*

The supply of contaminated and untreated water to the habitants thus, not only frustrated the objectives of the Scheme of providing safe drinking water, but was also fraught with the risk of health hazards among the rural people.

On this being pointed out, the Government, in its reply, stated (November 2017) that steps had been taken to stop contaminated and untreated water supply to the public for drinking purpose.

Controls thus, needed to be put in place to ensure regular monitoring and surveillance of quality of the water being supplied to habitations.

1.2.10 Execution of works and procurement of material

1.2.10.1 Preparation of inflated estimate

(i) In the approved estimate (July 2010) of Greater Titabor WSS in Jorhat PHE Division, the cost of the Ductile Iron (DI) specials and fittings was treated differently at 15 *per cent* on total cost of DI pipes in case of Zone II and 25 *per cent* in case of Zone I.

Considering the rate of 15 *per cent* as justified on DI specials for Zone-II, as provided in the estimate (as all other PHE divisions adopted the said rate), allowance of 25 *per cent* for the work under Zone-I was injudicious and resulted in preparation of inflated estimate by an amount of ₹ 1.78 crore⁴⁵.

(ii) Similarly, the rates of the UPVC pipes considered in the detailed estimate of the Greater Titabor WSS (Zone-I and Zone-II) were much higher than the available

⁴³ in Rangia: (i) Baidyatola PWSS (ii) Naburka Satra PWSS (iii) Gopalpur PWSS (iv) Dinkar PWSS, in Nagaon: (v) Pub-Kawaimari PWSS (vi) Kamargaon PWSS, in Howraghat: (vii) Kabir Dharmanagar and, in Silchar: (viii) Tillaline WSS.

⁴⁴ Howraghat, Nagaon, Rangia and Silchar – I.

⁴⁵ 10 *per cent* of ₹17,82,65,110.

approved rates (July 2010) of CE, PHE (Water) Assam during the same period. This had resulted in inflating the estimated cost of the said work by ₹ 0.86 crore as detailed in **Appendix-1.6**.

Preparation of estimates by inclusion of inflated amount thus, resulted in excess expenditure of ₹ 2.64 crore (₹ 1.78 crore + ₹ 0.86 crore). The excess expenditure could have been avoided, had the estimates been prepared judiciously.

1.2.10.2 Execution of works prior to accordance of technical sanction

Para 290 of APWD Code envisaged that works should not be executed until technically approved by the competent authority. Audit observed that the PHED accorded AA of works on the condition that the technical sanction (TS) of the work was to be accorded and no work should be commenced before accordance of the TS.

The Divisions-Silchar-II, Hojai and Hailakandi-took up seven WSSs during 2012-17 at estimated cost of ₹ 4.27 crore, and completed the same at an expenditure of ₹ 4.31 crore. The Divisions, however, executed the works prior to the accordance of TS by the competent authority. The Divisions received the TS in respect of six works after completion of the works while TS for the remaining work was received in the month of completion of the work. Execution of the above works at an expenditure of ₹ 4.31 crore prior to accordance of TS, was irregular. Further, the technical soundness in the absence of technical sanctions in the executed works in these cases, remained unascertained in audit.

1.2.10.3 Excess expenditure over the approved cost of schemes

The GoA accorded AA of ₹ 67.82 crore under NRDWP for implementation of 116 PWSSs under seven selected PHE divisions⁴⁶ covered under Audit. The divisions, however, incurred an expenditure of ₹ 81.68 crore against the approved cost resulting in excess expenditure of ₹ 13.86 crore⁴⁷ incurred over the approved cost of the schemes as detailed in **Appendix-1.7**. The excess expenditure incurred on these schemes was met by diverting funds from other schemes under the programme.

As per the NRDWP guidelines, expenditure over the approved cost of the scheme was not permissible and revision of the estimated cost was not allowed. As such the excess expenditure of ₹ 13.86 crore met from the diversion of funds was irregular and unauthorised. This had a risk of consequent adverse effect on the implementation of other schemes conceived under the programme.

The Government, in its reply (November 2017) stated that the EE had been asked to look into the matter and to take appropriate measures to overcome such situations in future.

⁴⁶ Rangia, Silchar-I, Hojai, Hailakandi, Howraghat, Diphu (R) and Nagaon PHE Division.

⁴⁷ (₹ 81.68 crore - ₹ 67.82 crore).

The Government may consider for fixing responsibility for the unauthorised excess expenditure incurred by the divisions.

1.2.10.4 Incomplete Mega Piped Water Supply Scheme

Nine⁴⁸ out of 13 selected divisions covered under Audit took up⁴⁹ 32 Mega Piped Water Supply Schemes⁵⁰ (MWSS) at an estimated cost of ₹ 436.39 crore as per AA of GoA to cover 5,58,915 habitants. The Divisions, could not complete any of the schemes and the extent of delay beyond the scheduled date of completion ranged from six to 42 months as of July 2017. The divisions could spend only 54 per cent of the estimated cost achieving physical progress which ranged between 20 and 92 per cent, in respect of 31 MWSS. In respect of Greater Dergaon MWSS, the Jorhat Division could not even start the work due to non-settlement of land issue. The details of the incomplete projects have been shown in *Appendix-1.8*.

The reasons for non-completion of projects/schemes were stated to be the paucity of funds, non-receipt of full quantity of DI pipes and taking up of schemes without seeking prior road cutting permission from the PWD, Border Road Task Force and Water Resources Department *etc.* Such delays deprived the beneficiaries from the intended benefits of getting water connection on time.

The Government, in its reply, stated (November 2017) that necessary steps had been initiated for early completion of the schemes.

1.2.10.5 Unfruitful expenditure on Rain Water Harvesting Systems

In 13 selected PHE divisions covered under Audit, 2,220 Rain Water Harvesting Systems (RWHS) were constructed (2010-14) at an expenditure of ₹ 45.78 crore. The PHED constructed the RWHSs to store rain water and to use it as a supplementary water source. The PHED constructed 2,056 RWHS⁵¹ in primary schools and 164 RWHS⁵² in institutional buildings. Of these, only 381 units were functioning as of March 2017⁵³ and the remaining 1,839 units worth ₹ 37.81 crore⁵⁴ were lying non-functional due to lack of maintenance.

⁴⁸ Silchar-I, Silchar-II, Bokakhat, Hailakandi, Jorhat, Howraghat, Golaghat, Hojai and Nagaon Division.

⁴⁹ Between February 2011 and March 2015.

⁵⁰ Under Quality: 21 schemes, Sustainability: 9 schemes and Coverage: 2 Schemes.

⁵¹ With 2 storage tanks of 5000 litre capacity for each unit @ ₹ 2.15 lakh.

⁵² With one storage tank of 2000 litre capacity for each unit @ ₹ 0.96 lakh.

⁵³ The exact date since when the units were not functioning was not available with the Divisions.

⁵⁴

(₹ in lakh)

	Number of RWHS non-working	Rate	Value
In Schools	1,694	2.15	3,642.10
In Institutional Buildings	145	0.96	139.20
Total	1,839		3,781.30



Baidyagarh Girls MES under Rangia Division with Broken gutter pipe (21 April 2017)



Bihara Bazar MV School under Silchar-I Division with Broken gutter pipe (12 May 2017)

During joint visit to the site, Audit noticed that in most of the cases, the bibcock of the reservoir tank and the gutter pipes were broken and were blocked due to accumulation of leaves and other material. Audit also found that the water stored in the few working RWHS was used for washing of utensils and toilet purpose instead of drinking purpose.

The expenditure of ₹ 37.81 crore incurred towards installation of RWHS proved unfruitful as the objective of providing potable water could not be achieved.

The Government, in its reply (November 2017), stated that the RWHSs were handed over to the schools/institutions in anticipation that they would maintain the units, which was not done. The Government further stated that the units would be got repaired with State/Central funds for being put to use to meet the intended objective.

1.2.10.6 Deprivation of safe drinking water even after completion of the work

Jorhat PHE Division completed (May 2013) a multi-village water supply scheme (MVS)⁵⁵ with 100 constituent PWSSs at an expenditure of ₹ 98.19 crore to cover 1,69,073 habitants. Audit observed that out of the 100 constituent PWSSs, supply of water from 23 PWSSs constructed at a cost of ₹ 7.04 crore could not be provided due to erratic power supply, shortage of boosting station, absence of alternate pump sets *etc.* The Department made a proposal of ₹ 19 crore to address the problem of ensuring availability of safe drinking water from the 23 PWSSs, which was, however, pending with the Government for AA (December 2017).

Thus, 45,334 beneficiaries under these 23 PWSSs remained deprived of getting safe drinking water despite these schemes being complete.

⁵⁵ Greater Titabor Water Supply Scheme (Zone-I and II).

1.2.10.7 Overlapping coverage of habitations through separate schemes

(i) The GoA accorded (December 2012) AA for ₹ 49.71 crore to the Hailakandi PHE Division for implementation of three MVSS⁵⁶ under the State Plan. The Division commenced the works⁵⁷ and achieved physical progress of 65 to 95 *per cent* at an expenditure of ₹ 31.57 crore as of May 2017.

Audit observed that the Division executed five individual schemes approved (June - December 2013) at ₹ 5.80 crore and spent ₹ 3.03 crore till May 2017. However, the habitations being covered under the schemes were already covered under the three MVSSs as detailed in *Appendix-1.9*. As such, the expenditure was unjustified and infructuous due to overlapping of same set of habitations under different schemes.

(ii) Similarly, the Jorhat PHE Division had taken up 22 individual water supply schemes in three development blocks⁵⁸ with AA of ₹ 22.20 crore during the period from June 2013 to January 2015. Subsequently, after spending ₹ 3.49 crore, the CE, PHE (Water) stopped all the 22 schemes midway as the targeted population was already covered under the World Bank Assisted Composite WSS⁵⁹. Thus, the expenditure of ₹ 3.49 crore proved unfruitful as a result of overlapping of same set of habitations under these 22 individual WSSs, which had to be stopped by the CE, PHE (Water).

Overlapping of habitations by separate schemes highlighted the absence of integrated action plan and slackness in exercising administrative control at the time of approval of the schemes.

The Government should evolve the control mechanism to avoid overlapping and duplication of schemes. Further, Government may consider the fixing of responsibility against the erring officials.

1.2.10.8 Procurements and Inventory Management

The CE, PHE (Water) procures the material centrally for the entire State. Against the supply orders of the CE, PHE (Water) the suppliers supply the material directly to the executing divisions concerned or to the S & W Division. The executing divisions prefer the bills to the S & W Division, Guwahati for making payment to the suppliers on receipt of confirmation of delivery of the material.

⁵⁶ (i) Lala Multi-village WSS (₹ 13.14 crore); (ii) Greater Sheralipur WSS (₹ 16.89 crore) under NRDWP; and (iii) Rupacherra MVS (₹ 19.68 crore).

⁵⁷ Between January 2013 and March 2013.

⁵⁸ Jorhat, Jorhat Central and Jorhat North West.

⁵⁹ 'Composite WSS for Sustainability and Quality in Jorhat' taken up in 2014-15 with the project cost of ₹ 298.88 crore. The work was ongoing with the physical progress of 20 *per cent* and financial progress of 21.8 *per cent* as of March 2017.

During 2012-17, the S & W Division made payment of ₹ 813.42 crore out of total funds of ₹ 814.15 crore⁶⁰ available with the Division, towards procurement of material.

The PHED, Assam had not developed software/MIS package for inventory management of major procurement items like pipes *etc.*, as envisaged in the NRDWP Guidelines. Further, the S & W Division did not have consolidated information of the details of procurement, utilization and unutilized material lying with the executing Divisions.

The PHED, Assam also did not revise the Schedule of Rates (SoR) regularly. Audit observed that the last available SoR pertained to the year 2008-09. In this regard, Audit observed that during 2012-17, there was no uniformity in the rate of procurement of items of the same specification processed by different PHE Divisions. This was due to non-revision of SoR periodically.

On this being pointed out, the Government, in its reply, stated (November 2017) that the procurement policy was being prepared. Besides, it was also stated that the Director, WSSO and CE, PHE (Water) had been advised to develop software/MIS package for inventory management of major items like pipes *etc.* This would enable real-time monitoring of all procurements made and status of balance quantity of material available.

The irregularities in procurement and utilization of material noticed during audit, have been discussed in the succeeding paragraphs.

(i) Excess procurement/expenditure on DI specials and pipes

Golaghat PHE Division procured (2013), DI specials worth ₹ 2.87 crore against the provision of ₹ 2.35 crore made in the technically sanctioned estimate in respect of a work⁶¹.

Audit observed that laying of DI pipes had been completed under the above scheme in November 2015, but specials were still found (June 2017) lying in the Divisional compound. Further, Audit did not find any approval on record for procurement of the excess DI specials. Thus, procurement of excess specials without any assessed requirement, led to idle investment of ₹ 0.52 crore, which was avoidable.



⁶⁰ Including Opening Balance of ₹ 17.05 crore and miscellaneous receipts of ₹ 4.38 crore.

⁶¹ Composite WSS for Arsenic Mitigation of Golaghat East and Kakodonga development block.

Similarly, Jorhat PHE Division had taken up two WSSs viz., Greater Seleng WSS and Greater Thengal WSS during 2013-14. The Department approved substantial amounts for procurement of DI pipes in estimates of both the WSSs. However, the Division incurred excess expenditure of ₹ 4.42 crore {*Appendix-1.10 (A)*} towards procurement of DI pipes at higher rate over the approved rate in the estimate and excess expenditure of ₹ 2.19 crore {*Appendix-1.10 (B)*} due to delay in issue of supply orders leading to procurement at higher rates than the approved rate.

(ii) Unutilised Slow Moving Spare Parts

The Department procured (during 2011-15), 37,471 sets of Slow Moving Spare Parts⁶² for Direct Action Hand Pump (DAHP) valued at ₹ 82.90 crore⁶³ as detailed in *Appendix-1.11*.

No approval of SLSSC was, however, found on record for the procurement and prior assessment of requirement of spare parts for repairing of DAHP of the executing divisions. Further, the divisions handed over the DAHPs to the public/community after installation and the communities were required to maintain the same themselves. Thus, the divisions were not required to supply such spare parts.

Audit however, observed that out of total procurement made, spare parts valued at ₹ 66 crore⁶⁴ were lying unutilized for the period ranging from three to seven years (approx.) with S & W Division which revealed that the spare parts were procured without any demand.

On this being pointed out, the Government, in its reply, stated (November 2017) that the spare parts were procured observing all formalities with the approval of the competent authority. The fact however, remained that huge quantities of procured spare parts were lying unutilised, which led to blockade of ₹ 66 crore.

(iii) Non-installation of Solar Operated Reverse Osmosis Plants

The Director, WSSO procured (during December 2014 to August 2015), 68⁶⁵ Solar Operated Reverse Osmosis (RO) Plants worth ₹ 22.61 crore (@ ₹ 33.25 lakh per plant). The Director procured the RO plants for installation in the PWSSs of arsenic

⁶² Handle assembly (fabrication and cushion), piston assembly with grapple (grapple hooks), piston rods etc.

⁶³ At the rate of ₹ 22,122.97 per set (inclusive of VAT of 13.5 per cent of 25 items in different quantities).

⁶⁴

Material	Quantity lying in stock	Cost per box(in ₹)	Total value of materials (₹ in crore)
Box-I	22,183	9,737.30	21.60
Box-II	37,471	9,754.30	36.55
Total			58.15
Add : 13.5 per cent VAT			7.85
Grand total			66.00

⁶⁵ NRDWP (40 Plants) and State Plan Fund (28 Plants).

and fluoride affected areas. Of these, the Director issued 22 plants to six⁶⁶ Divisions leaving 46 plants lying in stock for the last three years (approx.). During joint physical verification (July 2017), Audit found that all the 46 plants were lying idle since their procurement at different places of Store Yard without being issued/installed.



Solar Operated Reverse Osmosis Plants lying uninstalled (27 July 2017)

Further, out 22 plants issued to six selected divisions covered under Audit, 10 plants in three divisions⁶⁷ remained uninstalled.

Unutilised stock and non-installation indicated that procurement of Solar Operated Reverse Osmosis Plants was made without proper assessment of requirement which resulted in idle investment of ₹ 18.62 crore⁶⁸.

The Government may consider the fixing of responsibility against the erring officials for such procurement without assessing the actual requirement.

(iv) Idle survey equipment

The Director, WSSO, Guwahati procured (during 2014-15) survey equipment (36 'Total Stations' and 45 'Auto Level Machines') for conducting field survey for the distribution system at the cost of ₹ 3.41 crore. However, during physical verification (04 August 2017) it was noticed that 30 out of 36 'Total Stations' and 40 out of 45 Auto Level Machines⁶⁹ valued at ₹ 2.85 crore were lying idle in store for the last four years (approx.) since their procurement (April-July 2014).

⁶⁶ (i) Guwahati PHE Division No.1 (5 Plants) (ii) Hojai PHE Division (7 plants) (iii) Jorhat PHE Division (2 Plants) (iv) Dhubri PHE Division (4 plants) (v) Barpeta PHE Division (2 Plants) and (vi) Nalbari PHE Division (2 plants).

⁶⁷ Hojai Division: 7 plants; Jorhat Division: 1 plant and Dhubri Division: 2 plants.

⁶⁸ (46 plants in S&W Division + 10 plants in three executing Divisions) x ₹33.25 lakh = ₹18.62 crore.

⁶⁹ Total stations and Auto Level Machines are survey equipment used for doing proper field survey of the layout of pipelines of the distribution system.

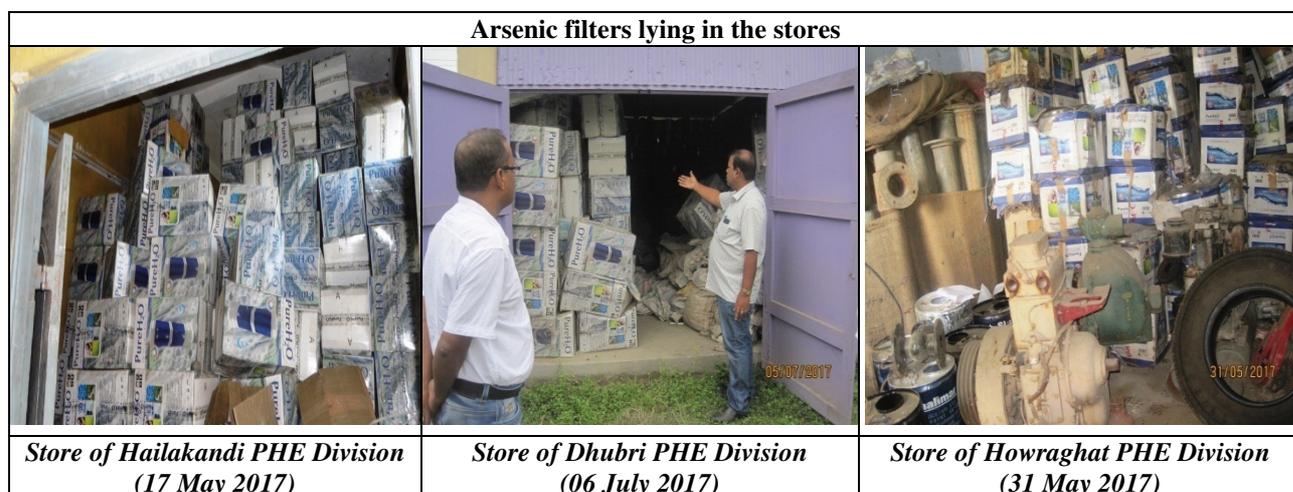


This idle stock indicated that the procurement was made without assessing of the requirement.

On this being pointed out, the Government, in its reply, stated (November 2017) that steps had been taken to dispatch the items to the Divisions as per allotment order issued by the CE, PHE (Water). The action taken in this regard by the Department would be watched in audit.

(v) *Arsenic filters lying undistributed*

The Department procured (during March 2014- August 2016), 33,600 arsenic filters (water filters of 25 litres capacity for yielding safe drinking water free from all pathogenic impurities and hazardous chemicals like fluoride and arsenic) at ₹ 83.84 crore⁷⁰. The objective of procuring the filters was to provide fluoride and arsenic-free water to schools and anganwadis of arsenic/fluoride affected habitations in the State. The 13 selected divisions covered under Audit received 18,575 filters out of total issue of 33,580 filters from the S & W Division. The divisions, however, issued only 7,214 filters (39 per cent) to the schools and anganwadis leaving 11,361 filters (*Appendix-1.12*) costing ₹ 28.35 crore (11,361 x ₹ 24,951 per filter) un-issued for the last two to four years (approx.) in the stores as would be evident from the photographs below:



⁷⁰ (@ ₹ 24,951 per filter.

In this connection, Audit further observed the following:

(a) The concerned EEs stated that they had received the filters without placing any indents.

(b) Hailakandi and Silchar-I PHE Divisions received 1,275 and 1,350 filters respectively, though there were no arsenic and fluoride affected habitations under these divisions. All the 1,275 filters received by the Hailakandi PHE Division valued at ₹ 3.18 crore (1275 filters × ₹ 24,951) were lying idle in stock as of May 2017. Silchar PHE Division-I, on the other hand, issued 1,350 arsenic filters valued at ₹ 3.37 crore to schools and anganwadis though these institutions were not located in arsenic/fluoride affected habitations. Instead, these filters should have been issued to the institutions located in the arsenic/fluoride affected areas by the Department.

This indicated that the Department did not make division-wise assessment of actual requirement of filters prior to the procurement. This led to blockade of NRDWP funds. Besides, the objective of providing fluoride and arsenic-free water to schools and anganwadis of arsenic affected habitations, remained unachieved.

The Government, in its reply (November 2017), stated that the Director, WSSO had been asked to take necessary steps for distributing the filters in the arsenic affected habitations. Besides, the Director had been asked to enquire as to how the filters were issued to Silchar Division-I and Hailakandi Division, which had no arsenic/fluoride problem. Action taken in this regard would be watched in audit.

(vi) *Non-utilisation of Senco-make water filters*

The Department procured (during 2012-17) 22,715 “Senco-make ultrafiltration pot filters (Table Top)” costing ₹ 25.95 crore (@ ₹ 11,425 each filter) for installation in schools. Of these, the S & W Division issued 18,565 filters to various PHE divisions for installation in schools leaving 4,150 filters valued ₹ 4.74 crore lying in stock for the period ranging from one to six years (approx.).

Besides, the 13 selected divisions covered under Audit issued 11,382 filters to schools against receipt of 13,378 filters from the S & W Division, leaving 2,321 filters⁷¹ worth ₹ 2.65 crore (2321 x ₹ 11,425) lying in stock as of March 2017.

The above was indicative of poor inventory management, both at Department as well as divisional level which resulted in blockade of funds on account of filters lying unutilized in the stocks.

⁷¹ Including opening balance of 325 filters.

(vii) Iron Removal Plants

The PHED issued (during 2012-17) 10,882 Iron Removal Plants (IRPs) to the PHE divisions for installation leaving 292 IRPs in stock. Further, out of this, the 13 selected divisions covered under Audit received 2,733 IRPs of which 1,924 IRPs (70 per cent) were utilised/installed leaving 809 IRPs in stock. Not installing 1,101 (292 + 809) IRPs lying in stock for the period ranging from one year to six years (approx.), not only resulted in blocking up of fund of ₹ 7.68 crore (1,101 filters X ₹ 69,800) but also deprived the beneficiaries from getting the intended benefit of availability of iron-free water.

Further, point/location-wise information of 837 IRPs⁷² (out of 937 IRPs⁷³) installed in Silchar-II, Dhubri and Hojai PHE Divisions made available (May and July 2017) showed that only 47 (Dhubri: 2 IRPs plus Hojai: 45 IRPs) of these IRPs were functional as of May 2017. The remaining 790 IRPs were non-functional for want of maintenance rendering expenditure of ₹ 5.51 crore unfruitful.

**(viii) Undue financial benefit to the supplier**

Audit, on scrutiny of records of Jorhat, Silchar-I and Silchar-II Divisions, observed that M/s Electrosteel Casting Ltd., approved supplier for supply of DI pipes did not supply the pipes, as required, within the stipulated dates (11 March 2013) and even within the extended period (30 September 2013) to the divisions. In the meantime, the Purchase Committee enhanced (May 2014) the rates of DI pipes of all the specifications, giving retrospective effect of enhanced rate from 26 November 2013. On the request (May 2014) of the supplier, the CE, PHE (Water) amended the original supply orders by allowing revised enhanced rates for the materials supplied or to be supplied on or after 26 November 2013. Accordingly, the suppliers raised supplementary bills valued at ₹ 2.44 crore which was paid against the supply of DI pipes made on or after 26 November 2013 for the implementation of seven Mega PWS Schemes as per amended order. Allowance of enhanced rates, instead of taking action against the suppliers for non-supply of the material within the stipulated period, resulted in undue financial benefit of ₹ 2.44 crore to the suppliers (*Appendix-1.13*).

⁷² Silchar-II: 295 IRPs; Dhubri: 292 IRPs; Hojai: 250 IRPs.

⁷³ Silchar-II: 395 IRPs; Dhubri: 292 IRPs and Hojai: 250 IRPs.

Besides, the department also extended undue financial benefit of ₹ 2.45 crore to another firm (M/s S.B. Enterprise) by way of allowance of enhanced rates of DI pipes made effective retrospectively against the supply of pipes for Greater Dalu WSS under Silchar-I Division and various WSSs under other Divisions as detailed in ***Appendix-1.14***.

Similar observation regarding extension of undue financial benefit of ₹ 4.77 crore to the same supplier, M/s Electrosteel Casting Ltd., as mentioned above by the Golaghat and Hailakandi Divisions, was reported vide ***Paragraph-1.5.9*** of the Comptroller and Auditor General of India's Audit Report on Social, General and Economic (Non-PSUs) sectors for the year ended 31 March 2016 of the GoA (***Report No.1 of 2017***).

The Government, in its reply, stated (November 2017) that due to various unavoidable reasons, the supply of the pipes was delayed and the previous approved rate of DI pipes was no longer workable and as a result, the new rate was approved.

The fact however, remained that undue financial benefit of ₹ 9.66 crore⁷⁴ extended to the suppliers could have been avoided, had the Department initiated timely actions against them for not supplying the DI pipes within the stipulated time instead of allowing enhanced rates as was done.

(ix) Excise duty exemption not availed

The Central Excise Notification (1 March 2006, as amended on 01 March 2007 and 04 December 2009) of the Ministry of Finance, Department of Revenue, GoI provided exemption from the levy of Central Excise Duty on pipes which are an integral part of the water supply project, on the following conditions:

- the pipes needed for the delivery of water from its source to the treatment plant; and thereafter,
- up to the first storage point, including pipes of outer diameter exceeding 10 cm used in the distribution network beyond the first storage point;
- a certificate to the effect that such pipes are required for the intended use, issued by the Collector/District Magistrate/Deputy Commissioner of the district concerned to the Deputy Commissioner of Central Excise having jurisdiction.

Audit, however, observed that the PHED had incurred an extra expenditure of ₹ 2.10 crore by way of not availing the Excise Duty exemption against the procurement of 4,17,901 RM pipes (110 mm to 250 mm) valued at ₹ 19.03 crore of

⁷⁴ ₹ 4.77 crore + ₹ 2.44 crore + ₹ 2.45 crore = ₹ 9.66 crore.

outer diameter exceeding 10 cm (100 mm) during December 2014 to March 2017 for schemes under the NRDWP. The details in this regard are shown in **Appendix-1.15**.

Similar observation was made vide **Paragraph-1.5.4** of the Comptroller and Auditor General of India's Audit Report on Social, General and Economic (Non-PSUs) sectors for the year ended 31 March 2016 of GoA (**Report No. 1 of 2017**), wherein the PHED had incurred an expenditure of ₹ 10.61 crore on procurement of pipes, due to not availing the Excise Duty exemption, which was avoidable.

Had it availed the exemption of ₹ 12.71 crore⁷⁵ in above cases, the Department could have covered more areas for providing safe drinking water facilities to the beneficiaries under the programme.

(x) **Extra expenditure towards procurement of PVC and GI pipes**

The APSP Act, 1989 stipulates that all State Government departments, Government organisations and Public Sector Undertakings shall invariably purchase all listed Small Scale Industries (SSI) products from the ASIDC Ltd. The Finance Department, GoA, further, disallowed the earlier practice of procurement of material directly from AGMC, AMTRON *etc.*, on a single quotation basis⁷⁶. The UPVC and galvanised iron (GI) pipes were listed items of SSI products and were to be procured from ASIDC Ltd., only.

In violation of Government Notification and Orders, S & W Division, Guwahati incurred an extra expenditure of ₹ 4.33 crore and ₹ 1.05 crore towards the procurement of 1,50,008 RM UPVC and 37,620 RM GI pipes respectively from the AGMC Ltd. during 2014-15 at a rate higher than that of ASIDC Ltd., as detailed in **Appendices-1.16** and **1.17**.

Similar observation was reported vide **Paragraph-1.5.6** of the Comptroller and Auditor General of India's Audit Report on Social, General and Economic (Non-PSUs) sectors for the year ended 31 March 2016 of GoA (**Report No.1 of 2017**) *inter-alia*, mentioning about the extra expenditure of ₹ 8.39 crore incurred by the PHED. PHED thus, incurred an extra expenditure of ₹ 13.77 crore⁷⁷ from the NRDWP funds due to procurement of UPVC and GI pipes at higher rates from the AGMC Ltd., in violation of APSP Act., 1989 and Government Notification/Orders.

The Government may therefore, consider fixing of accountability on the officials responsible for incurring the extra expenditure.

⁷⁵ ₹ 2.10 crore + ₹ 10.61 crore.

⁷⁶ vide Office Memorandum (OM) dated 11 August 2010.

⁷⁷ ₹ 8.39 crore + ₹ 4.33 crore + ₹ 1.05 crore.

(xi) ***Avoidable expenditure due to allowance of rates higher than the Maximum Retail Price***

During April 2014 to May 2016, the Director, WSSO procured 2,317 spectrophotometer testing kits (Iron: 1,219 kits, Nitrate: 549 kits and Manganese: 549 kits) valued at ₹ 7.09 crore based on the lowest offered rates approved by the Purchase Committee. During physical verification of the testing kits, Audit however, found that the rates allowed to the supplier were 40 to 329 per cent higher than the maximum retail price (MRP) inclusive of all taxes printed on the boxes of the testing kits. The allowance of higher rates over the MRP could have been avoided, had the Purchase Committee verified the actual market rates to assess the reasonableness of the offered rates prior to approval of the lowest offered rates.

Hence, due to approval of rates without assessing their reasonableness and without verification of market rates, the Department incurred an extra expenditure of ₹ 3.98 crore towards the procurement of spectrophotometer testing kits (details in ***Appendix-1.18***).

On this being pointed out, the Government, accepting the observation, in its reply stated (November 2017) that in future more care would be taken while approving the rates.

The PHED incurred idle/excess/unfruitful/avoidable expenditure of ₹ 178.24 crore⁷⁸ as detailed above (i to xi), which could have been used for the works which were held up/not commenced for want of funds.

The Department should therefore consider developing the Software/MIS Package for inventory management of major procurement as envisaged in the NRDWP guidelines.

1.2.11 Monitoring and Evaluation

1.2.11.1 Online monitoring

The NRDWP scheme guidelines provided that all reporting viz., AAP, Water Quality Testing Reports and the physical and financial progress reports must be online and the data, along with action taken by the appropriate agencies should be monitored online through the website. In Assam, IT infrastructure is available up to the division level.

Several inconsistencies were noticed by Audit during the scrutiny of various data formats available in the IMIS which were discussed in preceding paragraphs. In addition, some other significant instances have been narrated below:

⁷⁸ ₹ 178.24 crore (₹ 0.52 crore + ₹ 4.42 crore + ₹ 2.19 crore + ₹ 66.00 crore + ₹ 18.62 crore + ₹ 2.85 crore + ₹ 28.35 crore + ₹ 4.74 crore + ₹ 2.65 crore + ₹ 7.68 crore + ₹ 9.66 crore + ₹ 12.81 crore + ₹ 13.77 crore + ₹ 3.98 crore)

IMIS data format number	Subject	Observation
Format B-15	Complete list of schemes (sanction-year wise)	As per Format B-15 (<i>Scheme Selection</i>), the 'select sanction year' for the scheme selection was depicted as 1899-1900, 1900-01 and so on. In case of eight districts ⁷⁹ of Assam, the date of commencement and completion of 113 schemes were showing the same date (01 January 1900) with sanction years ranging from 1980-81 to 1990-91.
Format B-26	Total number of schemes, PWS, hand pumps, others	In the selected 46 GPs, there were a total of 2,040 water supply schemes (PWS: 242, hand pumps: 1,735, and others: 63) as per the IMIS. However, as per departmental records, there were a total of 1,604 water supply schemes (PWS: 188, hand pumps: 1,041 and others: 375).
Format C-17 A and E 29	Status of water quality of the selected habitations (chemically affected, bacteriological affected or potable)	Out of 184 selected habitations, 108 habitations, were shown as QA (chemically affected: 21, iron affected: 87) as per departmental records. However, the same habitations, were shown as having potable water in the IMIS data.

From the above, it would be evident that the IMIS did not serve as a correct and reliable database for monitoring the implementation of the NRDWP. There was also no mechanism, both at the Centre and State level, to verify the authenticity of data entered in the IMIS. As a result, the IMIS data was unreliable and inaccurate.

Accepting the observation, the Government, in its reply stated (November 2017) that necessary corrective steps would be taken shortly which would be further watched in audit.

1.2.11.2 Monitoring at State and district level

Regular field inspections by the officers from the State and the district levels were essential for the effective implementation of the programme. The SWSM was to conduct review of the programme in the districts, once in six months. It was seen that instead of conducting review of the programme in the districts, the SWSM was conducting review meetings with divisional representatives only at the State Headquarters.

The DWSM was required to constitute a team of experts in the district who were to review the implementation in different blocks frequently. Audit, however, observed that the requisite reviews of the implementation in different blocks were also not done due to non-functioning of DWSMs in any of the selected districts covered under Audit.

On this being pointed out, the Government, in its reply stated (November 2017) that necessary steps would be taken in this regard.

⁷⁹ Baksa, Cachar, Darrang, Dibrugarh, Kokrajhar, Morigaon, Nagaon and Sonitpur.

1.2.11.3 Evaluation

The GoI or GoA was to take up Monitoring and Evaluation studies on the implementation of the NRDWP through reputed organizations/institutions from time to time, as stipulated in the NRDWP guidelines. Such proposal was to be approved in the SLSSC meeting. The Reports of these studies were to be made available to the Ministry and immediate corrective actions were to be initiated as a follow up to improve the quality of programme implementation. Audit, however, observed that the State Government did not take up any such evaluation study during 2012-17.

As such, in the absence of any evaluation study, the Department remained unaware about the outcomes of implementation of the programme and lost the opportunity to take timely corrective action for better performance of the programme in the State.

1.2.11.4 Grievance Redressal Mechanism

The Department set up (November 2013) a Grievance Redressal System under the aegis of the WSSO with an expenditure of ₹ 3.11 crore under the component 'Support' of the NRDWP.

Audit observed on scrutiny of records and joint inspection that there was no record of utilisation of the system since the day of its inception. The toll-free number assigned for the system was also not working and the centre was not operating.

In the absence of grievance redressal mechanism, the Department deprived the beneficiaries of the opportunity of raising their grievances. Besides, the GoA lost the prospect of the vital tool of monitoring by way of feedback from the end users on implementation of the programme in the State.



Deserted Grievance Redressal Centre during duty hours (16 August 2017)

On this being pointed out, the Government, in its reply stated (August 2017) that the system became in-operative since December 2016 due to non-availability of staff. It was however, further stated that (November 2017) necessary steps had been taken to put back the grievance redressal system in operation, which would be watched in audit.

1.2.11.5 Community monitoring and Social Audit

NRDWP guidelines provided for conducting Social Audit by the involvement of community which had not been done in the State. As a result, status of implementation of NRDWP at the ground level remained unascertained by the community for monitoring purposes.

The Government, in its reply, stated (November 2017) that community-based monitoring and social audit would be ensured soon, which would be watched in audit.

1.2.12 Physical inspection and Beneficiary Survey of Water Quality

1.2.12.1 Physical inspection of water quality

Audit conducted joint physical inspection of 46 reportedly completed PWSSs. Results of the inspection were as mentioned below.

(i) Eight PWSSs in four selected divisions⁸⁰ covered under Audit which were stated to be completed and functional as per Divisional records, were found incomplete for want of water treatment plant, clear water reservoir, pumping house, distribution network, installation of electric transformer *etc.*

(ii) 12 schemes in five selected divisions⁸¹ covered under Audit shown functional as per Divisional records, were found non-functional for reasons such as draw-down of deep tube well, damage of distribution system/diesel generator sets, non-availability of power connection, theft of raw water pump set *etc.*

(iii) Untreated raw water was supplied to the habitants from eight PWSSs in four divisions⁸² covered under Audit due to non-completion/non-functioning of treatment plant, clear water reservoir, damage of electric transformer *etc.*

(iv) In seven selected divisions⁸³ covered under Audit, 26 PWSSs were found functional during joint physical verification, but the supply of water was not sufficient. Duration of the water supply ranged between minimum of once in three days (20 to 30 minutes) to maximum of two times daily (30 to 60 minutes) basis only. From the above, it could be construed that the divisions were unaware of the actual position of the PWSSs implemented by them, indicating lack of proper monitoring of the PWSSs.

On this being pointed out, the Government, in its reply stated (November 2017) that establishment of real-time monitoring had been proposed for improvement of the programme in the State.

1.2.12.2 Beneficiary Survey

Audit conducted a beneficiary survey of 1,840 beneficiaries (200 SC, 292 ST, 475 other categories and 873 General) out of the 184 selected habitations, the result of which was as under:

⁸⁰ Diphu (R), Nagaon, Rangia and Silchar-II.

⁸¹ Dhubri, Diphu (R), Hailakandi, Nagaon and Rangia.

⁸² Howraghat, Nagaon, Rangia and Silchar-I.

⁸³ Nagaon, Dhubri, Howraghat, Tangla, Silchar-I, Silchar-II and Bokakhat.

- out of the 1,840 beneficiaries surveyed, 855 (46 *per cent*) only were getting water from PWSSs;
- 430 (23 *per cent*) beneficiaries stated that they got sufficient water for drinking, cooking and other domestic needs;
- 1,032 (56 *per cent*) beneficiaries expressed their satisfaction about the quality of water being supplied to them;
- only 204 (11 *per cent*) beneficiaries had individual water connections;
- 784 (43 *per cent*) beneficiaries reported that they got water from the distance less than 100 meters as per the prescribed norms.

The above observations emphasised towards the need for the implementation of the NRDWP more effectively by the State.

1.2.13 Conclusion

The NRDWP is one of the most important scheme of the GoI intended to make safe drinking water, a basic necessity, available in adequate quantity within the reach of the rural population. The IMIS data depicted reasonable progress made by the State in completion of the ongoing schemes⁸⁴ of the NRDWP.

An overall assessment of the scheme implementation indicated that in comparison with the national average, Assam was lagging far behind in terms of ‘fully covered’ habitations, which was 17 *per cent* as compared to the national average of 44 *per cent*. In terms of ‘quality affected’ (QA) habitation, Assam stood at a high of 12.5 *per cent* as against the national average of 4.3 *per cent*. Further, owing to incomplete mega piped water schemes, only 4.87 *per cent* of population in 13 divisions covered under audit, could get access to piped water supply whereas all India average stood at 52.2 *per cent*.

A major challenge was the emergence of new QA habitations. This could be due to more dependence on ground water, which was likely to contain hazardous substances as compared to the surface water. Audit observed instances of untreated and undertreated QA water being supplied to habitants. This was indicative of poor quality control which was also evident in sub-divisional and district level laboratories which were found incapable of testing all prescribed parameters relating to water quality. Even the sole accredited laboratory at the State level was neither fully capable of testing all the parameters, nor was it testing required number of samples. This aspect required immediate focus for ensuring supply of safety of drinking water.

⁸⁴ Reduced from 1,860 as on 01-04-2012 to 59 as on 01-04-2017 {*Appendix 1.3 (A)*}.

Implementation of the scheme was adversely affected by lack of documented integrated planning and weaknesses in functioning of the institutional mechanism prescribed in the scheme guidelines. There was no water security plan, or a database mapped for water resource distribution of surface and groundwater. There were instances of overlapping in implementation of schemes which was indicative of poor planning and approval mechanism.

Financial management of the scheme suffered from many weaknesses such as absence of a sound inventory management system which led to unfruitful expenditures at the cost of many schemes remaining incomplete for want of funds. Diversion of funds from one component to another was frequent and maintenance of assets created was inadequate rendering several schemes non-functional.

None of the 31 Mega Projects, commenced during the period (2012-17) was completed despite incurring expenditure to the tune of ₹ 233.95 crore while one project could not even commence due to non-settlement of land issue. The reasons for non-completion of some of these projects/schemes were stated to be the paucity of funds. The department should have taken up only that much number of projects which could have been completed with the available funds so that the intended benefit could reach the beneficiaries. Taking up all the projects without ensuring sufficiency of funds rendered all the projects commenced, incomplete and unfruitful.

Monitoring and Evaluation of the scheme has been extensively described in the NRDWP guidelines. It was seen that data reported in the IMIS was not consistent with the data available at the executing units. This led to a deceptive picture of status of scheme implementation in different components. The data integrity and reporting was most crucial for monitoring the scheme progress. As such, there was an immediate need to put a system in place for real time updating of data by the authorized personnel for the effective monitoring and evaluation of the schemes under NRDWP.

1.2.14 Recommendations

The Government may consider to:

- *prepare a water security plan with appropriate mapping and utilization plan of the available resources;*
- *strengthen the institutional set up for effective coordination, implementation and monitoring of the schemes taken up under NRDWP;*
- *strengthen the quality control institutions and mechanism for providing safe drinking water;*
- *prepare Annual Action Plan with bottom-up approach with due consideration of inputs received through VWSPs and DWSPs;*

- *complete all the incomplete schemes, mega PWSSs and World Bank-assisted schemes early;*
- *operationalize and maintain all the assets created under the scheme by utilizing operation and maintenance funds in a planned manner;*
- *shift the focus to surface water based schemes so as to ensure sustainability of water sources; and*
- *ensure accuracy and consistency of data reported for monitoring, taking timely corrective action and improving the quality of programme implementation.*

Pension and Public Grievances Department

1.3 Audit of Pension Management System of the Directorate of Pension

The Directorate of Pension (DoP), under the Pension and Public Grievances (P & PG) Department, Government of Assam (GoA), was computerised (March 2009) through a comprehensive system *viz.*, ‘Director of Pension Information System (DPIS)’. The objective of the computerization was to ensure speedy finalisation of pension cases of the employees of the Provincialised schools and the Panchayati Raj Institutions (PRIs).

The Audit of DoP on the Pension Management System was carried out covering all the pension modules that were implemented during 2009-17.

1.3.1 Introduction

The Directorate of Pension (DoP) was established (January 1990) by the Government of Assam (GoA) to deal with the finalisation of pension cases of the employees of the Provincialised schools and the Panchayati Raj Institutions (PRIs). To ease the settlement of various types of pension cases, a comprehensive system *i.e.*, ‘Director of Pension Information System (DPIS)’ was developed to cater to the processing and reporting requirements of the pension cases.

- The DPIS project was initiated during 2008 in compliance with Change Request-4⁸⁵ in the Comprehensive Treasury Management Information System (CTMIS) with a total project cost of ₹ 37.67 lakh⁸⁶. The project was yet to be

⁸⁵ At the time when DPIS was conceptualized by the Government, the CTMIS was already implemented. The Government directed TCS to develop the DPIS and, as TCS had already developed the CTMIS, communications were done with the TCS for modifications in the CTMIS as Change Request-1, Change Request-2 and Change Request-3. Thus, Government initiated the development of the DPIS as Change Request-4.

⁸⁶ ₹ 21 lakh for pension automation and ₹ 16.67 lakh for hardware procurement, installation, testing and, commissioning of DPIS hardware.

completed in terms of full functionality, indicating deficiencies in planning and implementation of the project.

- The DPIS, developed by Tata Consultancy Services (TCS), is a comprehensive web-based workflow driven application with Oracle 10g as the database and java as front end application comprising of six⁸⁷ modules. The Pension module is the main module through which all types of retirement benefits are processed.
- All the pension cases are processed through the DPIS. Out of 49,237 Pension cases received, only 34,927 cases were settled through DPIS, as of May 2017.
- After finalization of a pension proposal in DPIS, the pensioner's data is electronically transferred to the CTMIS database maintained by the Directorate of Accounts and Treasuries (DoAT) for payment of the retirement benefits.

The DPIS application was maintained by the TCS till September 2011. Thereafter, the DoP has been maintaining the application on its own.

1.3.1.1 Objectives of DPIS

The main objectives of DPIS, *inter-alia*, included:

- speedy disposal of pension proposals;
- maintain uniformity in calculation of Pension/Family Pension, Death-cum Retirement Gratuity (DCRG), Commutation of Pension, *etc.*;
- avoid issue of duplicate Pension Payment Order (PPO), Commutation of pension order, *etc.*;
- link up finalised pensioner's data to the treasury (CTMIS) database for payment; and
- maintain an archive of pensioner's data for future reference.

1.3.1.2 System architecture

It is a centralized system for maintaining the database and application of the DPIS. The users of DoP, Assam at 'Housefed Complex' were connected with the server at 'Kar Bhawan', Dispur through dedicated leased line.

1.3.1.3 Workflow of pension process

The workflow of processing pension cases in DPIS is described in **Table -1.17**:

⁸⁷ (1) Admin, (2) Pension, (3) Reports, (4) Rule Book, (5) Head of Office; and (6) Search.

**Table-1.17
Workflow of Pension Process in DPIS**

Organisational Setup	Workflow process
Data Entry Operator (DEO)	The pensioners' details, along with the required information in the pension proposal form are entered by the DEO in DPIS. Once the data is entered by the DEO, a printed acknowledgement is generated for issue to the applicant.
Dealing Assistant (DA)	The DA verifies the data entered by the DEO and adds details about the net qualifying period of service. He approves/rejects the proposal (with appropriate comments) and forwards the data to the next level.
Superintendent	The Superintendent verifies the case and adds details for the pension calculation. He approves/rejects the proposal (with appropriate comments) and forwards the data to the next level.
Finance and Accounts Officer (FAO)	The FAO checks the correctness of all the calculations and approves/rejects the proposal to the next level.
Director of Pension (DoP)	The DoP approves the case, based on all the entered data and calculations. The DoP is authorised to edit the data and make any change, if required. Approval by Director generates a unique PPO number for each pensioner relevant to the department. After DoP's approval, the data flows to the CTMIS for payment.
Dispatch Clerk	The Dispatch clerk dispatches the documents as per the decision of the DoP.

Source: User Manual of DPIS.

1.3.2 Audit Approach

1.3.2.1 Audit Objectives

The objectives of this Audit were to assess whether the:

- department had a policy for IT governance and the mechanism for its compliance;
- the pension processing rules were mapped into the system accurately;
- adequate IT controls were in place to ensure reliable and accurate data; and,
- the system was capable for speedy disposal of pension cases.

1.3.2.2 Audit Criteria

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

- Assam Services (Pension) Rules 1969; Assam Services (Revision of Pay) Rules 2010;
- User Manual of DPIS;
- Information Technology Act, 2000 and subsequent amendments.

1.3.2.3 Audit Scope and Methodology

The Audit of DPIS, covering the period 2009 to 2017 was conducted during May-June 2017. The records were examined with respect to DPIS, maintained in the offices of the Commissioner and Secretary to the GoA, Pension and Public Grievances (P&PG) Department and DoP, Assam.

The DPIS application software, used by the DoP, Assam and the DPIS database maintained by DoAT, were analysed. Pension cases processed during March 2009 to May 2017 were also analysed, after importing the data from the DPIS server using IDEA⁸⁸. Data of 49,237 Pension cases in all were received. Physical verification of IT system of DoP, Assam, was also carried out during the course of audit. The Audit commenced with an entry conference (25 April 2017) wherein the audit objectives, audit criteria and scope of audit were discussed and inputs of the departmental officers obtained.

The audit findings were discussed in the Exit Conference (06 December 2017) held with the Secretary to the GoA, P & PG Department, wherein Director, DoP, Finance and Accounts Officer (FAO) and IT resource person were also present. The response of the department based on the discussion held and the replies to the observations received, have been suitably incorporated in this Report, wherever applicable.

1.3.2.4 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the Commissioner and Secretary to the Government of Assam, P & PG Department and the DoP, Assam at all levels during the course of conduct of the audit.

Audit Findings

1.3.3 General controls

1.3.3.1 Training of users

Staff dealing with an IT application, should have skills, experience and training necessary to carry out their jobs to a competent standard and staff should be given the training as per need.

Scrutiny (June 2017) of the records showed that the DoP, Assam had not conducted any periodic training for the regular employees. It was also observed that the users were totally dependent on the sole outsourced IT person for its routine functioning. The outsourced IT person was functioning as a Data Base Administrator (DBA) and was performing functions relating to backend corrections of wrongly entered data, which was to be performed by a regular employee as there was no other trained regular employee who could work as DBA. The system was therefore, vulnerable to manipulations leading to wrong computations of pension. Lack of trained personnel and dependency on the outsourced staff in the long term may lead to the possibility where the integrity and security of the DPIS application may be jeopardised.

The DoP accepted the audit observation and stated that necessary action would be taken.

⁸⁸ An audit tool for data extraction and analysis. Interactive Data Extraction and Analysis (IDEA) version 10.1 was used for analysis of data.

1.3.3.2 Segregation of duties and data access

An IT application should ensure segregation of duties, so that the duties and responsibilities are assigned, systematically to different individuals to ensure effective checks and balances. No single individual should control all key stages of a transaction or event. It was observed that-

- Six user roles existed in the workflow of the application. However, data checking and its approval was made manually. During scrutiny of records, it was noticed that in the event of requirement of rectification of data, error or modification of data (*e.g.*, Date of Birth, Date of Retirement *etc.*), the services of IT outsourced person was taken for making the correction(s) in the system at the back-end⁸⁹ level. The data modification provision though present at the Director level, was not utilised.

Audit noticed absence of audit trail (log files) of such corrections which makes the system highly vulnerable to unauthorized changes.

The DoP accepted the observation and stated (December 2017) that Assam Electronics Development Corporation Limited (AMTRON) was working to revamp the DPIS application for correction of data, if any, at the Director level only. The DoP further added that the developer had been directed to include audit trail for any kind of required data modification.

- A single user could operate at multiple levels by which unauthorized processing of transactions could not be ruled out. As per workflow, only a Superintendent is authorized to enter pension calculation data. However, during audit, it was noticed that a DA was able to enter the same in DPIS.

The DoP stated (December 2017) that multiple authorisations were given for speedy disposal of cases. The reply was not tenable as such multiple authorisation had not been approved by the competent authority with proper documentation to ensure accountability.

1.3.3.3 Business Continuity and Disaster Recovery Plan

A Business Continuity and Disaster Recovery Plan (DRP) is a documented process or set of procedures to recover and protect a business of IT infrastructure and capacity to maintain its vital business processes in the event of a disaster or interruption. This plan should be developed and tested for an application.

The DoP did not have a Business Continuity Plan and a DRP for DPIS. No standard policy on data backup was in place in the Directorate and the backup was locally maintained at the data centre of Directorate of Accounts and Treasuries. As such, in

⁸⁹ Backend correction: Where data is altered directly by accessing the database is termed as backend correction.

the event of any disaster, there was no capability to restore and resume the business immediately.

The DoP accepted (December 2017) the audit observation and stated that necessary action would be taken.

1.3.3.4 System Security

IT Security Policy envisages restricting access to the IT assets and provides protection mechanism that limits users' access to information and restricts their forms of access on the system to only what is appropriate for them. It was observed that the department was yet to adopt such policy.

The following deficiencies in this regard were noticed:

- The DoP has not adopted any anti-virus policy. As a result, the risk of data corruption was very high.
- Authentication is the process of proving a claimed identity. Strong passwords are essential for secured authenticated login. Passwords should be changed at regular intervals and the passwords should be a combination of upper/lowercase-numeric-special characters with minimum of 8 characters in length. Audit observed that the default user passwords which were weak, were being used and the same were not being changed on regular basis resulting in inadequate access controls.
- Local Area Network (LAN) connection switch and other electrical connection in the system operator room and receipt section were kept in disorderly manner as shown in the photographs below and the same was vulnerable to short circuit:



In absence of a proper maintenance of the LAN setup, the access of DPIS application by user could be affected which would hamper the processing of pension and other retirement benefit cases. The DoP noted this observation and stated that necessary action would be taken.

1.3.4 System Design Deficiencies

Analysis of the DPIS through data entry screens disclosed the following deficiencies/shortcomings:

1.3.4.1 Monitoring of timely disposal of pension cases through IT module

The year wise position of pension cases received, approved as per DPIS database and pendency as worked out by Audit is shown in **Table 1.18**.

Table 1.18

Year wise position of pension cases received and disposed of as per database

Year	Cases received	Cases disposed	Pending cases		Duration of pendency of fresh cases calculated by Audit	
			Other ⁹⁰ fresh cases	Fresh cases	No. of cases	Ranges (in days)
2009	4,391	4,114	262	15	1 14	Upto 90 beyond 180
2010	4,267	4,098	152	17	17	beyond 180
2011	5,489	5,117	345	27	1 1 25	Upto 90 Upto 180 beyond 180
2012	6,167	5,692	422	53	7 3 2 41	Upto 90 Upto 120 Upto 180 beyond 180
2013	3,762	3,124	257	381	7 2 372	Upto 90 Upto 120 beyond 180
2014	1,944	1,710	210	24	4 1 19	Upto 90 Upto 180 beyond 180
2015	8,606	7,398	853	355	79 8 12 8 248	Upto 90 Upto 120 Upto 150 Upto 180 beyond 180
2016	10,718	3,658	1,146	5,914	43 733 1,036 4,102	Upto 90 Upto 150 Upto 180 beyond180
2017	3,893	16	4	3873	2,793 788 292	Upto 90 Upto 120 Upto 150
Total	49,237	34,927	3,651	10,659		

Source: DPIS database.

It would be evident from the details above that 10,659 fresh cases (21.64 per cent) out of 49,237 cases received were still pending. Standard time for disposing of pension cases was 90 days. It was observed that the cases were pending for more than this period. The delay in disposing of the pension cases, was however, not depicted in the DPIS. The reasons for delay/pendency could also not be ascertained in audit as there were no remarks against the fresh pending cases in the database. There was no provision in the application to capture the actual date of receipt of the pension cases at the office. Consequently, the pendency of the older pension cases with the DoP could not be monitored through the system.

⁹⁰ Pending fresh cases include Expired/Rejected/Revision of Pension/Reopening of Pension/Adalat Cases.

Further, as per user manual of DPIS, status of dispatch of PPO has to be entered in the system to enable monitoring of dispatch of PPO to the concerned pensioner, concerned treasury and the head of office from where the pensioner has retired. The analysis of data, however, revealed that for the pension year 2016, 1935 cases out of 4657 cases were shown as pending in the role of dispatch clerk. This was due to the reason that the dispatch clerk was not updating the finalised cases at the time of dispatch of the PPO. Thus, the data was not showing the real time status of the pension cases as depicted in the table above.

The Director, DoP, in the Exit Conference, stated (December 2017) that fresh cases were pending for a long time due to shortage of manpower. In regard to entering of dispatch status of finalised cases in the system, the DoP accepted the fact and stated (December 2017) that necessary steps would be taken to make the Dispatch module functional.

In the light of the above, it is obvious that a provision for capturing the actual date of receipt of the pension cases in the DPIS needs to be developed so that the pendency status could be monitored more efficiently for speedy disposal of pension cases.

1.3.4.2 Manual calculation of date of superannuation

It was noticed that the system did not automatically calculate the date of retirement for superannuation on the basis of primary data like date of birth and the date was being entered manually.

During audit, it was observed that in one instance⁹¹, data for date of superannuation was wrongly entered initially, but was rectified subsequently through backend corrections. In this scenario, the possibility of incorrect calculations of qualifying service by the system could not be ruled out.

The DoP accepted the observation and stated (December 2017) that the developer had been asked to carry out necessary modification.

1.3.4.3 Faulty system for calculation of average emoluments

Revision of Pay (RoP) Rules 2010 provides that calculation of pension is determined on the basis of average emoluments of the last 10 months or the last month's emolument, whichever is beneficial to the pensioner.

Accordingly, there is a provision in the DPIS application for calculation of average emoluments. However, while entering the test data *i.e.*, the last month's pay, the application autofilled the same amount of pay for the last 10 months.

⁹¹ Case mark No. 2015/01/0077.

An instance (Case Mark Number 2016/07/1391) was noticed, where the system accepted the amount of ₹ 35,510 for all 10 months whereas the actual emoluments from April to June 2015 were ₹ 34,470 and from July 2015 to January 2016 were ₹ 35,510.

Incorrect capture of emoluments for the last 10 months, consequently, carries the risk of incorrect calculation of average emoluments.

The DoP stated (December 2017) that an employee's last 10 months pay could have a maximum of two different values *e.g.*, an employee retired three months after getting last increment. The DoP also stated that the DPIS helped the user to manually enter only two values, *i.e.*, in the first month and seventh month being the month of increment. The reply was not tenable as the pay could also be changed for more than two occasions during last 10 months on account of promotion, *dies-non*, suspension *etc.*, other than increment only.

1.3.4.4 Non-functioning of 'Commutation of Pension' provision in the pension module

The provision for processing of commutation of pension was found not functioning due to absence of server connectivity between DoP and the P & PG Department. It was observed that the admissibility reports for commutation were generated and processed manually upto the Director level. After obtaining the approval of the Director, the report was sent physically to the P & PG Department for final sanction.

Thus, the very objective of speedy disposal of cases of commutation was not achieved due to non-functioning of the module.

The DoP, while accepting the point, stated (December 2017) that the connectivity between DoP and P & PG Department would be made to process the commutation cases electronically.

1.3.4.5 Other deficiencies in the system

Scrutiny of the application revealed that out of the six modules, sub-modules of three of these modules⁹² were not functional. This led to various shortcomings, such as manual processing of pension, deletion/modification of data, *etc.* The details are as given in **Table -1.19**:

⁹² Admin, Pension and Reports modules.

Table-1.19
Deficiencies due to non-functioning of sub-modules

Name of Module	Sub-module not functioning	Deficiency and the resultant risk
Admin	Audit Trail	Lack of audit trail exposed system to deletion/modification of data, gap creation without user accountability.
Pension	DoP Data Modification	Data modified from backend on regular basis led to risk of unauthorized modification/deletion of data.
	Commutation of Pension	Cases were processed manually leading to risk of inadvertent error/manipulation.
	Transfer of Pension	Cases were processed manually leading to risk of delay and error.
Reports	DoP Reports	MIS reports were not depicting the logical status of major fields viz., cases of delay, monthly progress, finalised family pension cases etc.
	P & PG Reports	Reports were not being generated due to non-connectivity between DoP and P & PG, so full benefits of computerization could not be derived.

- There was no provision in the DPIS to upload the scanned signature of the Head of Office (HoO) from where the pension proposal was received to validate the same with the signature in the physical document. As a result, the genuineness of the applicant could not be verified by DPIS.

The DoP, in its reply (December 2017), stated that the provision for uploading scanned signatures of HoOs will be incorporated in DPIS.

- It was mandatory for the user at the DEO level, as per the User Manual of DPIS, to upload the photograph and signature of the pensioner, once he/she had entered the details into the system.

Verification of the application however, showed that the data entered at the DEO level was allowed to be saved even without uploading of the photographs and signatures of the pensioners. The process of uploading was however, being re-done at subsequent levels.

Thus, the validation process was nullified at the operator level.

The DoP, while accepting the observation, stated (December 2017) that photograph and signature of the pensioner will be incorporated in the system.

- The details of pensioners are required to be supported by enclosing 18 types of documents to be submitted along with the pension proposal. The check on DPIS application showed that the submission of documents required for verification of information in the proposal was not made mandatory. As such genuineness of data made in the proposal could not be ensured by DPIS.

Data analysis of pension cases processed during 2015 showed that 5,920 cases were settled in the absence of nomination of death-cum-retirement gratuity (DCRG), which was irregular.

The DoP, while accepting the audit observation, stated (June 2017) that necessary action would be taken for incorporation of the validation.

- There was provision for MIS reports as per the system design. However, it was observed that reports were not user friendly and providing illogical output as brought out in **Table 1.20** below:

Table -1.20
Logical status of various MIS reports

Name of Reports	Purpose	Status
Case Delay Register	For monitoring of delay	Data column without proper heading and delay was not calculated.
Case Rejection Register	For monitoring the rejected cases	Delay was calculated from incorrect columns.
Month-wise Liability Report	For monitoring the pending cases	No output was provided.
Monthly Progress Report	For monitoring the cases processed by operator/supervisor level	No output was provided.
Report showing finalised case of family pension	For monitoring the finalised family pension cases	Report not generated.

As these were major MIS reports for monitoring of the system, non-generation of actual logical status defeated the very purpose of the reports.

The DoP replied (June 2017) that the reports were designed by Tata Consultancy Service (TCS) and some anomalies existed due to lack of proper testing of the said reports. Further, the DoP assured (December 2017) rectification of the reports.

- Life Time Arrears (LTA) is the pension for the period it was not drawn during the life time of a pensioner. According to Arrears of Pension (Nomination) Rules, 1983, pensioners are required to nominate another person, during his/her life time to receive the arrears of pension, due to the pensioner on his/her death. In the event of death of both the pensioner and his/her spouse, life time arrears can be paid to the legal heirs of the pensioner. Thus, the DA level user, while calculating the pension, needs to enter the family details in the DPIS system, if the government employee declares it for granting Life Time Arrears (LTA) from the date of death of the government employee upto the date of death of the spouse.

During audit, it was noticed that there was no provision for capturing the date of death of the spouse. As a result, the calculation of LTA was not feasible through the DPIS system. One instance⁹³ was noticed in audit whereby life time arrear was settled without the entry of the date of death of the nominee.

The DoP, while accepting the audit observation, replied (June 2017) that necessary modifications would be made in the revamped DPIS system.

⁹³ vide PPO No.ADP/PRI/GPO/2016-17.

1.3.5 Input Controls and validation Checks

Absence of input controls and validation checks in DPIS led to incomplete and invalid data as elaborated in succeeding paragraphs.

1.3.5.1 Pension cases master data

Data analysis of the Pension cases showed the following:

- PPO code number is a unique field generated by the system after approval of the pension proposal by the Director. Since it is a system generated number, there should not be any gap.

Analysis of the data from March 2009 to May 2017 showed 51 gaps in the PPO code numbers generated during the period as shown in the **Table 1.21** below:

Table-1.21

Year	2009	2010	2011	2012	2013	2014	2015	2016	Total
Gaps in the PPO Codes	1	4	Nil	Nil	3	5	23	15	51

This was indicative of a faulty system fraught with the risk of alteration/modification of data or of unauthorised deletion of cases. The gaps in PPO code numbers may induce the possibility of infiltration/breach of data including the misuse of missing PPO numbers. Further, in the absence of login history, cases of intentional deletion/manipulations from the backend could not be identified resulting in non-accountability.

The DoP, in reply, stated (June 2017) that gaps occurred due to sudden shutdown of DPIS application owing to power failure and/or loss of local area network (LAN) connectivity. The reply also confirmed that the system had no controls to prevent the gaps that appeared in the PPO code numbers. The DoP further stated (December 2017) that the system would be modified to address the issue in this regard.

- Data columns made for different types of gratuity *viz.*, retirement gratuity, death gratuity, residuary gratuity and terminal gratuity, remained blank. All amounts of gratuity, irrespective of the type, were clubbed under the one single column. Further due to absence of flagging of the type of gratuity, the segregation of the type of gratuity could not be differentiated and identified. This indicated lack of input controls to capture data under the appropriate column.

The DoP stated (December 2017) that necessary modification would be carried out as per current requirement.

- In a web-based application, the system date should be controlled by the server. During audit, it was observed that 53 cases were processed on Sundays and in one instance, the date of application showed a future date.

The DoP replied (December 2017) that the errors could have happened due to system date error of the personal computer (PC).

The reply was not tenable as the system date of the PC was not controlled by the server. Thus, the authenticity of the data captured was doubtful. The DoP further assured (December 2017) that necessary validation would be incorporated soon.

- As per the Assam Service (Pension) Rules, 1969, noting of the name of father/husband was mandatory for processing of pension cases. Audit noticed 25,188 cases without father/husband's name.

On this being pointed out, the DoP noted (June 2017) the audit observation for necessary action.

- Data analysis showed that two PPOs were issued bearing the same unique number⁹⁴ to two different persons⁹⁵. Since PPO codes cannot be same for two pension cases, the possibility of one of the cases being fraudulent, could not be ruled out.

The DoP, Assam accepted (August 2017) the fact of duplicate generation of PPOs. The DoP further stated that during 2011, PPOs No. ADP/PPO/GPO/2011/004128 (case mark Nos. 2009/12/0095 and 2009/12/0214) were generated on 26 April 2011 and 21 April 2011 respectively. The same was reported to the developer of DPIS who differentiated one of the PPO Code with a suffix “/R1” against case mark no. 2009/12/0095.

The reply was not tenable as it showed that the PPO code which was a unique field was accepting a duplicate number. As such, the system was susceptible to manipulations raising concerns about reliability of the system.

1.3.6 Conclusion

- DPIS had deficiencies related to system design, input controls, data backup and security controls. This resulted in ineffective management of the system and information generated from the system was not fully reliable and safe. Lack of audit trail made it difficult to ensure accountability and responsibility for actions performed using the software.
- There were delays persisting in disposal of cases and the system was not able to show an age analysis of the same. Some important components like calculation of commutation, LTA, transfer of pension were yet to be computerised.
- The staff of DoP were not trained in handling the DPIS and were fully dependent on an outsourced staff.

⁹⁴ PPO code- ADP/PPO/GPO/2011/004128.

⁹⁵ i) Ajay Kr. Hojai and ii) Kutub Uddin Barbhuiyan.

- The computerisation programme, which had started eight years back, was yet to be completed in terms of full functionality, indicating deficiencies in planning and implementation of the project.

1.3.7 Recommendations

Government may consider initiating necessary action to implement the following recommendations:

- *a well-defined IT policy for password management, data backup and Business Continuity be laid down;*
- *training of staff engaged in implementation of the project may be ensured and strengthened;*
- *deficiencies observed due to non-mapping of pension processing rules into the system accurately may be set right besides ensuring correctness of data entry, with adequate input controls and validation checks; and,*
- *a time bound programme for implementation and execution of the modules not implemented so far, be drawn and implemented.*

Compliance Audit

Welfare of Plain Tribes and Backward Classes Department

1.4 Incentive to Scheduled Caste students (Scholarship schemes)

1.4.1 Introduction

The Ministry of Social Justice and Empowerment (MoSJ&E), Government of India (GoI) has introduced several scholarship schemes to provide incentives to Scheduled Caste (SC) students to enable them to complete their education and to minimize the incidence of drop out.

The scholarship schemes include:

- **Post-matric Scholarship for SC students from class XI onwards:** It is paid to SC students at post-matriculation stage studying in India whose parents'/guardians' income does not exceed ₹ 2,50,000 *per annum*. The value of scholarship includes maintenance allowance at the rates prescribed, reimbursement of compulsory non-refundable fees, *etc.*
- **Pre-matric Scholarship for SC students for class IX-X:** The scheme was launched in 2012-13 and paid to SC students studying in class IX and X whose parents'/guardians' income does not exceed ₹ 2,00,000 *per annum*. The scholarship is

paid to the students studying in a government school/school recognised by government at the rates as under:

(in ₹)

Item	Day Scholars	Hostellers
Scholarship per month for 10 months	150	350
Books and Ad-hoc Grant per annum	750	1000

Source: Scholarship guidelines.

- **Pre-matric Scholarship for students of class I to X whose parents are engaged in unclean occupations:** It is provided through Centrally Sponsored Schemes (CSS) to target groups viz., (i) scavengers, (ii) sweepers having traditional links with scavenging, (iii) tanners; and, (iv) flayers. The amount of scholarship is shown as under:

(in ₹)

Item	Day Scholars (Class I-X)	Hostellers (Class III-X)
Scholarship per month for 10 months	110	700
Books and Ad hoc Grant per annum	750	1,000

Source: Scholarship guidelines.

Government of Assam (GoA) in addition, has been implementing the following scholarship/financial incentive schemes:

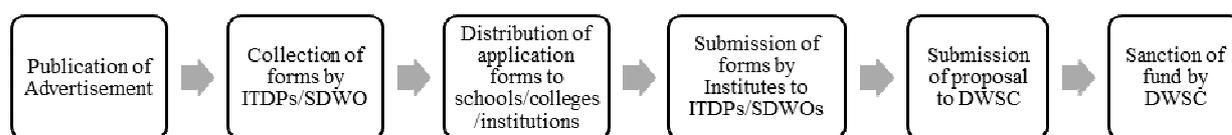
- **Pre-matric Scholarship to SC students of class I-VIII:** Given to SC students whose parents'/guardians' income does not exceed ₹ 1,00,000 per annum. The scholarship amount is paid at the rate of ₹ 50 and ₹ 80 (revised in February 2013 from ₹ 25 and ₹ 40) per month per student for Class I to V and for Class VI to VIII respectively.
- **Financial incentive to poor meritorious SC students who secured 60 per cent marks or above in class X and XII:** The amount of one-time incentive is ₹ 10,000 per student.

The Directorate of Welfare of Scheduled Castes (DWSC), Assam under the administrative control of the Department of Welfare of Plain Tribes and Backward Classes, GoA acts as the nodal department for the implementation of above schemes.

At the field level, the post-matric scholarships are distributed through the Project Director, Integrated Tribal Development Project (PD, ITDP), while the remaining schemes are implemented by the Sub- Divisional Welfare Officers (SDWOs).

Chart 1.5 below depicts the procedure for selection of SC students for extending benefits under the above schemes.

Chart-1.5



Source: Departmental records.

1.4.2 Scope and coverage of audit

The Compliance Audit of incentive to SC students (Scholarship schemes) covering the period from 2012-13 to 2016-17 was carried out to assess as to how efficiently and effectively the schemes were implemented and the benefits extended to SC students.

Records of DWSC as well as six ITDPs⁹⁶ out of 22 ITDPs in the State, selected by using probability proportional to size without replacement (PPSWOR), and all of 10 SDWOs⁹⁷ in the districts of selected ITDPs, were test checked. Audit also cross checked the disbursement of scholarship by a minimum of two colleges and two schools from each of the selected ITDPs and SDWOs respectively.

Audit findings

1.4.3 Database of eligible beneficiaries was not maintained

As per the scheme⁹⁸ guidelines, State Government should prepare a database of eligible students for the award of scholarship incorporating institution-wise list of eligible awardees with their bank account number for crediting the scholarship amount, which should be updated every year and displayed on the web-site of National Information Centre (NIC) at district level. Scrutiny of records showed that DWSC had not created any database of eligible students. In absence of the database, proper planning for the comprehensive coverage of eligible beneficiaries including proper monitoring as well as the accuracy in estimation for requirement of funds could not be ensured.

1.4.4 Inadequate creation of awareness

The scheme guidelines provide that the State Government shall suitably publicise the schemes and invite applications by placing an advertisement in local language in the leading newspapers of the State and also disseminate information through their respective website and other media outfits.

⁹⁶ Guwahati, Jorhat, Kokrajhar, Morigaon, North Lakhimpur, and Silchar.

⁹⁷ Jorhat, Titabor, Korajhar, Porbotjhora, Morigaon, North Lakhimpur, Dhakuakhana, Silchar, Lakhimpur and, Guwahati.

⁹⁸ Pre-matric Scholarship for SC students for class IX-X.

During audit, the DWSC could furnish the advertisements for two years only (2014-15 and 2016-17) published in local newspaper. The advertisements however, did not contain the prescribed application forms. The fact that the application forms for the scholarships were available on the website of the department was not mentioned in these advertisements.

The DWSC accepted the observation and stated (December 2017) that the same had been noted for future compliance.

1.4.5 Coverage of beneficiaries

Scholarship works as a catalyst for bringing students to schools and to continue with their education. However, audit observed huge shortfall in coverage of SC students in awarding pre-matric scholarships as indicated in **Table-1.22**. Position of coverage under post-matric scholarship, however, could not be ascertained as the data in this regard was not maintained by the concerned directorates.

Table-1.22

Year	Pre- matric Scholarship (I-VIII)			Pre- matric Scholarship(IX-X)		
	Enrolment of SC students as per Department of Education (DOE)	Number of awardees	Percentage of Coverage	Enrolment of SC students as per DOE	Number of awardees	Percentage of Coverage
2012-13	353542	40161	11.36	86078	Not implemented	
2013-14	389733	40928	10.50	93806		
2014-15	379262	46707	12.32	98055	17057	17.40
2015-16	339982	49407	14.53	97960	8810	8.99
2016-17	322769	10487	3.25	96913	7636	7.88

Source: Departmental records.

It could be seen that coverage under both the pre-matric scholarship categories was very low compared to the number of enrolled SC students. The situation in the six⁹⁹ districts covered under audit was even worse. In the districts, the authority awarded scholarship only to 1.02 to 6.25 *per cent* in Class I-VIII and 7.12 to 10.16 *per cent* in class IX-X of the total eligible SC students enrolled.

On this being pointed out, the DWSC attributed the reason for the poor coverage to non-receipt of proposals from the ITDPs/SDWOs. This indicated lack of planning and monitoring of the scheme.

The DWSC, while accepting the observation, stated (December 2017) to have noted the observation for necessary and appropriate action at their end.

⁹⁹ Cachar, Jorhat, Kamrup, Kokrajhar, Morigaon, North Lakhimpur.

1.4.6 Coverage of students with disabilities

The guidelines of central scholarship schemes provide for payment of additional allowances to SC students with disabilities such as reader allowance for blind, transport allowance, escort allowance for handicapped, *etc.*

Audit observed that the DWSC did not take any steps to publicise the benefit available to disabled students under the schemes. The advertisement inviting scholarship application as well as the application form did not indicate the provision for the additional allowances available to disabled students.

As a result, students with disability largely remained deprived of the benefits under the scheme.

The DWSC, while accepting the observation, stated (December 2017) that the observation had been noted, for necessary action at their end.

1.4.7 Financial management of the scheme

The process for flow of funds for scholarship is given in the **Chart 1.6:**

Chart-1.6
Flow of scholarship funds



Source: Departmental records.

During the year 2012-13, the DWSC prepared demand draft/ bankers cheque (DD/BC) in the name of ITDP/SDWO for the distribution of scholarship. During the year 2013-16, it was prepared in the name of students/institutions. From 2016-17, the DWSC released scholarships directly into the accounts of the beneficiary students, due to adoption of Direct Benefit Transfer (DBT) system.

1.4.7.1 Allocation of funds and expenditure

The position of funds received from the GoI and GoA and the expenditure incurred by DWSC towards distribution of scholarships during 2012-13 to 2016-17 were as shown in **Table-1.23** below:

Table-1.23
Position of funds received towards scholarships/incentives and expenditure incurred during 2012-13 to 2016-17

(₹ in crore)

Sl. No.	Name of the Scheme	Funding pattern	Position with respect to funds received						
			GoI	GoA	Total	Expenditure	No. of students covered	Unspent fund	Unspent fund (per cent)
1	Pre-matric Scholarship (Class IX-X)	100 per cent Centrally sponsored	13.46	0.00	13.46	7.54	33503	5.92	44
2	Post-matric Scholarship	100 per cent Centrally sponsored	68.47	0.00	68.47	51.57	86101	16.90	25
3	Pre-matric Scholarship to children of parents engaged in unclean occupations	100 per cent Centrally sponsored	0.47	2.93 ¹⁰⁰	3.40	1.82 ¹⁰¹	9826	1.58	46
4	Pre-matric Scholarship (Class I to VIII)	100 per cent State sponsored	0.00	13.00	13.00	8.68	187690	4.32	33
5	Financial Incentive to Meritorious students (Class X & XII)	100 per cent State sponsored	0.00	1.00	1.00	1.00	1000	NIL	NIL

Source: Departmental information.

From the above, it would be seen that the unspent balances in first four schemes ranged from 25 per cent to 46 per cent. Failure to utilize the available fund indicated towards short coverage of eligible beneficiaries for the grant of scholarships under the schemes.

‘Financial Incentive to Meritorious students’ at sl. No.5 above, is funded by the GoA for meritorious SC students, both girls and boys. It was seen that ₹ one crore was sanctioned and released during the year 2012-15 by the State to 1,000 meritorious SC girl students only. No budget provision was however, made during 2015-16 for meritorious SC girl students. During 2016-17, though provision of ₹ 0.70 crore was made for meritorious SC girl students, no fund was released for disbursement under the scheme. Again, in case of meritorious boy students, though there was budget provision of ₹ 1.40 crore for 2012-16, no financial incentives were sanctioned and released. During 2016-17, no provision was made in the budget for disbursement of incentive to meritorious SC boy students. Therefore, allocation and release of fund by the GoA under the scheme was not evenly made depriving the meritorious SC students of the intended benefit.

1.4.7.2 Shortcomings in financial administration

The DWSC submitted (August 2012) a proposal to the MoSJ&E, GoI for the sanction and release of funds under pre-matric scholarship (class IX-X) for 70,478 SC students for the year 2012-13. The basis of proposal, however, was not found on record.

¹⁰⁰ ₹ 293 lakh was provided in the state budget, though it was a Centrally Sponsored Scheme.

¹⁰¹ Out of ₹ 181.78 lakh, ₹ 135.14 lakh was spent from state budget.

The GoI observed that the proposed number of 70,478 SC students was significantly higher than the enrolment of 17,213 students in terms of the data available with the GoI for the year 2009-10. Therefore, the GoI intimated (October 2012) the matter to GoA and did not release any fund for the year 2012-13. As such, due to projection of unsubstantiated data by the DWSC, the SC students of class IX-X were deprived of getting scholarship during 2012-13.

Further, it was seen that GoI sanctioned and released (March 2014) ₹ 13.46 crore to the GoA for disbursement of scholarship to 59,823 SC student of class IX-X for the year 2013-14. The DWSC was however, unaware about the release of the funds due to non-receipt of the letter of sanction in this regard. As a result, the scheme for the year 2013-14 also could not be implemented despite availability of funds.

A further scrutiny in this regard, however revealed that, of the fund amounting to ₹13.46 crore received in 2013-14, the State utilised ₹ 7.54 crore during 2014-17 and awarded scholarship to 33,503 students (11.43 *per cent*) only out of total enrolment of 2,92,928 SC students of class IX-X during the corresponding period, as shown in the **Table-1.24**:

Table-1.24
Details showing award of scholarship to SC students of Class IX-X during 2014-17

(₹ in crore)

Year	Unspent balance of previous year	Budget provision	Fund received from GoI	Expenditure	Unspent balance lying in the State exchequer	Number of SC enrolments	Number of students covered
2014-15	13.46	15.00	NIL	3.84	9.62	98,055	17,057
2015-16	9.62	9.62	NIL	1.98	7.64	97,960	8,810
2016-17	7.64	7.64	NIL	1.72	5.92	96,913	7,636
TOTAL	--	--	--	7.54	--	2,92,928	33,503

Source: Departmental information.

It was observed that the State Government did not send any proposal to GoI for the allocation of funds during 2014-17. The unspent amounts, lying in the State exchequer, were allocated in the budget during the years 2014-17.

Thus, inability of the State Government to utilize the available funds optimally resulted in poor coverage of SC students, thereby depriving them from the award of scholarship.

The DWSC accepted the facts (December 2017) stating that due care would be taken in future.

The fact however, remained that due to inactiveness of the DWSC, the SC students were deprived of the benefit of a scholarship.

1.4.7.3 Delay in release of scholarships

Guidelines¹⁰² stipulate that scholarship is to be paid to the beneficiary students at the end of each academic year. In respect of post-matric scholarships, audit observed that:

- The DWSC released funds to ITDPs with delays ranging from five to 18 months from the date of GoI sanction/release of funds as indicated in *Appendix-1.19*.
- Further, three (out of six) ITDPs covered under this audit, released the scholarships to colleges for disbursement after a delay of two to 33 months after the end of each academic year.

The DWSC stated (December 2017) that the delay was due to non-receipt of proposals in time from ITDPs. The reply indicated the failure of the DWSC to exercise administrative control over its field offices.

1.4.7.4 Non- refund of undisbursed scholarships

In the three (out of six) ITDPs¹⁰³ and four SDWOs¹⁰⁴ (out of 10) covered under audit, ₹ 46.95 lakh¹⁰⁵ in respect of 3,389 students remained undisbursed. The DWSC released the amount during 2012-15 to schools/colleges, which however, could not be disbursed due to non-collection by the students, *etc.* The undisbursed amount of ₹ 46.95 lakh had not been refunded to the DWSC as of June 2017.

On this being pointed out, the DWSC stated (December 2017) that the matter had been taken up several times with the concerned ITDPs and SDWOs. The fact however, remained that the undisbursed amount was yet to be refunded (December 2017) further reinforcing the lack of effective administrative control.

1.4.7.5 Irregular deposit of unutilised central fund to State exchequer

(A) Four (out of six) ITDPs¹⁰⁶ refunded ₹ 15.61 lakh undisbursed amount of post-matric scholarship to the DWSC in the form of 149 DDs/BCs¹⁰⁷. The amounts so received were needed to be refunded to GoI as it belonged to 100 *per cent* centrally funded scheme. The DWSC, however, returned¹⁰⁸ the same to the ITDPs concerned with the instruction to deposit the amount into Government exchequer through treasury challan. Further scrutiny of records of the four PDs, ITDPs showed that:

¹⁰² Post-matric Scholarship for SC students for from class XI onwards, Pre-matric Scholarship for SC students for class IX-X.

¹⁰³ ITDPs: Silchar, Guwahati and Morigaon.

¹⁰⁴ SDWOs: Guwahati, Silchar, Morigaon and Dhakuakhana.

¹⁰⁵ 24.38 lakh of post-matric Scholarship and ₹ 22.57 lakh of Pre-matric Scholarship.

¹⁰⁶ Kokrajhar, North-Lakhimpur, Morigaon and Jorhat.

¹⁰⁷ Demand Drafts/ Banker Cheques.

¹⁰⁸ August 2015 and February 2016.

Jorhat ITDP deposited two DDs amounting to ₹ 2.99 lakh into the treasury while in Morigaon ITDP, 73 DDs for ₹ 3.73 lakh were lying un-deposited. The other concerned ITDPs Kokrajhar and Lakhimpur did not furnish records in support of deposit of the balance amount of ₹ 8.89 lakh.

The DWSC stated (December 2017) that out of the balance amount of ₹ 8.89 lakh, concerned two ITDPs had also deposited ₹ 8.21 lakh in the treasury. As such, a balance of ₹ 4.41 lakh¹⁰⁹ remained undisbursed with the ITDPs without being refunded.

(B) In five out of six ITDPs and one out of 10 SDWOs covered under the audit, undisbursed amount of ₹ 96.31 lakh was remitted into state exchequer as shown in **Table-1.25**:

Table-1.25
Position of undisbursed scholarship deposited into State exchequer

Name of ITDPs	Name of scheme	Amount (₹ in lakh)	Remarks
ITDP, Kokrajhar	Post-matric	6.81	Reasons for non-disbursement was non-receipt of scholarship by the students as they had already left the schools; excess receipt of funds from DWSC against proposals; and, non-existence of particular schools.
ITDP, Silchar	Post-matric	12.05	
ITDP, Jorhat	Post-matric	36.16	
ITDP, Guwahati	Post-matric	9.60	
ITDP, Lakhimpur	Post-matric	20.31	
SDWO, Lakhimpur	Pre-matric (IX-X)	11.38	
Total		96.31	

From the above it would be seen that, central fund of ₹ 107.51 lakh (₹ 2.99 lakh *plus* ₹ 8.21 lakh *plus* ₹ 96.31 lakh) were deposited irregularly into state exchequer instead of being refunded to GoI (being fully funded CSS¹¹⁰). Further, the above unutilised balance funds lying with the field level offices was fraught with the risk of misutilisation of funds.

1.4.8 Irregularities in disbursement of scholarship

1.4.8.1 Suspected misappropriation/fraud of ₹ 0.16 crore

The DSWC, Assam based on the proposal (December 2015) of the SDWO, Guwahati sanctioned (March 2016) ₹ 0.16 crore¹¹¹ for disbursement of scholarship to 864 students of five schools¹¹² under 'Pre-matric Scholarship to students whose parents were engaged in unclean occupation' for the year 2015-16. The amount was released (April 2016) to SDWO, Guwahati through five bank drafts¹¹³ of State Bank of India

¹⁰⁹ ₹ 15.61 lakh *minus* ₹ 2.99 lakh *minus* ₹ 8.21 lakh.

¹¹⁰ Centrally Sponsored Scheme.

¹¹¹ @ ₹ 1,850 per student.

¹¹² (i) Little Angel's English School, Birubari, Guwahati; (ii) St. John English School, Rehabari, Guwahati; (iii) Sarvajanic High School, Noonmati, Guwahati (iv) Jayswal Hindi School, Amingaon, Guwahati; and (v) Raghunath Choudhury Hindi School, Birkuchi, Guwahati.

¹¹³ 250581 dated 06.04.2016; 250582 dated 06.04.2016; 250583 dated 06.04.2016; 250584 dated 06.04.2016 and 250585 dated 06.04.2016.

(SBI), Dispur Branch, Guwahati. The DWSC instructed to disburse the amount so released through bank account/institution account.

Scrutiny¹¹⁴ of records of the DSWC, Assam and the SDWO, Guwahati showed that the scholarships were not disbursed to the students through students' bank accounts. Instead, the bank drafts were shown to have been handed over to the headmasters of the concerned schools. The DSWO had produced actual payee receipts (APRs) obtained from headmasters of schools confirming payments. Thus, actual payment of scholarships to students remained unconfirmed in audit. Therefore, physical verification of schools was conducted to ascertain the actual position of disbursement of the scholarship. During verification, it was found that:

- The Headmasters of four schools¹¹⁵ had neither submitted any proposal for scholarships for their students nor received any bank drafts in this regard.
- The remaining one school¹¹⁶ was not in existence.

However, all the bank drafts were found encashed (*Appendix-1.20*) from Nalbari branch and Centralized Clearing Processing Centre Chennai of SBI. The details of person (s) who had encashed/received the amount could not, however, be ascertained in audit.

In view of above, all the five schools did not actually receive the bank drafts and therefore, the scholarships were not disbursed to the targeted eligible students. Moreover, encashment of the same at places other than Guwahati indicates fraud/misappropriation of ₹ 0.16 crore. The Department may consider lodging an FIR against the officials involved in the misappropriation of funds.

1.4.8.2 Doubtful/fraudulent disbursement

(i) Post-matric Scholarship

The DWSC prepared (27 December 2013) a DCR¹¹⁷ for ₹ 26.73 lakh for the disbursement of post-matric scholarship to 646 SC students under ITDP, Silchar. The DCR was however, not released to ITDP, Silchar and instead, the entire amount was shown¹¹⁸ to have been disbursed¹¹⁹ to the bank accounts of the students. The details of disbursement/transfer of the funds including the Advice Slip issued to the bank, however, could not be made available, though called for. The PD, ITDP, Silchar also denied receipt of such DCR in his office.

¹¹⁴ Conducted in May 2017.

¹¹⁵ (i) Little Angel's English School, Birubari, Guwahati; (ii) St. John English School, Rehabari, Guwahati; (iii) Jayswal Hindi School, Amingaon, Guwahati; and (iv) Raghunath Choudhury Hindi School, Birkuchi, Guwahati.

¹¹⁶ Sarvajanik High School, Noonmati, Guwahati.

¹¹⁷ Deposit-at-call Receipt (DCR) No.435048.

¹¹⁸ 29 October 2014.

¹¹⁹ In the Cashbook of DWSC.

The absence of vital documents and different representation made in the records of DWSC pointed towards doubtful disbursement of the scholarship to the eligible students. The department may therefore, consider lodging FIR against the officials for proper investigation in this regard.

On this being pointed out, the DWSC in reply, stated (December 2017) that the Directorate had remitted ₹ 20.97 lakh through DBT. The balance amount of ₹ 5.76 lakh was released through bank drafts to 196 students. The DWSC, however, did not furnish any document such as advice slip and acknowledgement of bank drafts *etc.*, in support of disbursement of scholarship with their reply. Therefore, the genuineness of actual disbursement of scholarship to eligible students remained doubtful.

(ii) **Pre-matric Scholarship**

The DWSC accorded (June 2016) sanction of ₹ 6.70 lakh against the proposal (December 2015) of SDWO, Guwahati for pre-matric scholarship for class I to VIII for the year 2015-16 in respect of 1,191 students of 10 schools. The SDWO released the funds to 10 schools as shown in **Table-1.26** below:

Table-1.26
Position of school-wise release of scholarship amounts by the SDWO

Sl. No.	Name of school	No. of students	Bankers' Cheque No.	Amount (₹)
1	Mangal Chand Hindi Vidyapith High School, Uzan Bazar	95	523002	61,080
2	Lakshmipriya English High School, Rehabari	146	523000	75,720
3	Bhringeswar High School	145	522997	74,400
4	Dalibari High school	139	522998	72,240
5	South Ketekibari High School.	156	522999	82,320
6	Sarvajanik High School, Noonmati	118	523004	61,920
7	Hindi Vidya Mandir High School, Pandu	124	523003	70,680
8	St. John English High school, Rehabari	115	523001	59,640
9	Raghu Nath Choudhary High School, Birkuchi, Bonda	130	523005	80,520
10	Dr. B.R Ambedkar M.E. School	23	523006	31,960
		1,191	Total	6,70,480

Source: Departmental records.

The applications, requisite certificates of income and caste *etc.*, in respect of the above 1,191 students were not found on records of the SDWO, Guwahati. The same were also not produced, though called for. The detailed scrutiny of list of awardees in audit, however, disclosed that:

- The same names of students and parents in 95 cases of one school (Sl. No. 1 above) were repeated in the list of other two schools (Sl. No. 2 and 7 above). This

showed that funds towards scholarships for the same set of 95 students were released thrice indicating fraudulent payment to the students (95 each) of other two schools.

- Again, out of the said 95 students, the names of 43 students (along with parent's name) also figured in the list of another two schools (Sl. No. 6 and 8 above).

The site visit to five schools (Sl. No. 1, 2, 6, 8 and 9 above) by Audit disclosed that three schools (Sl. No. 1, 2 and 6 above) were not in existence at the specified locations. The names of these three schools were also not found in 'Unified District Information System for Education (UDISE)' 2015-16. The headmasters of other two schools¹²⁰ stated that they had neither sent any proposal nor received scholarship for distribution to SC students in their school.

Thus, the absence of requisite records, duplication of names of the students and instances of release of funds to non-existent schools indicated the release of the entire amount towards disbursement of scholarship *prima-facie* as fraudulent.

The DWSC in its reply, stated (December 2017) that departmental enquiry based on the audit observation had been set up. Audit, however, observed that the DWSC issued enquiry order in August 2017 with the instruction to submit the report within 15 days, but the outcome of the enquiry was still awaited.

Since fraud amounting to ₹ 6.70 lakh was *prima-facie* established, the DWSC may consider lodging the FIR against the officials responsible for the disbursement of scholarship.

(iii) Pre-matric Scholarship to students whose parents are engaged in unclean occupation

The DWSC sanctioned and released (June 2015) ₹ 12.43 lakh to the SDWO, Guwahati for payment to 672 students (@ ₹ 1,850 per student) for the year 2014-15. The SDWO, Guwahati during October 2015 to August 2016 issued advice slip to bank for the payment of ₹ 11.66 lakh to 630 students through e-transfer.

Scrutiny of the advice slip showed that-

- ₹ 2.09 lakh meant for 113 students was transferred to the accounts of only 45 students resulting in fraudulent payment of ₹ 1.26 lakh¹²¹. It was done showing the enrolments of the same set of students in other two to five schools (as detailed in *Appendix-1.21*).
- ₹ 4.90 lakh meant for distribution to 265 students was transferred only to 66 bank accounts by multiple payment of two to eight times of the scholarship amount to

¹²⁰ Sl. No.8 and 9 in Table 1.26.

¹²¹ ₹ 2.09 lakh was paid against admissible payment of ₹ 0.83 lakh.

one bank account. This indicated doubtful payment of ₹ 3.68 lakh against 199 students¹²² (as detailed in *Appendix-1.22*).

The DWSC, however, in reply stated (December 2017) that due to non-availability of minor student's bank account, ₹ 4.37 lakh against 236 students had been transferred to the accounts of 40 parents/guardians. Audit further observed, on verification of APRs forwarded by the DWSC along with the reply that the bank account numbers mentioned in the APRs did not match with that noticed during the audit. Thus, the reply was not acceptable as the same was not based on the facts.

As such, payment of the scholarship to the accounts of the students in the manner stated above was indicative of *mala-fide* intention. Besides, distribution of scholarships in these cases was susceptible to fraud and therefore, the department may consider lodging the FIR against the officials involved in the fraud.

1.4.8.3 Excess release of scholarship fund led to diversion and suspected misappropriation of fund

The DWSC released ₹ 194.02 lakh against the proposal of ₹ 99.16 lakh submitted by the PD, ITDP, Morigaon, for making payment of post- matric scholarship for the year 2012-13 to 2,044 students. It resulted in excess release of ₹ 94.86 lakh. Audit scrutiny of the utilisation of the released amount showed that:

(A) The PD, ITDP, Morigaon released an amount of ₹ 139.85 lakh to 2,044 students in 61 institutes. It was revealed that the excess amount of ₹ 40.69 lakh¹²³ (₹ 139.85 lakh *minus* ₹ 99.16 lakh) received by PD, ITDP was shown as disbursed to 930 students of 31 institutes. Further, scrutiny in this regard showed that the excess amount of scholarship was released twice to the same set of 930 students resulting in double release of scholarship in respect of 930 students. The Utilisation Certificates for the total released amount of ₹ 139.85 lakh was yet to be submitted by the ITDP, Morigaon.

(B) The PD, ITDP, Morigaon withdrew ₹ 37.14 lakh in cash during October 2013 to October 2016 out of the available balance amounting to ₹ 54.17 lakh¹²⁴. The PD, ITDP, Morigaon stated that the entire amount of ₹ 37.14 lakh was utilised for the construction and other purposes as per the approval of the project implementation committee and requirement of the office. Utilisation of scholarship funds for other purposes was irregular. Further, no records in support of the utilisation of the amount showing details of works done, approval/sanction for the work *etc.*, could be made available to audit. This indicated possibilities of mis-appropriation of the funds amounting to ₹ 37.14 lakh.

¹²² 265 – 66 = 199.

¹²³ Over the proposed requirement of ₹ 99.16 lakh.

¹²⁴ ₹ 194.02 lakh - ₹ 139.85 lakh).

The ITDP, Morigaon parked the balance amount of ₹ 17.03 lakh¹²⁵ outside the government account in the form of a DCR¹²⁶ since October 2016 instead of refunding the same to the DWSC.

On this being pointed out, the DWSC in reply, stated (December 2017) that the balance amount of ₹ 17.03 lakh could not be deposited for want of instructions from the higher authority. However, the DWSC did not furnish any reply on excess release of scholarship money which facilitated mis-utilisation of scholarship funds.

Enquiry may be set up and responsibility needs to be fixed by the Department in this regard and FIR lodged against the officials involved in the misappropriation of funds.

1.4.8.4 Double payment of scholarship

The PD, ITDP, Barpeta submitted proposal for ₹ 5.47 lakh in respect of 108 students for the award of post-matric scholarship for the year 2015-16. Against the proposal, DWSC released (November 2016) ₹ 7.24 lakh in respect of 151 students of MC College, Barpeta.

Scrutiny of the advice slip issued to the bank, disclosed that in 43 instances name of one student, bank account number and the amount appeared twice in the details. This resulted in double payment of ₹ 1.77 lakh to 43 students.

The DWSC, while accepting the audit observation, stated (December 2017) that it had made correspondence with the concerned ITDP and college for necessary recovery. However, the recovery was yet to be made (December 2017). The department may therefore, consider lodging the FIR against the officials responsible for the misappropriation of government money.

1.4.8.5 Short payment of scholarship

The scholarship amount for pre- matric scholarship¹²⁷ was revised (February 2013) from ₹ 25 to ₹ 50 per month for the students of Class I to V and from ₹ 40 to ₹ 80 per month for Class VI to VIII.

The DWSC released scholarship of ₹ 77.52 lakh in respect of 12,065 students for the year 2016-17 based on the proposal of SDWOs. It was noticed that, out of the 12,065 students, in respect of 3242 students (957 students of class I to V and 2,285 students of class VI to VIII), the proposal and disbursement were made at pre-revised rate resulting in short payment of ₹ 13.38 lakh.

Thus, due to lapses both at the SDWOs and the directorate level, the students received short amount of scholarship than their eligibility under the scheme.

¹²⁵ ₹ 54.17 lakh - ₹ 37.14 lakh.

¹²⁶ DCR (Deposit at Call Receipt) No.021410029625.

¹²⁷ For Class I-VIII.

The DWSC, while accepting the observation, stated (December 2017) to have noted the observation for future compliance.

1.4.8.6 Irregular release and utilization of scholarship

(i) The DWSC released (May 2014) ₹ 2,27,250 to the SDWO, Kokrajhar for disbursement of pre-matric scholarship to 526 students (class I-VIII) of 23 schools against the proposal for 101 students (class IX-X) of six schools. Significantly, funds for the proposed 101 students (class IX-X) of six schools were not released. As such, the release of fund by the DWSC did not correspond to the proposal and for the reason of irregular release of fund, the proposed 101 students remained deprived of the benefit of scholarship. It was also noticed that existence of one school (out of 23 schools) was not found for which ₹ 22,530 was released. However, the amount was refunded to Government account subsequently by the SDWO. This augmented the fact of unusual release of fund by the DWSC.

Further scrutiny showed that three schools¹²⁸ disbursed ₹ 86,100 in cash to the students instead of payment through cheques, violating the provision of the guidelines. None of these three schools could furnish the applications of students or the details of proposals submitted by them to SDWOs for verification in audit. In the absence of these records, the correctness of disbursement of scholarship to the eligible students by the schools also remained doubtful.

(ii) Similarly, the DWSC sanctioned and released (June 2015) two banker cheques (BCs)¹²⁹ for ₹ 1.83 lakh to SDWO, Kokrajhar for the disbursement of pre-matric scholarship¹³⁰ to 99 students. The SDWO, Kokrajhar, however, returned (August 2015) the BCs to the DWSC for their revalidation as those became time barred. The returned BCs, however, were neither revalidated nor could be located in the directorate.

On this being pointed out, the DWSC, in reply stated (December 2017) that the amount of ₹ 1.83 lakh had been received back from the SDWO and remitted to the Public Financial Management System (PFMS) account of the Axis Bank. The reply was not tenable as verification of Bank statements carried out by audit (up to 31 March, 2018) in this regard revealed that the amount of ₹ 1.83 lakh had not been deposited in the PFMS account of the Axis Bank and thus, needed investigation.

1.4.9 Dropout of school/college students (SC)

The State Government could not utilise the funds optimally to cover maximum number of students and minimise the dropouts as per the scheme. During 2013-14 to 2015-16, the dropout rate in class IX increased from 19.14 *per cent* to 23.96 *per cent*

¹²⁸ (Shishu Kalyan ME, Bina Pani LP and Bina Pani ME).

¹²⁹ ₹ 86950 (BC No.775398 dt. 30.03.15) and ₹ 96200 (BC No.775412 dt.30.03.15) prepared in March 2015.

¹³⁰ Students whose parents are engaged in unclean occupation.

while in case of class X, it ranged from 44.05 to 50.29 *per cent*¹³¹. The increasing trend of dropout students indicated that the scholarship schemes failed to encourage SC students to continue their studies.

The DWSC, while accepting (December 2017) the observation, noted the same for necessary action at its end.

1.4.10 Monitoring and evaluation

Monitoring is an important tool and effective control mechanism for the Department/Government to achieve the desired results. The guidelines of the schemes provided for effective monitoring by:

- maintaining a database of the institutions, institution wise list of eligible beneficiaries with necessary particulars and display of such details on the website of National Information Centre at district level;
- designating Grievance Redressal Officers (GROs) both at the State and district levels to redress scholarship-related grievances; and,
- maintaining proper records in respect of receipt and disbursement of funds under the schemes and submission of physical and financial reports to GoI/GoA.

Scrutiny of records, however, showed that the maintenance of records both at the directorate and the district level was poor. The following essential registers as required to be maintained, were not at all maintained:

- register for receipt and disbursement of funds;
- register for refund of unutilised money received back from implementing ITDPs/SDWOs; and
- register for number of students eligible and number of students to whom scholarship sanctioned and actually awarded.

Apart from the above, the DWSC did not prepare the institution-wise database of students so far. The reports being submitted to GoI/GoA, were without taking inputs from the field level authority. The grievance redressal mechanism was also not ensured by designating GROs at any level.

Thus, non-maintenance of essential records, non-preparation of database and non-ensuring grievance redressal mechanism as required under scheme guidelines, pointed towards lapses of monitoring of the implementation of the schemes in the State.

¹³¹ Source: UDISE data.

The DWSC, while accepting the observation, stated (December 2017) that the observations had been noted for necessary compliance.

1.4.11 Conclusion

Implementation of the scheme for strengthening educational needs of the weaker section of students suffered from poor planning and lack of adequate monitoring. Instances were noticed where the system of disbursement of scholarship was exposed to frauds and misappropriations. Despite strict guidelines about disbursement and refund of scheme funds, frequent violations were noticed. In absence of institution-wise database of SC students, instances of funds being released to non-existent schools, depriving the eligible students from its benefits were rampant under the scheme. Funds allocated under the scheme were not fully disbursed leaving substantial unspent balances. The impact on needy students from the SC class was adverse, as they remained deprived of the intended benefits largely, which also reflected from the high dropout rate registered in the State.

1.4.12 Recommendations

To ensure proper implementation of the scholarship scheme, the Government may consider to:

- *prepare a complete database of beneficiary SC students taking input from the district level Offices and to update the same annually;*
- *take effective measures to spread awareness among the community and students through wider publicity for more coverage;*
- *ensure timely release of funds to the districts so that the students could get incentives in the beginning of the academic session;*
- *put effective monitoring and evaluation system in place to bridge the gaps in implementation for minimising the dropouts of SC students and prevent both under-utilisation and mis-utilisation of funds;*
- *strengthen internal control system for financial management and accounting of the scheme funds; and,*
- *take action against officials involved in fraud/misappropriation of scholarship funds as deterrent.*

1.5.1 Extra expenditure

The Director of Welfare of Plain Tribes and Backward Classes, Assam incurred an excess expenditure of ₹ 0.75 crore on procurement of dyed cotton yarn during 2015-16 due to fixation of higher rate by the Departmental Purchase Committee (DPC).

Government of Assam (GoA), Finance Department vide OM No. FEC (I)/2009/2 dated 11 August 2010, instructed all concerned Drawing and Disbursing Officers/Head of Departments (DDOs/HODs) to invite open tenders for the procurement of any item or store for ₹ 0.50 lakh and above. The purchasing authority, in case of any doubt about the reasonableness of the rate, could verify the market rate through the Commissioner of Taxes or local Superintendent of Taxes.

The GoA, Welfare of Plain Tribes and Backward Classes (WPT&BC) Department, accorded (February 2015 and March 2015) financial sanction of ₹ 23.20 crore for the implementation of various developmental schemes during 2014-15 and 2015-16. It included procurement of 2/80 count dyed cotton yarn¹³² by seven development councils¹³³ valuing ₹ 6.77 crore for distribution to the selected beneficiaries. The Government, while according sanction, had categorically mentioned that the authority incurring the expenditure should follow provisions of the Assam Financial Rules (AFR), Assam Fiscal Responsibility and Budget Manual (AFRBM) Act, 2005, guidelines of Central Vigilance Commission (CVC) and the instruction of the Finance Department contained in the OM No. FEC (I)/2009/2 dated 11 August 2010.

The Director, WPT&BC issued (June 2015) notice inviting tender (NIT) for fixation of rates of 2/80 count dyed cotton yarn for procurement by the Development Councils for the years 2014-15 and 2015-16. M/s P. D. Enterprise quoted the lowest rates of ₹ 420 per kg for the white cotton yarn and ₹ 430 per kg for the green and yellow cotton yarns out of 80 qualified bidders. The rates were exclusive of handling and carriage charges. The Departmental Purchase Committee (DPC), however, in its meeting held on 14 September 2015 fixed/approved the rate of all varieties of cotton yarn (for the year 2014-15) at ₹ 510 per Kg (including charge of ₹ 20 for handling and carriage). The DPC fixed the rate based on the rate obtained from the Sales Tax Department (₹ 490 per Kg prevailing during March 2015) overlooking the available lowest quoted rates.

Audit observed on scrutiny (October to November 2016) of records of the Director, WPT&BC that the Development Councils procured (between October 2015 and

¹³² White, green and yellow.

¹³³ Mech Kachari, Koch Rajbangshi, Bishnupriya Manipuri, Amri Karbi, Sarania Kachari, Barak Valley Hill Tribe and Moria Development Councils.

December 2015) 1,24,807.84 Kg¹³⁴ of 2/80 count dyed cotton yarn (for the year 2014-15) based on the rates approved by the DPC. An amount of ₹ 6.37 crore was paid (between October 2015 to January 2016) to the suppliers.

As per provisions of the AFR, CVC Guidelines and AFRBM Act, 2005, the procuring authority should consider the lowest rate of the bidders/tenderers until or unless any question on quality and specification arises. In the instant case, no such question arose. Tenderers/bidders offered their rate as per the specifications given in the NIT. Further, Finance Department vide OM *ibid*, instructed to ensure the reasonableness of the rate so as to prevent fixing the approved rate beyond the market rate and it was not to fix market rate as the approved rate. In this case, quoted rates were lower than the market rate.

On this being pointed out, the Director, WPT&BC stated (February 2018) that the DPC had approved the rate on the basis of prevailing market rate. The reply was not tenable as the DPC did not adhere to the codified provisions of the financial rules/guidelines in this regard. Further, the DPC itself, at a later date, approved (February 2016) the rate of the said item at ₹ 431 per Kg for the procurements for the year 2015-16, after being objected by the Finance Department (January 2016) on the non-observance of financial rules while approving the rate for 2014-15.

The Department did not adhere to the financial rules and government instructions in fixing the rate of cotton yarn which resulted in an extra expenditure of ₹ 0.75 crore¹³⁵ highlighting the system deficiencies in the Department.

The matter was reported to Government in June 2017; reply was awaited (March 2018).

1.5.2 Fictitious payment

The Block Development Officer, Tihu-Barama development block, paid ₹ 0.15 crore against false claims for carriage of earth by tractors.

The Backward Regions Grant Fund (BRGF) was created to redress the regional imbalances in development. The basic objective was to provide financial resources for supplementing and converging existing developmental inflows into identified districts to bridge critical gaps in local infrastructure and other development requirements.

¹³⁴

Sl. No.	Name of the Development Council	Quantity procured (in Kg)	Amount paid (₹ in lakh)
1	MechKachari	1,029.41	5.25
2	Koch Rajbongshi	19,607.84	100.00
3	Moria	1,229.41	6.27
4	Bishnupriya Manipuri	5,882.35	30.00
5	AmriKarbi	25,490.20	130.00
6	SaraniaKachari	39,215.69	200.00
7	Barak valley Hill Tribe	32,352.94	165.00
Total		124,807.84	636.52

¹³⁵ ₹ 510-(₹ 430 + ₹ 20 for handling and transportation charge) × 1,24,807.84 Kgs = ₹ 0.75 crore.

Audit observed on scrutiny (March 2017) of records of the Project Director (PD), District Rural Development Agency (DRDA), Baksa that the Principal Secretary, Bodoland Territorial Council and District Programme Co-ordinator, BRGF sanctioned and released (June 2013 to February 2014) ₹ 0.47 crore to the Block Development Officer (BDO), Tihu-Barama development block for execution of four works¹³⁶ under BRGF. The BDO concerned incurred (June 2013 to February 2014) expenditure of ₹ 0.47 crore for the execution of the sanctioned works (**Appendix-1.23**). The expenditure included cost for the “supply of earth by tractor”. The estimated quantity of earth was 16,545.636 cum valued at ₹ 0.29 crore. However, as per noting in the measurement book (MB), 15202.50 cum of earth was shown to have been procured.

Audit cross-checked (March 2017) the registration number of the tractors (shown in the money receipts) with the records of the District Transport Officers (DTOs), Kamrup (M), Nalbari, Barpeta and Baksa and noticed that, in 44 instances (involving an amount of ₹ 0.15 crore), the registration numbers of tractors shown in the money receipt were the registration numbers of vehicles other than the tractors like auto-rickshaw, scooter, motor cycle, car, auto pick-up van, Tata Magic passenger carrier, etc. Further, the registration numbers in four instances (involving ₹ 0.01 crore) were either found invalid or not at all issued by the DTOs. The quantity of 5,767.50 cum of earth was shown to have been carried by such vehicles valued at ₹ 0.15 crore.

The claims of the suppliers for carriage of earth by vehicles denoted as tractors were thus, not genuine but fictitious.

Payment of these fictitious claims of ₹ 0.15 crore (**Appendix-1.24**) of the suppliers by the BDO without verifying the genuineness of the claims was required to be recovered.

The Government in reply stated (December 2017) that the money receipts were submitted by Construction Committees. BDO released payment on the basis of physical verification of the works without verifying the registration numbers of the tractors (mentioned in the money receipts). The reply reveals a systemic issue where a government functionary overly relies and accepts at face value the authenticity of documents (in support of expenditure incurred from public funds) submitted by committees comprising of members of the local community. The Department should take steps to address the issue.

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Sl. No.	Name of block/implementing agency (VCDC)	Name of Scheme	Fund released (₹ in lakh)
1.	Tihu-Barama development block (Karuajan)	Improvement of Road from Daosupuri to Naktipara Pam along with 2 Nos. of RCC box culvert	10
2.	-Do-(Barama)	Construction of Sports field at Juli Maidan	8
3.	-Do- (Karuajan)	Construction of Road from Jharua Chowk to Batabari Chowk	10
4.	-Do- (Merkuchi)	Construction of Road from Jaripar to Anandapur	19
Total			47

In this instant case, Government should lodge an FIR for misappropriation of public funds.

Cultural Affairs Department

1.5.3 Loss to Government

Award of work by the Director, Cultural Affairs, Assam to a firm without ensuring availability of funds and inability to make payment in time resulted in loss of ₹ 3.98 crore due to payment of interest as per Court order.

Rule 268 of the Assam Financial Rules (AFR), 1939 stipulates that work should commence on approval of detailed design and estimate, allotment of funds and commencement order issued by competent authority.

The Director, Cultural Affairs (DCA), Assam awarded (4 January 1994) the work of preparation of Assam Tableau for exhibition in the Republic Day parade of 1994 to M/s Target Advertising and Marketing Agency, Guwahati at ₹ 17.19 lakh.

Audit (February 2017) observed that the firm on completion of work (20 January 1994) submitted (1 February 1994) the bill to DCA for ₹ 17.19 lakh. DCA submitted (24 February 1994) a proposal to GoA for release of funds for making payment to the firm. Due to non-receipt of funds, the Director failed to release the payment to the firm despite its repeated requests. Being aggrieved, the firm filed (February 1997) a money suit¹³⁷ in the Hon'ble Court of Civil Judge, Kamrup, Guwahati for the payment. The Hon'ble Court awarded (22 January 1998) an ex-parte decree¹³⁸ directing the Department to pay the firm an amount of ₹ 27.88 lakh including interest. An appeal (for setting aside the decree of January 1998) of the Department was dismissed by the Hon'ble Court (06 July 2001) being time barred¹³⁹. Subsequently, Government approached the Gauhati High court and filed first regular appeal (August 2006) which was admitted by condoning the delay, and stay was granted on the impugned judgement and decree (March 2007).

It was seen that a dispute arose between the Government and the Government advocate over nonpayment of his fees, leading to his disassociation from the case. Due to non-appearance of the advocate and resultant defaults, the case was dismissed by the High court (April 2010). An attempt to restore the petition with the High court also failed (June 2010).

Later, Hon'ble Civil Judge, Kamrup, served (September 2014) a notice for payment of ₹ 3.87 crore (including income tax of ₹ 7.74 lakh) as outstanding dues up to July

¹³⁷ No. 32/97 on 03.02.1997 in the Hon'ble Court of the Civil Judge No. 2 (Sr. Division), Kamrup, Guwahati.

¹³⁸ interest @ 18 per cent per annum for the period from February 1994 to January 1997 with future interest @ 18 per cent from the date of order to the date of payment.

¹³⁹ Period of filing an appeal was ninety days.

2014. The firm received the entire amount in February 2016 upon which the Hon'ble Court disposed-off the case (order dated 16 July 2016).

As such, due to non-adherence of the provision of AFR, delayed action in compliance and mishandling of the court cases coupled with delay in according the sanction for making the payment, the Department had to pay an amount of ₹ 4.15 crore against the original claim of ₹ 17.19 lakh due to the firm, by way of interest up to the date of payment. This resulted in a loss of ₹ 3.98 crore¹⁴⁰ to the Government, which was avoidable had DCA, Assam initiated timely action. Government should fix responsibility for the loss to the exchequer and initiate action against the concerned official.

The matter was reported to Government in July 2017; reply was awaited (March 2018).

Higher Education Department

1.5.4 Loss of interest

Decision of the Gauhati University authority to invest ₹ 27.70 crore in fixed term deposit in the banks paying lower rate of interest resulted in loss of ₹ 62.07 lakh.

Scrutiny (April 2016) of records of the Registrar, Gauhati University (GU) showed that the university received (February 2011) an amount of ₹ 20.85 crore from the Deputy Commissioner, Kamrup (Metro). The amount was received as compensation towards acquisition of its land for diversion of the National Highway No. 37 and kept in savings bank account¹⁴¹. The Executive Committee of the University resolved (3 May 2011) to create a non-withdrawal Corpus Fund of ₹ 20 crore by investing the amount with nationalized banks in term deposit for the maximum period available, in order to earn higher rate of interest. Accordingly, offers of best interest rate for duration of five to 10 years were invited (June 2011) from the banks. The State Bank of India (SBI), in response, offered its interest rate of 9.25 *per cent* per annum, the Central Bank of India offered the highest rate of 9.6 *per cent* while the Assam Gramin Vikash Bank offered a rate of 9.5 *per cent*. The University authority, however, invested (September 2011) ₹ 10 crore in Assam Gramin Vikash Bank (AGVB) and the remaining ₹ 10 crore in SBI for ten years each. as per recommendation (July 2011) of the Finance Committee, ignoring the higher rate of interest offered by the Central Bank of India.

The University authorities, with the approval of the Vice-Chancellor, had further invested (December 2011) an amount of ₹ 7.70 crore of the Institute of Distance and

¹⁴⁰ (₹ 27.88 lakh + ₹ 387.12 lakh)-₹ 17.19 lakh.

¹⁴¹ Corpus Fund maintained with the State Bank of India.

Open Learning (IDOL) savings fund in nine¹⁴² special term deposit receipts (STDRs) for a period of five years with SBI @ 9.25 per cent per annum.

Thus, injudicious decision of the University authority to invest ₹ 27.70 crore in term deposit with the banks at a lower rate of interest than the rates offered by the Central Bank of India, resulted in loss on account of interest of ₹ 62.07 lakh (*Appendix-1.25*). Further, the University was also likely to sustain an additional presumptive loss of interest of ₹ 50.74 lakh since September 2011 till the date of maturity (September 2021) on ₹ 20 crore invested in SBI and AGVB respectively.

On this being pointed out, the Registrar (GU) stated (April 2017) that as per the provision of GU Act, Bank means State Bank of India and therefore, the Finance Committee selected SBI and GU invested ₹ 10 crore with SBI as per approval of the Executive Council. The Registrar also stated that as the investment period was till 2021, the investments were more secure in SBI than in any other banks. The reply furnished was not tenable as the GU Act, 1947 was silent about the stipulation of any bank for transactions/investments purposes. The reply furnished on secured banks was also not plausible as the university authority itself invited offers of best interest rate from the Nationalized Banks and also invested funds in a state owned bank (AGVB), other than the SBI.

The matter was reported to Government in July 2017; reply was awaited (March 2018).

Hill Areas Department

1.5.5 Extra expenditure

Joint Director of Health Services, Karbi Anglong incurred extra expenditure of ₹ 0.82 crore in procuring medicines at higher rates than the maximum retail price (MRP).

Rule 21 (i) of the General Financial Rules, 2005, stipulates that every officer 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. Further in case of purchase of stores, the officer is also expected to see that the rates paid for the items are not in excess of their maximum retail price (MRP¹⁴³).

Further, the Consumer Goods (Mandatory Printing of Cost of Production and Maximum Retail Price) Act, 2014 provides for mandatory printing of cost of production and MRP on packaging of consumer goods. It also has provision of complaint against selling of consumer goods for a price more than MRP.

¹⁴² Eight STDRs of ₹ 90 lakh each and one STDR of ₹ 50 lakh.

¹⁴³ MRP is a manufacturer calculated price which is the highest price of a commodity charged on consumer in India.

Audit (December 2016) observed that the Health and Family Welfare Department, Karbi Anglong Autonomous Council (KAAC), released (24 June 2016) ₹ 5.33 crore for procurement of medicines, surgical items, hospital items and construction of paying cabin¹⁴⁴ etc., for the year 2016-17.

The Joint Director of Health Services (JDHS), Karbi Anglong, out of the sanctioned amount, procured (June 2016) medicines for ₹ 4.61 crore (inclusive of five *per cent* VAT and two *per cent* professional tax) from two suppliers¹⁴⁵. The Purchase Board, KAAC had approved the rate of above medicines for the financial year 2014-15 (the Department extended the validity of rate upto September 2016). The JDHS paid (July 2016) the entire amount of ₹ 4.61 crore to the suppliers on completion of the supplies.

Audit noticed that the Purchase Board approved the lowest quoted rates of the suppliers in the absence of Government approved rates for the items. However, as required, the matter of procurement of the medicine at MRP or below MRP was not considered by the Purchase Board while approving the rates.

Audit observed (December 2016) that in respect of eight medicines (detailed in *Appendix-1.26*) procured out of the above supplies, the rates allowed were in excess of the MRP of the medicines, ranging between 78 and 261 *per cent*.

On this being pointed out, the JDHS, in reply (December 2016), stated that the Officer-in charge, District Medical Store (DMS) was authorized to physically verify the medicines with batch number and MRP and no information with regard to variation of rates with MRP was received from the DMS.

Thus, both the JDHS and the Purchase Board did not consider the MRP of the medicines while fixing purchase cost of these medicines which resulted in an extra expenditure of ₹ 0.82 crore in respect of the eight items of the medicines. Procurement of medicine with due prudence could have avoided the extra expenditure.

In view the above facts, the competent authority should initiate action, to recover the excess amount charged by the suppliers over and above the MRP of the medicines supplied, under the provisions of Consumer Goods (Mandatory Printing of Cost of Production and Maximum Retail Price) Act, 2014. Besides, Department should also fix responsibility on the erring officials for fixing the rates of procurement at exorbitantly higher rates than the MRP which led to extra expenditure.

The matter was reported to Government in May 2017; reply was awaited (March 2018).

¹⁴⁴ Accommodation in hospitals, on payment basis, available to the patients for undergoing treatment.

¹⁴⁵ M/s Medicos, Diphu (₹ 3.50 crore), M/s Versatile Pharma Surgico, Guwahati (₹ 1.11 crore).

1.5.6 Suspected misappropriation

Cash amounting to ₹ 5.19 lakh withdrawn from bank by the Chairman, Town Committee, Maibong was not accounted for in the Cash Book. Absence of records in support of utilization of the amount pointed towards suspected misappropriation.

Rule 95 of the Assam Financial Rules (AFR) stipulates that a drawing and disbursing officer (DDO) is personally responsible for accounting of all moneys received and disbursed and for the safe custody of cash. Besides, Rules 78 and 79 of the AFR also provide that voucher and Actual Payee's Receipt (APR) should support every payment. Further, as per prevailing procedure, government departments should record details of all receipted cheques/drafts/banker's cheque *etc.*, in the "Register of Valuables" before making entries in departmental Cash book.

The Principal Secretary, North Cachar Hills Autonomous Council (NCHAC) sanctioned and released (7 August 2015) an amount of ₹ 5.19 lakh to the Chairman, Maibong Town Committee (MTC) as the second installment of 2013-14/2014-15 for General/Special Areas Basic Grant under the 13th Finance Commission for executing various repair and construction works. The Chairman was to furnish a utilization certificate (UC) on completion of the works together with photographs of the works before and after its completion.

Scrutiny (January to March 2017) of records of the Principal Secretary, NCHAC showed that the NCHAC released the amount to the Chairman, MTC through a bearer (not an account payee) cheque¹⁴⁶. As per the information furnished (15 March 2017), the Manager (Op), United Bank of India, Haflong Branch, paid (17 August 2015) the amount to the Chairman, MTC in cash. Records¹⁴⁷ of the Principal Secretary, NCHAC corroborated the withdrawal of the amount. Cross verification of records in the office of the Chairman, MTC, showed that the amount withdrawn was not accounted for in the cash book of the Chairman, MTC. The MTC failed to produce the basic records of execution of the works *viz.*, vouchers, measurement books, technical sanction, estimates, site accounts, APRs *etc.*, in support of expenditure of the ₹ 5.19 lakh to Audit, though specifically called for (February 2017). The UC submitted, if any, was also not available on records. The present Chairman stated (February 2017) that the amount was not accounted for in any of the accounts of the MTC.

As such, issue of a bearer cheque by the Principal Secretary, NCHAC, instead of electronic transfer or issuing crossed cheque, was irregular. Further, withdrawal of the amount in cash, non-accountal of the same in the cash book and non-availability/production of any records of utilization, pointed to misappropriation of

¹⁴⁶ Cheque dated 07 August 2015 for ₹ 5.19 lakh of United Bank of India, Haflong Branch, Haflong.

¹⁴⁷ Bank Passbook.

₹ 5.19 lakh. NCHAC may therefore, consider lodging an FIR against the erstwhile Chairman, MTC and take necessary action for the recovery of the money.

The matter was reported to Government in August 2017; reply was awaited (March 2018).

1.5.7 Unauthorised expenditure

Karbi Anglong Autonomous Council diverted ₹ two crore out of available funds under Rashtriya Krishi Vikas Yojana towards an inadmissible project in violation of the provision of Scheme Guidelines.

Government of India introduced the Rashtriya Krishi Vikas Yojana (RKVY) Scheme with an objective to ensure holistic development of agriculture and its allied sectors like horticulture, animal husbandry, dairy, fishery *etc.* The scheme was introduced to bring about quantifiable changes in the production and productivity of various components of Agriculture and to maximise returns for the farmers under the Scheme.

The Government of Assam (GoA), Hill Areas Department, sanctioned and released (March 2014) an amount of ₹ two crore as grants-in-aid for “Control of shifting cultivation (Integrated Jhum Development Programme)” under RKVY. The GoA released the fund based on the proposal and Action Plan for 2013-14 submitted (February 2014) by the Karbi Anglong Autonomous Council (KAAC). The sanction order directed that KAAC should utilize the fund for the stipulated purpose only and should submit utilisation certificate (UC). The Development Commissioner of Hill Areas, GoA was to monitor the implementation of the programme and to submit the progress report.

Scrutiny (July –October 2016) of records of the Principal Secretary, KAAC revealed that KAAC kept the fund in a Personal Ledger Account till it released the same to the District Fishery Officer (DFO), Karbi Anlong, Diphu in August 2016¹⁴⁸ for payment to the contractor¹⁴⁹ engaged (March 2015) for “Construction of Sing Ronghang Memorial Recreation Pool - cum – Park at ₹ two crore” at Tumpreng under Hamren Sub-division. The Department of Fisheries, KAAC accorded administrative approval to the project in March 2015. The work was completed on 6 July 2016 and the Department released the amount to the contractor after deducting ₹ 0.14 crore, being the VAT and professional tax (PT) amount. The UCs for the amount submitted to GoA, if any, was not furnished, though called for (March 2017) in audit. Report on monitoring done from Government level was also not available on record.

¹⁴⁸ Cheque Nos. 972952 dated 22.08.2016 (₹ 1.86 crore) and 972953 dated 22.08.2016 (₹ 0.14 crore) towards VAT and professional taxes.

¹⁴⁹ M/s Eagle Enterprise, Diphu.

The “Construction of Sing Ronghang Memorial Recreation Pool - cum – Park at Tumpreng” utilising RKVY funds, was in violation of RKVY guidelines and led to an unauthorised expenditure of ₹ two crore.

On this being pointed out, the Principal Secretary, KAAC stated (October 2016) that they took up the work as per the instruction of the concerned Executive Member and approval of Chief Executive Member. The fact, however, remained that GoA released the fund as Grants-in-aid for “Control of Shifting Cultivation” and the Department incurred the expenditure on a work executed beyond the scope of the Scheme Guidelines. Further, the Department also did not obtain approval of the Government for the deviation. This resulted in deprivation of the farmers from the intended benefits conceived under the scheme.

The matter was reported to Government in June 2017; reply was awaited (March 2018).

Panchayat and Rural Development Department

1.5.8 Unadjusted advance

₹ 2.26 crore of Swarnjayanti Gram Swarozgar Yojana funds remained unadjusted by the PD, District Rural Development Agency, Karimganj even after closure of the scheme, besides non-achievement of the objective of the scheme.

Swarnjayanti Gram Swarozgar Yojana (SGSY) scheme aimed to bring poor families (Swarozgaris) above the poverty line through the process of social mobilization, their training and capacity building *etc.* The scheme was, however, closed during 2013-14 and the DRDA was required to transfer the balance fund under the scheme to the National Rural Livelihood Mission (NRLM).

Scrutiny (February and March 2017) of records of the Project Director (PD), District Rural Development Agency (DRDA), Karimganj showed that the PD disbursed (between May 2011 and July 2013) SGSY fund of ₹ 2.26 crore as advance (through cheques) to four officers (detailed in *Appendix-1.27*) for conducting various training programmes, workshops and construction of infrastructure like net making shed, dairy farm, goatery, duckery, poultry farm shed, *etc.* The amount of advance granted to the officers remained unadjusted till 14 September 2017. The department did not furnish any records in support of the actual execution of the works, physical progress made, fund utilised and refunds made, if any, to Audit, though called for. Joint site visits (March 2017) of three selected¹⁵⁰ works (on test-check basis) by Audit carried out with the officers of PD, DRDA, Karimganj disclosed that none of the works was actually executed.

¹⁵⁰ (i) Construction of Self Help Group training centre, Gandhai Bazar (sanctioned amount- ₹ four lakh),
(ii) Construction of goat farm shed, Hazim (sanctioned amount- ₹ two lakh); and
(iii) Construction of Duck farm, Bhahmanshasam (sanctioned amount- ₹ two lakh).

As such, lack of monitoring on the part of the PD, DRDA, Karimganj with regard to the execution of the works and ensuring adjustment of the outstanding advances paid to officials prior to closure of the scheme, resulted in unadjusted advance of ₹ 2.26 crore for more than four to six years. As the concerned officers did not submit any adjustment vouchers against the advances drawn, this could lead to mis-utilisation/misappropriation of funds to that extent. The matter needed investigation as instances during joint site visits of selected works revealed that despite drawal of advances, the concerned officers did not execute the works.

On this being pointed out, the Chief Executive Officer and PD, DRDA stated (February 2018) that necessary action for submission of the vouchers/APRs by the defaulting officers would be taken.

The fact however, remained that the Department failed to recover/adjust the advances amounting to ₹ 2.26 crore paid to the officers long back (four to six years), despite closure of the Scheme (2013-14).

The matter was reported to Government in July 2017; reply was awaited (March 2018).

Social Welfare Department

1.5.9 Irregular and excess expenditure

District Social Welfare Officers, Kamrup (M) and Goalpara irregularly procured 4,274 sewing machines under Indira Gandhi Matritva Sahyog Yojana for ₹ 3.84 crore. Besides, procurement of the same at higher rate than the MRP, led to an excess expenditure of ₹ 1.13 crore.

Conditional maternity benefit (CMB) under Indira Gandhi Matritva Sahyog Yojana (IGMSY) is a maternity benefit programme, sponsored by the GoI. The scheme provides cash incentive of ₹ 0.04 lakh to pregnant and lactating women of 19 years of age or above in three¹⁵¹ installments with the aim of contributing to better enabling environment for improved health and nutrition. The programme involves conditional cash transfer as partial wage compensation to women for wage-loss during childbirth and childcare. It aims to provide conditions for safe delivery and good nutrition and feeding practices. Further, a Flexi-fund¹⁵² for innovative activities, including interventions for promotion of maternal and child health care, was also available to each State Government under the IGMSY. The interventions however, did not include distribution of sewing machines to the beneficiaries under below poverty line (BPL).

¹⁵¹ First installment of ₹ 1,500 at the end of 2nd trimester of pregnancy, 2nd installment of ₹ 1,500 at the end of three months of delivery and third installment of ₹ 1,000 when the infant completes six month of age.

¹⁵² Flexi-fund, to the extent of 2.5 per cent of the total annual expenditure, was a provision under IGMSY available to each State Government and Union Territory for expenditure on innovative activities.

Scrutiny (May 2016) of records of the District Social Welfare Officer (DSWO), Kamrup (Metro) and DSWO, Goalpara, showed that the DSWOs had unutilised balance of ₹ 1.28 crore¹⁵³ and ₹ 1.57 crore¹⁵⁴ respectively under the scheme (IGMSY-CMB). Besides, DSWO, Goalpara had also an unutilised balance of ₹ 1.14 crore received for the implementation of Flexi-funds of IGMSY for the year 2014-15. The Director, Social Welfare (DSW), with a view to utilise the scheme funds, instructed (August 2015) distribution of sewing machines during 2015-16 among the BPL families. Accordingly, the DSW placed (August and November 2015) supply orders to M/s Global India, Guwahati (being the L₁ bidder), for the supply of 4,425 Merritt/Singer Tailor Foot Sewing machines @ ₹ 0.09 lakh per machine (inclusive of VAT 5 per cent) to the DSWOs concerned. The firm supplied (August and November 2015) 4,274 sewing machines against which DSWO paid ₹ 3.84 crore as indicated in the **Table-1.27** below:

Table-1.27

Statement showing sewing machines ordered and paid for out of unutilised funds

Name of DSWO	Name of Scheme	Unutilized fund with the DSWOs (₹ in crore)	Qty. of sewing machines ordered for (nos.)	Qty. supplied (nos.)	Amount paid (₹ in crore)	Date of payment
Kamrup (M)	IGMSY-CMB	1.28	1426	1426	1.28	13 November 2015
Goalpara	IGMSY-CMB	1.57	1749	1598	1.44	08 March 2016
Goalpara	IGMSY-Flexi-fund	1.14	1250	1250	1.12	19 August 2015
Total		3.99	4425	4274	3.84	

Source: Departmental records.

Despite specific requisition (April–May 2017) made by Audit, the Department failed to furnish details of distribution of the sewing machines and approval of GoA/GoI, if any, with regard to the procurement of the same out of unspent balances available under IGMSY-CMB and Flexi-funds.

Further, Audit observed that sewing machines were procured @ ₹ 0.09 lakh each as fixed by the State Level Purchase Committee based on the lowest offered rate without carrying out any market survey. Audit, however, ascertained that the maximum retail price (MRP) of each sewing machine prevalent during the period of procurement was ₹ 6,300 (Merritt Tailor Foot) and ₹ 6,360 (Singer Tailor Foot) while the rates of procurement of these machines were much higher than the prevailed rates.

As such, disregarding scheme guidelines, 4,274 sewing machines valued at ₹ 3.84 crore, were irregularly procured by utilising flexi funds and unspent balances of IGMSY-CMB for distribution to BPL families/beneficiaries. Besides, procurement

¹⁵³ Out of ₹ 8,85,75,400 released under IGMSY-CMB for the year 2013-14, the DSWO utilised ₹ 7,57,43,500 leaving a balance of ₹ 1,28,31,900.

¹⁵⁴ against the fund released under the scheme during 2012-16.

of the sewing machines at rates higher than the MRP, led to an excess expenditure of ₹ 1.13 crore¹⁵⁵.

The Joint Secretary to the GoA-cum-Officer on Special Duty to the Directorate of Social Welfare, Assam, stated (April 2017) that office of the Vigilance and Anti-corruption, Government of Assam (GoA) had seized the records of procurement process of sewing machines available in its office in January 2017. The fact, however, remained that the procurement of the sewing machines for distribution was against the provision of scheme guidelines and rates of procurement were higher than the prevalent MRP of the sewing machines so purchased.

The matter was reported to Government in July 2017; reply was awaited (March 2018).

Welfare of Minorities and Development Department

1.5.10 Doubtful expenditure

Expenditure of ₹ 1.13 crore incurred by the Director of Char Areas Development, Assam for the procurement and distribution of vehicles to 21 beneficiaries was doubtful for want of records of actual deliveries.

The Director of Char Areas Development (DCAD), Assam, decided to distribute four wheeler vehicles to beneficiaries¹⁵⁶ at Government subsidised cost. Government was to provide 75 per cent of the cost of the vehicle while the beneficiary was to bear the remaining 25 per cent. Government's contribution, as per modalities of distribution, was to be made on receipt of sanction and fixation of ceiling (FOC). The vehicles were to bear permanent registration numbers (PRN) within one month from the date of issue of temporary registration. As per the modalities, the DCAD or his representative shall have every right to inspect the vehicles and accessories at any time to ensure its proper utilization. The appropriate authority would take adequate and appropriate action for any illegal use by the beneficiaries.

Audit, on scrutiny (September–October 2016) of records¹⁵⁷, observed that DCAD invited (October 2014) tenders for the procurement and distribution of Tata Sumo Gold (9 Seater) four wheeler vehicles to the beneficiaries during 2014-15. The Purchase Committee, constituted (January 2015) for the purpose, accepted the rate of ₹ 7.03 lakh offered by M/s Bhagyashree Motors Pvt. Ltd., Nalbari (henceforth referred to as 'the firm') for the supply of the vehicles. The Government share was ₹ 5.27 lakh per vehicle and the beneficiary share was ₹ 1.76 lakh per vehicle. The DCAD placed (March 2015) supply orders with the firm for the supply of 72 vehicles as per dispatch orders, based on the sanction accorded (March 2015) by the

¹⁵⁵ ₹ 2,639 (₹ 8,999-₹ 6,360) x 4,274 machines.

¹⁵⁶ For generating self-employment amongst the unemployed youth belonging to Char areas of Assam.

¹⁵⁷ APRs, challans, sale vouchers, temporary registration certificates issued by DTO, Nalbari and insurance papers of the vehicles.

Government of Assam, Welfare of Minorities and Development Department. The Government released (April 2015) its share of ₹ 3.32 crore to the firm on receipt of FOC.

Similarly, for the year 2015-16, DCAD procured same number (72) of Tata Sumo Gold (9 Seater) four wheeler vehicles from the said firm at the accepted rate of ₹ 7.39 lakh per vehicle where the Government and beneficiary share was ₹ 5.54 lakh and ₹ 1.85 lakh per vehicle respectively. The DCAD paid (February 2016) ₹ 3.49 crore to the firm on completion of the supplies.

The firm delivered the vehicles, ordered for distribution against the sanction for the year 2014-15 and 2015-16, to the beneficiaries (with temporary registration numbers) during November-December 2015 and February-May 2016 respectively.

On scrutiny of records of delivery/distribution of the vehicles to the beneficiaries, it was further observed in audit that in 41 instances¹⁵⁸ (detailed in the **Appendix-1.28**), 21 vehicles bore duplicate numbers of chassis and engine numbers allotted to 20 other vehicles, though temporary registration numbers of all the 41 vehicles were different from each other. Audit also revealed that the DCAD failed to conduct any physical verification with a view to ascertain the actual distribution, possession and utilisation of the vehicles by the beneficiaries even after considerable period had elapsed since distribution of the vehicles. Further, the DCAD also could not furnish/provide any information to Audit on issue of PRN to all the 144 beneficiaries by the concerned District Transport Officers (DTOs), though called for.

The chassis and engine numbers provided by the manufacturer to each vehicle are unique and vehicle specific. As such, delivery of 21 vehicles¹⁵⁹ to the beneficiaries, bearing same chassis and engine number of the vehicles provided to other 20 beneficiaries, at an expenditure of ₹ 1.13 crore (Government subsidy)¹⁶⁰ was doubtful.

On this being pointed out, the Joint Secretary, Welfare of Minorities and Development Department, in reply (August 2017), stated that the Department had distributed 41 vehicles to 41 different beneficiaries, having separate names and addresses and the engine and chassis number of those vehicles were different from each other.

Cross-verification of records of the District Transport Officer (DTO), Kamrup (M) of the names, chassis numbers and engine numbers of vehicles as furnished by the Government revealed in audit that nine vehicles were registered in the name of persons other than the persons who received vehicles. Similarly, three such instances were also noticed under DTO, Nalbari. Details are as given in **Appendix-1.29**.

¹⁵⁸ During 2014-15 - 22 numbers and in 2015-16 - 19 numbers.

¹⁵⁹ 11 for 2014-15 and 10 for 2015-16.

¹⁶⁰ For 2014-15: ₹ 0.58 crore (₹ 5.27 lakh x 11) + For 2015-16: ₹ 0.55 crore (₹ 5.54 lakh x 10) = ₹ 1.13 crore.

Besides, the types of three vehicles¹⁶¹ registered with the DTO Nalbari were other than the Tata Sumo vehicle.

In view of above, the reply of the Department was not tenable and pointed towards the lapses of control mechanism on the part of the Department to exercise necessary vigilance which facilitated the doubtful expenditure shown to have been incurred for the distribution of vehicles.

The Government may consider holding an enquiry into the case and fix accountability on the officials responsible for the irregularity.

1.5.11 Irregular and avoidable expenditure

Director, Char Areas Development Assam, besides making irregular procurement of Huller Mills for ₹ 3.07 crore, incurred avoidable extra expenditure of ₹ 2.20 crore due to allowing exorbitantly higher rates than the market rates.

Rule 146 of the General Financial Rules, 2005 stipulates *inter-alia*, that Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department, should recommend purchase of goods costing above ₹ 0.15 lakh only and upto ₹ one lakh only on each occasion. The Committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Further, Government of Assam (GoA), Finance Department *vide* Office Memorandum instructed (August 2010) all Drawing and Disbursing Officers (DDOs)/Head of the Departments (HODs) to invite open tenders for the purchase of items or stores involving public funds of ₹ 0.50 lakh or above. The purchasing authority, in case of any doubt about the reasonableness of the rates of such items, could confirm the actual market price from the Commissioner of Taxes or from the local Superintendent of Taxes.

GoA, Welfare of Minorities and Development Department, with a view to extend benefit to the unemployed youths, sanctioned¹⁶² (January 2016) ₹ 3.07 crore for the purchase and distribution of 218 Huller Mills¹⁶³ amongst Self-Help Groups (SHGs) of 12 districts¹⁶⁴ of char areas of Assam.

Director, Char Areas Development (DCAD), Assam issued short tender notice for the procurement of Huller Mills (including all accessories) in September 2015. The Purchase Committee, constituted for the purpose, approved (September 2015) the lowest offered rate of ₹ 1.41 lakh (including VAT) per Huller Mill (Raja Brand) of

¹⁶¹ vide Sl. Nos. 10,11 and 12 of *Appendix-1.29*.

¹⁶² During 2015-16.

¹⁶³ Huller mills are agricultural machines used to automate the process of removing the chaff (the outer husks) of grains of rice.

¹⁶⁴ Barpeta, Bongaigaon, Darrang, Dhubri, Goalpara, Jorhat, Kamrup, Lakhimpur, Morigaon, Nagaon, Nalbari and Sonitpur.

Shri Dilip Kumar Das, out of the rates offered by three qualified bidders¹⁶⁵. The DCAD placed (January 2016) supply order with the approved supplier for the supply of 218 Huller Mills to 55 development blocks under seven Char Development Projects. The DCAD paid (February 2016) ₹ 2.93 crore¹⁶⁶ to supplier on completion (January 2016) of supply of the entire quantity of Mills.

Scrutiny (September to October 2016) of records of the DCAD, Assam revealed that the Purchase Committee while approving the rate, had not verified reasonableness of the rate with the prevalent market rate to satisfy itself. Audit also observed that the prevailing market rate of the said brand and specifications (together with the accessories) was ₹ 0.40 lakh (inclusive of VAT) as per information obtained and furnished by the Superintendent of Taxes, Unit-D, Guwahati. Further scrutiny also revealed that the proprietor/bidder of all the three firms was one (Shri Dilip Kumar Das, the approved supplier) and the same was in the knowledge of the Directorate. The process of selection of the bidder was, therefore, neither transparent nor in consonance with the provisions of GFR mentioned above.

As such, selection of the supplier and approval of the rate was not done adhering to the financial rule and government instruction highlighting the system deficiencies of the Department. This resulted in extra expenditure of ₹ 2.20 crore¹⁶⁷ due to irregular procurement of the mills at exorbitantly higher rate without any market survey.

On being pointed out, the Government stated (August 2017) that the proprietors of the firms were different and not a single person. It was also stated that the market rate of the Huller Mill was ₹ 1.18 lakh (excluding VAT) during January 2016 as reported by the Assistant Commissioner of Taxes. The reply was not tenable as Shri Dilip Kumar Das was also the proprietor of both the firms M/s B. S. Enterprise and M/s Maa Durga Enterprise as certified by the DCAD, Assam and the company Chartered Accountant. Besides, the same registration numbers (Tax Identification Number¹⁶⁸) of both M/s Maa Durga Enterprise and M/s B. S. Enterprise also indicated that the firms were one and the same. Further, the Directorate procured Raja brand Huller Machine, the rate of which was ₹ 0.40 lakh as certified by the Taxation Department whereas the name of the brand for the machine costing ₹ 1.18 lakh was not mentioned by the Government/Taxation Department.

The fact however, remained that the Purchase Committee had not ascertained the reasonableness of the rate at the time of procurement resulting in extra expenditure, which was avoidable. Further, the tender process adopted by the Purchase Committee

¹⁶⁵ Shri Dilip Kumar Das, Nalbari (quoted price of ₹ 1.41 lakh per mill), M/s Maa Durga Enterprise, Guwahati (quoted price of ₹ 1.50 lakh) and M/s B S Enterprise, Guwahati (quoted price of ₹ 1.60 lakh).

¹⁶⁶ After deducting VAT of ₹ 0.14 crore.

¹⁶⁷ $(1.41 - 0.40) \text{ lakh} \times 218 = ₹ 2.20 \text{ crore}$.

¹⁶⁸ 18480182532.

was defective and collusive as all the three bids were actually submitted by a single bidder.

The Government may therefore, consider investigating the matter and fix responsibility for purchasing the goods at higher rate. Further, action to recover the excess payment made to the firm be initiated.