

CHAPTER-II

ECONOMIC SECTOR

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2.1 Introduction

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

During 2020-22, against a total budget provision of ₹ 82,504.38 crore⁴¹, 18 departments incurred an expenditure of ₹ 56,362.65 crore⁴². **Table 2.1** and **Appendix-2.1** gives Department-wise details of budget provision and expenditure incurred there against by 18 departments under Economic Sector.

Table 2.1: Department-wise budget provision and expenditure during 2020-22

Department	Grant No. and Name	Budget provision		Expenditure	
		2020-21	2021-22	2020-21	2021-22
Agriculture	48-Agriculture	2407.37	2412.56	1437.03	1778.44
	67-Horticulture	255.81	259.37	93.28	123.69
Finance	10-Other Fiscal Services	2.28	2.62	1.83	2.11
	5-Sales Tax & other taxes	469.22	857.95	335.14	676.3
	13-Treasury & Accounts Administration	129.41	118.69	90.16	94.39
	66-Compensation and Assignment to LBs and PRIs	594.41	846.92	376.95	306.13
	7-Stamps and Registration	188.74	100.85	51.25	79.74
	8- Excise and prohibition	85.75	72.54	62.24	61.76
	<i>Public Debt and Servicing of Debt</i>	<i>8310.98</i>	<i>11045.85</i>	<i>7447.16</i>	<i>10024.26</i>
68-Loans to Govt. Servant	--	0.91	--	--	
Fishery	54-Fisheries	153.45	131.01	83.82	126.33
Water Resources	63- Water Resources	1048.62	1047.61	646.69	779.76
Forest and Environment	55- Forestry and Wild Life	1022.08	773.38	568.59	598.34
Handloom, Textiles and Sericulture	59- Village, Small Industries, Sericulture and Weaving	309.71	382.09	187.91	210.3
Industries and Commerce	58-Industries	181.56	560.31	79.41	483.23
	60-Cottage Industries	75.8	56.63	50.24	46.17
Irrigation	49- Irrigation	1719.65	1402.4	791.25	842.35
Mines and Minerals	61- Mines and Minerals	74.21	63.38	12.79	53.27
Power	62- Power (Electricity)	4430.81	12922.67	1685.27	5072.7
Public Works Roads	64- Roads Bridges	11424.84	11564.51	8354.15	9709.29
Science and Technology	69- Scientific Services and Research	76.12	37.3	33.73	32.63
Soil Conservation	51- Soil and Water Conservation	332.12	246.69	261.58	99.86
Transport	9-Transport Services	644.98	783.29	414.18	629.06
Tourism	65- Tourism	162.07	80.99	54.27	46.24

⁴¹ 2020-21: ₹35,259.53 crore and 2021-22: ₹47,244.85 crore.

⁴² 2020-21: ₹23,733.93 crore and 2021-22: ₹32,628.72 crore.

Department	Grant No. and Name	Budget provision		Expenditure	
		2020-21	2021-22	2020-21	2021-22
Animal Husbandry and veterinary	52-Animal Husbandry	432.49	511.73	276.75	320.17
	53- Dairy Development	33.85	85.09	22.19	22.86
Information Technology	75-Information and Technology	83.9101	33.51	44.36	27.35
Public Works Building and National Highway	17-Administrative and Functional Buildings	529.34	777.28	248.65	351.73
	21-Guest Houses, Government Hostels etc.	74.23	58.88	20.05	29.01
	33-Residential buildings	5.72	7.84	3.01	1.25
Total (includes Charged)		35,259.53	47,244.85	23,733.93	32,628.72

Source: Appropriation Accounts 2020-21 & 2021-22

2.1.1 Planning and conduct of Audit

During 2020-22, out of 1,509 auditable units⁴³ under Economic Sector (excluding SPSUs), 88 units⁴⁴ (including 11 certification audits) were audited based on risk analysis involving an expenditure of ₹36,969.91 crore⁴⁵ (including expenditure of earlier years). This Chapter contains one Performance Audit (PA) on ‘**Implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Scheme**’ and five Compliance Audit Paragraphs.

Performance Audit

Agriculture Department

2.2 Performance Audit on Implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Scheme

Government of Assam (GoA) is implementing PM-KISAN, a 100 *per cent* Government of India (GoI) funded scheme, to provide income support for meeting expenses related to agriculture and allied activities as well as for domestic needs. The responsibility of identifying the landholder farmer family eligible for benefit under the scheme was vested with the State Government.

A Performance Audit on ‘**Implementation of PM-KISAN Scheme**’ revealed that the State Government did not maintain a database of landholding farmer families to identify potential beneficiaries. Emphasis was given to uploading of a large number of beneficiaries’ data within a short period of time instead of ensuring eligibility of the beneficiaries as per the provisions of the guidelines. Lack of monitoring by Supervisory Officers also adversely affected implementation of the scheme. As a result, there were flaws in data entry causing rejection of large number (25 *per cent*) of data by PM-KISAN portal and PFMS during first and second level validation. Besides, 37 *per cent* beneficiaries were found ineligible during the enquiry conducted

⁴³ 2020-21: 617 and 2021-22: 892

⁴⁴ 2020-21: 32 and 2021-22: 56

⁴⁵ 2020-21: ₹11,118.66 crore and 2021-22: ₹25,851.25 crore.

(May-July 2020) by the State Government. A mere 0.24 per cent of the funds released to ineligible beneficiaries was received back till October 2021.

Highlights:

No uniform criteria was adopted in opening user IDs as in 11 selected districts, data uploaded per user IDs ranged between 774 and 83,647.

Injudicious decision of the Deputy Commissioners of uploading the data within a very short period of time instead of ensuring eligibility of beneficiaries under the guidelines led to uploading unverified data through unauthorised user IDs.

(Paragraph-2.2.5.3.1)

The State Nodal Office (SNO)/District Nodal Office (DNO) did not upload the data (10,66,593) rejected by PM-KISAN portal and PFMS afresh after carrying out necessary correction in violation of the Standard Operating Procedure (SOP) issued by GoI.

There was mismatch in entry of bank account numbers in the portal vis-à-vis account numbers as per the copies of the bank passbooks found appended with the application forms.

(Paragraph-2.2.5.6)

There were flaws in data entry of village/block names in the selected samples as well as subsequent validation to remove the errors in violation of the SOP of GoI.

(Paragraph-2.2.5.6.1)

In 753 out of 953 sampled beneficiaries, benefits were released though the land was in others' name as per land document found attached with application forms.

In 96 out of 953 cases, benefits were released without the land document.

In 91 out of 953 cases, benefits of the scheme were released to multiple beneficiaries with the same land documents.

In 747 out of 953 cases, application forms were not countersigned by the BNOs.

In 637 out of 953 cases, application forms were not countersigned by the LMs concerned in support of their verification.

In 654 out of 990 selected beneficiaries, names of the beneficiaries were not available in the land records maintained by Revenue and Disaster Management Department.

Out of the 990 selected beneficiaries, against 258 beneficiaries declared by GoA as ineligible, audit scrutiny revealed 654 beneficiaries as ineligible based on the land records maintained by Revenue and Disaster Management Department.

(Paragraph-2.2.5.7.2)

Analysis of SNO database revealed that ₹300.98 lakh was released to 3,577 fake registration numbers created by adding zero(s) at the beginning of bank account number(s) in 16 out of 33 districts.

(Paragraph-2.2.5.9)

Mandatory five per cent physical verification by Supervisory Officers was largely ineffective in the State as DAOs of has conducted the physical verification, but no supporting records/document was furnished.

(Paragraph-2.2.5.14)

Utilisation Certificates for ₹140.51 lakh out of ₹217.51 lakh received towards administrative cost was not furnished yet (October 2021) for reason not on record.

(Paragraph-2.2.5.15 (B))

2.2.1 Introduction

The PM-KISAN scheme aims to provide income support to all eligible farmers' families for supplementing their financial needs to meet both their farm related and domestic requirements. A landholder farmer's family is defined as "a family comprising of husband, wife and minor children, who own cultivable land as per land records of the State". Only one person from the defined farmer family is entitled to the scheme benefits, provided that the person is the landowner as per records.

The scheme was launched in February 2019. It is a Central sector scheme with 100 per cent Government of India (GoI) funding, operated under Direct Benefit Transfer (DBT) mode. Under the scheme, income support of ₹ 6,000 per annum is provided to all eligible farmer families across the country with specified exclusions⁴⁶, in three equal instalments of ₹ 2,000 every four months each year. The responsibility of identifying the landholder farmer family eligible for benefit under the scheme rests with the State Government.

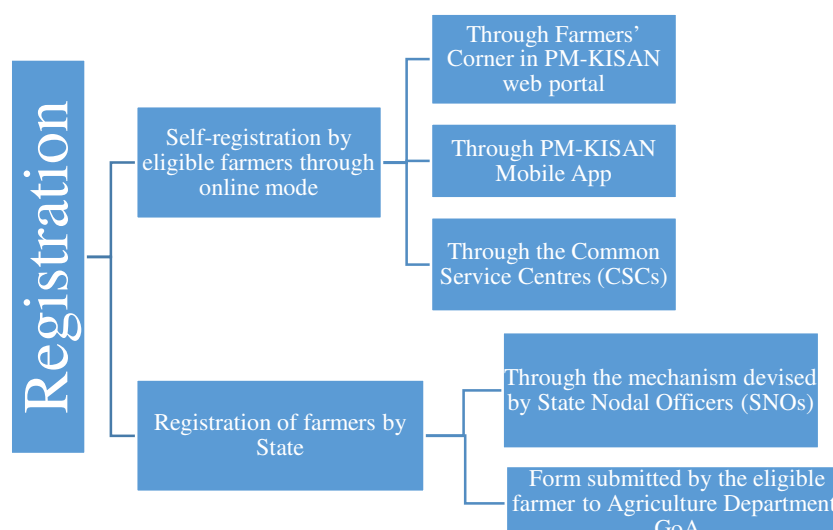
As of March 2021, 41,87,023 applications were uploaded in Assam, out of which 10,66,593 applications were rejected by PM-KISAN portal/Public Financial Management System (PFMS). Subsequently, GoA declared 11,72,685 out of 31,20,430 beneficiaries ineligible through an enquiry conducted (May–July 2020) across the State.

⁴⁶ All Institutional Land holders; and Farmer families in which one or more of its members belong to: (i) Former and present holders of constitutional posts; (ii) Former and present Ministers/State Ministers and former/present Members of Lok Sabha/Rajya Sabha/State Legislative Assemblies/State Legislative Councils, former and present Mayors of Municipal Corporations, former and present Chairpersons of District Panchayats; (iii) All serving or retired officers and employees of Central/State Government Ministries/Offices/Departments and its field units Central or State PSEs and Attached offices/ Autonomous Institutions under Government as well as regular employees of the Local Bodies (Excluding Multi-Tasking Staff (MTS)/Class IV/Group D employees); (iv) All retired pensioners whose monthly pension is ₹10,000 or more (Excluding MTS/Class IV/Group D employees); (v) All Persons who paid Income Tax in last assessment year; (vi) Professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects registered with Professional bodies and carrying out profession by undertaking practices; and (vii) Non-resident Indians (NRIs) in terms of the provisions of the Income Tax Act, 1961.

2.2.2 Process of the scheme

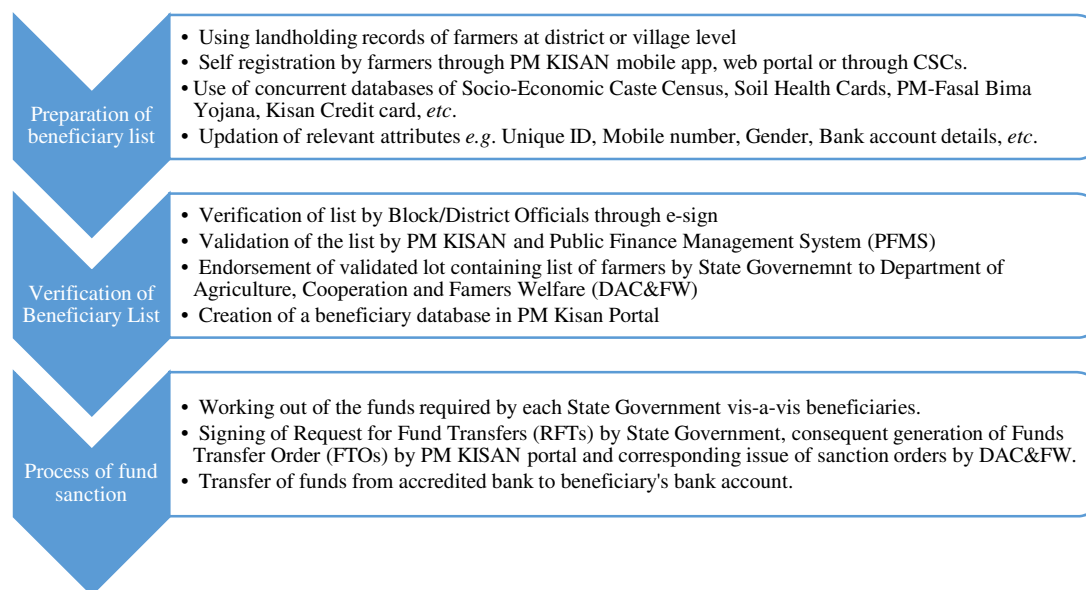
- Identification of the beneficiaries is to be based on the existing land ownership systems in the States and payment is to be released only to those families whose names figure in the land records.
- Responsibility of identification of beneficiaries and of ensuring correctness of beneficiaries' details lies entirely with the State Government.
- Apart from the list of farmers directly uploaded by the State Government, eligible farmers seeking scheme benefits may also directly register both through off-line mode *i.e.*, by submitting a form to Agriculture Department, GoA and online modes *i.e.*, through PM-KISAN web portal, mobile app and through Common Service Centres (CSCs). The method of registration process under PM-KISAN is shown in **Chart 2.1**.

Chart 2.1: Methods of registration process under PM KISAN



- However, payments were to be released only after verification of farmers' details by the Block Nodal Officers (BNOs)/District Nodal Officers (DNOs)/State Nodal Officers (SNOs).
- Beneficiary information/data uploaded by the State is validated at the first stage by the PM-KISAN portal and then forwarded for uploading on the PFMS for beneficiary account validation.
- State Government is required to designate a Nodal Department for implementation of the scheme. In Assam, Director of Agriculture, Assam, District Agriculture Officers (DAOs) and Agriculture Development Officers (ADOs) were designated as SNO, DNOs, and BNOs respectively.
- The process of preparation and verification of beneficiary list and fund sanction is shown in a nutshell in **Chart 2.2**.

Chart 2.2: PM KISAN process in a nutshell

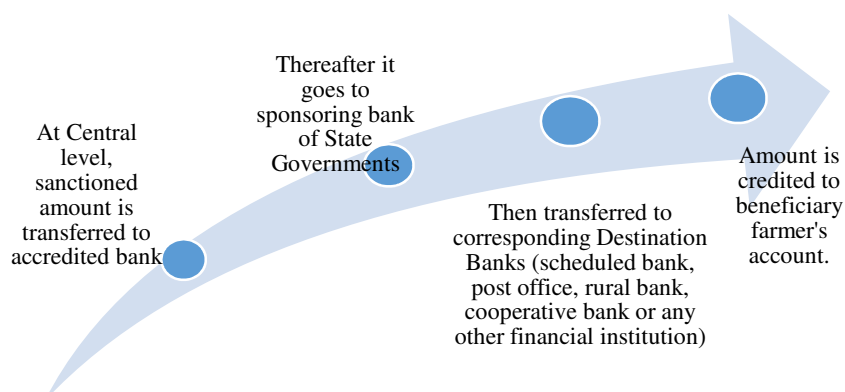


2.2.3 Financial Management

- After successful validation of beneficiary information by PFMS, the beneficiaries are combined in 'lots'⁴⁷ by the PM-KISAN Central team. These lots are then 'opened' to the State for verification and subsequent 'closure' on the PM-KISAN portal *i.e.*, the State verifies the beneficiary data and closes the lots on the portal itself. For every successful closure of one 'lot', one 'Request for Fund Transfer' (RFT) is generated by the State after these are digitally signed.
- RFTs are processed as per the category of the beneficiary farmers *i.e.*, under General, Scheduled Castes and Scheduled Tribes corresponding with budgetary allocations. States may, at times, also exercise the 'stop payment' option in respect of deceased/ineligible farmers.
- Once the RFTs are signed by the State authorities, Fund Transfer Orders (FTOs) are generated through PM-KISAN portal. Finally, the Programme Division of the Ministry issues sanction orders authorising payment and funds are transferred through DBT mode to the beneficiary account. The process of fund flow till destination is shown in **Chart 2.3**.

⁴⁷ Consisting of a variable number of beneficiaries, as per requirement.

Chart 2.3: Process of fund flow till destination



- SNO, Assam operates an account in the Sponsoring Bank viz., State Bank of India for the purpose of PM KISAN.
- In Assam, ₹ 2,554.42 crore was released under PM-KISAN during the period from December 2018 to March 2021. Period-wise fund released to the beneficiaries under the scheme is shown in **Table 2.2**.

Table 2.2: Period-wise fund release

Sl. No.	Period	No. of beneficiaries who received payments	Fund released (Amount in ₹)
1.	December 2018 to March 2019	11,53,660	2,30,73,20,000
2.	April 2019 to July 2019	26,59,946	5,31,98,92,000
3.	August 2019 to November 2019	22,65,240	4,53,04,80,000
4.	December 2019 to March 2020	20,08,964	4,01,79,28,000
5.	April 2020 to July 2020	18,92,275	3,78,45,50,000
6.	August 2020 to November 2020	12,16,293	2,43,25,86,000
7.	December 2020 to March 2021	15,75,703	3,15,14,06,000
Total			25,54,41,62,000

Source: Departmental records/information.

Audit selected 11 districts⁴⁸ for field audit. In 10 of the selected districts, total ₹ 584.99 crore was released. DAO, Barpeta did not furnish period-wise release of funds as the same was not available with the DAO. Details are shown in **Appendix-2.2**.

2.2.4 Audit Framework

2.2.4.1 Audit Objectives

The audit objectives for the Performance Audit on implementation of PM-KISAN were to assess the following:

1. Efficiency and effectiveness of the system put in place for identification and verification of beneficiaries, importantly the identification of beneficiaries by the State Governments.
2. Effectiveness of the refund mechanism adopted to recover the funds released to ineligible beneficiaries.

⁴⁸ 1. Baksa, 2. Barpeta, 3. Bongaigaon, 4. Darrang, 5. Dibrugarh, 6. Goalpara, 7. Jorhat, 8. Kamrup Metro, 9. Kokrajhar, 10. Jorhat and 11. Sonitpur.

3. Efficiency and effectiveness of the monitoring mechanisms for the scheme.

2.2.4.2 Audit Criteria

The sources for audit criteria included the following:

1. Operational Guidelines of the scheme,
2. Guidelines and SOPs on fund transfer, refund mechanism, reimbursement of expenses, *etc.* pertaining to the scheme.
3. Correspondence and instructions issued by the Ministry of Agriculture.
4. Minutes of the Monitoring Committee meetings at District, State and Apex level

2.2.4.3 Audit Scope and Methodology

An entry conference was held (02 November 2020) with the representatives of the State Government, Department of Agriculture, wherein the audit methodology, scope of audit, audit objectives and audit criteria were explained.

Test-check of records for the period December 2018 to March 2021 was carried out between November 2020 and October 2021 at the offices of the Director of Agriculture, Assam and offices of District Agriculture Officers of 11 selected districts.

The draft PA was discussed (17 February 2022) with the Government in an exit meeting and the views expressed by the representatives of GoA have suitably been incorporated at appropriate places.

2.2.4.4 Sampling and audit coverage

For coverage of implementation of scheme at State level, records maintained by the office of the State Nodal Officer *i.e.*, Director of Agriculture, Assam for implementation of the scheme was checked.

- 10 districts⁴⁹ were selected based on saturation level of beneficiaries *i.e.*, number of operational land holding as per Agriculture Census 2010-11⁵⁰ *vis-à-vis* beneficiaries covered. In addition to these 10 districts, one additional district, Barpeta was selected considering the largest number of ineligible beneficiaries in the State.
- 22 Blocks *i.e.*, two each from the 11 selected districts, were selected on random basis.
- Three villages each from 22 selected Blocks were selected.
- 15 beneficiaries' records each from the selected villages (totalling 990) were selected.
- Details of samples selected up to village level are shown in **Appendix-2.3**

⁴⁹ Baksa, Bongaigaon, Darrang, Dhubri, Dibrugarh, Goalpara, Jorhat, Kamrup Metro, Kokrajhar and Sonitpur.

⁵⁰ Data as per Agriculture Census 2010-11 was considered for determining saturation level as data of Agriculture Census 2015-16 was not available in respect of Assam.

2.2.4.5 Audit Constraints

Audit exercise was adversely affected due to lack of co-operation towards furnishing records/information by the Director of Agriculture, Assam. Details of information/records not furnished are shown in *Appendix-2.4*.

2.2.5 Audit Findings

2.2.5.1 Absence of updated land records

As per paragraph 4.3 of PM-KISAN operational guidelines, the existing land-ownership system in the concerned State/UT will be used for identification of beneficiaries. It also added that the State Government would expedite the progress of digitisation of the land records. Accordingly, it is of utmost importance that the land records are clear and updated.

A. Although digitisation of land records commenced in the State from the year 2001, the process is yet to be completed. Revenue and Disaster Management Department (RDMD), GoA stated that as on July 2021, 24 *per cent* of land records of the State have not yet been fully digitised as parts of land records of seven districts *viz.*, Cachar, Hailakandi, Dima Hasao, Karbi Anglong, West Karbi Anglong, Udalguri and Baksa were not fully digitised yet. However, audit found that in the selected Chandrapur Block located in Kamrup Metro district, land records were not digitised till October 2021, contrary to the claim of the Department.

B. Though the RDMD, GoA had informed that 100 *per cent* digitisation of mutation of land records had been completed in the State, however, non-updation of land records was noticed during a recent verification process (July 2021) of the Agriculture Department as a result of which, a large number of farmers were declared ineligible despite being in possession of agriculture land and engaged in cultivation due to non-updation of the land records for years.

In reply, the Additional Chief Secretary to GoA, Agriculture Department stated (February 2022) that the matter has been taken up with Revenue Department.

2.2.5.2 Validation of actual beneficiaries

As per paragraph 2.2 of PM-KISAN operational guidelines, land holding farmer's families are eligible for benefit under the scheme. As the State Government did not maintain any land holding farmers' database, the number of operational land holdings as per Agriculture Census, 2010-11 was taken as the base.

It was noticed that against the total number of operational land holdings of 27,20,223 farmers as per Agriculture Census 2010-11, the SNOs/DNOs received 41,87,023 applications. Audit noticed huge inter-district variations in uploading of data as the data uploaded in 12 out of 33 districts ranged between 28 to 97 *per cent* of the operational land holding in the districts concerned as per Agriculture Census 2010-11. District-wise details are shown in *Appendix-2.5*.

The reason for less receipt of applications over the operational land holdings was neither found available on record nor furnished to audit. Audit however, noticed that

the SNO/DNOs did not take up Information, Education and Communication (IEC) activities to create awareness about the scheme benefits among the land holding farmers, as discussed in **Paragraph 2.2.5.13 A**, leading to non-submission of applications by 4,45,893 beneficiaries.

While accepting the audit observation, GoA stated (February 2022) that 100 *per cent* re-verification of land records is being conducted in accordance with Notification dated 12 August 2021, which relaxed the land holding criteria to include all farmers, who are engaged in cultivation and also persons *prima-facie* eligible under Assam Land Policy, 2019.

2.2.5.3 Adoption of process of validation/verification of records

As per GoI letter dated 26 February 2019, the SNO needed to direct concerned agencies⁵¹ to carry out cross-check to remove all errors and discrepancies in the data at the district/block level and upload them through digital signatures. Uploaded data needs to be verified by the District Agricultural Officers (DAOs) concerned and approved through digital signatures.

As per the information furnished by SNO, on receipt of applications in the prescribed form along with address proof, ID proof, land documents, bank account details, *etc.*, the same were verified by the Agriculture Extension Assistant (AEA). The land records were also verified by the AEA and *Lat Mandals*⁵² (LMs). Finally, the documents were approved by the Agriculture Development Officer before uploading the same in PM-KISAN portal based on the certificate of AEA and LMs.

Scrutiny of records made available by DAOs of the selected districts, however, revealed that Common Service Centres (CSCs) were engaged by the DCs concerned to upload data. AEA were asked to collect the application forms from the applicants and LMs were to verify the land records of the applicants and sign on the application forms accordingly.

As the field level functionaries *viz.*, AEA and BNOs (ADOs), were already engaged in National Register for Citizens (NRC) duties, they expressed (February 2019) their constraints in verification of large number of application forms in a short period of time as *Gaon Panchayat*-wise target of 1,000 beneficiaries, as fixed by the DC concerned, was to be met before launch of the Scheme on 24 February 2019.

Irregularities noticed in implementation of the scheme in the State are discussed in the following paragraphs:

2.2.5.3.1 Opening of large number of user IDs

The procedure to be adopted in opening user IDs is not mentioned in the operational guidelines of PM-KISAN. Besides, Standard Operating Procedure (SOP) in this regard

⁵¹ Block and District level functionaries *viz.*, Agriculture Development Officers, District Agriculture Officers, *etc.*

⁵² Lat Mandals are field level functionaries from the Department of Land Records, GoA

was not received from GoI, and GoA, on its part, also failed to adopt any mechanism to exercise checks against indiscriminate opening of user IDs as a proactive measure.

As a result, a total of 873 user IDs were operated in the State to upload data. Seven hundred eighty eight out of the 873 user IDs were, however, deactivated subsequently as per the SOP⁵³ (June 2021) of GoA leaving 85 user IDs active. On being asked about the reason for opening such large number of user IDs, the SNO stated (October 2021) that huge number of data had to be entered in the portal in a very short period of time during the initial phase of the scheme. As such, multiple data entry operators were involved in the process and therefore more access was needed at that time.

Selected district-wise position of active and inactive user IDs as of October 2021 is shown in **Table 2.3**.

Table 2.3: District-wise position of active and inactive user

Sl. No.	District	Total user ID opened	Total data uploaded	Active ID	Data uploaded through Active ID	Inactive ID	Data uploaded through inactive ID	Ratio (User ID: data uploaded)
1	Kamrup Metro	1	8,364	1	8,364	Nil	Nil	1:8,364
2	Darrang	5	1,14,527	1	NA	4	45,753	1:22,905
3	Dibrugarh	1	61,518	1	61,518	Nil	Nil	1:61,518
4	Jorhat	1	83,647	1	--	Nil	Nil	1:83,647
5	Sonitpur	1	63,304	1	--	Nil	Nil	1:63,304
6	Goalpara	14	80,659	1	NA	13	NA	1:5,761
7	Bongaigaon	27	56,088	1	25,037	26	31,051	1:2,077
8	Kokrajhar	77	59,625	1	24,139	76	38,948	1:774
9	Baksa	16	1,21,815	1	NA	15	NA	1:7,613
10	Barpeta	40	4,81,979	1	6,692	NA	NA	1:12,049
11	Dhubri	27	2,03,906	1	NA	26	NA	1:7,552
Total		210	13,35,432	11				

Source: Departmental records/information.

NA:-Not Available

As can be seen from **Table 2.3**, in four (Sl. No. 2 to 5) out of the 11 districts, data uploaded per ID ranged between 22,905 and 83,647 records whereas in the rest seven districts, data uploaded per user ID ranged between 774 and 12,049 records. Thus, no uniform criteria was adopted for opening user IDs for uploading data. Besides, opening of user IDs was not proportional to the number of data to be uploaded, contrary to the SNO reply.

Further, the operational guidelines/SOPs did not set any target as regard to uploading of data in PM-KISAN portal within a certain period of time. Instead, emphasis was given mainly on identification and selection of beneficiaries, who were eligible as per the operational guidelines, by the BNOs/DNOs/SNOs.

Injudicious decision of the Deputy Commissioners of uploading the data within a very short period of time for reasons unknown, especially when the field level officers/officials were engaged in updation of NRC in the State, may have led to uploading of unverified data through unauthorised user IDs.

⁵³ One user ID for SNO and one user ID per district

The SNO also found that unauthorised user IDs were opened to upload data. A report (August 2019) of the PM-KISAN cell indicated that 55 unauthorised user IDs⁵⁴ were opened in four districts during February 2019 to August 2019. As per the report, a total of 7,32,373 records were uploaded from these unauthorised user IDs. Out of these 7,32,373 records, 5,60,632 records were also accepted for release of payment.

Similarly, as per the information furnished by the DAOs of the selected districts, 22 unauthorised user IDs⁵⁵ were opened in four selected districts. In Darrang, a total of 45,753 records were uploaded through four unauthorised user IDs. As per the payment details furnished to audit, ₹ 4.37 crore was released to 12,010 out of the 45,753 beneficiaries. As the beneficiaries were untraceable during enquiry conducted by the State Government with the help of village Headman, the DAO requested (June 2020) the Lead District Manager (LDM) for Know Your Customer (KYC) verification of the beneficiaries. Report of the KYC verification was awaited till the date of audit (September 2021).

Thus, there was no control over opening of user IDs and password to upload beneficiaries' data. Besides, no mechanism could be evolved for prompt detection of any malpractices as regard to data entry through unauthorised user IDs.

While accepting the audit observation, GoA stated (February 2022) that action is being taken for more transparency and proper validation of fresh applications received under the scheme. It was also stated that district level user IDs have been updated based on SOP dated 30 June 2021 and presently, 33 district level user IDs and one SNO user ID are active in the portal.

2.2.5.4 Release of benefits to ineligible beneficiaries

As complaints were received from different quarters regarding anomalies in beneficiaries list of PM-KISAN, an enquiry was initiated (May 2020) under the supervision of the Additional Chief Secretary, Home & Political, Revenue & Disaster Management, Environment & Forest, Social Welfare Departments on the order of the Chief Minister.

As per the report of verification across the State conducted during May to July 2020, 15,59,286 beneficiaries were found ineligible. Category-wise number of ineligible beneficiaries are shown below:

2.2.5.4.1 Untraceable beneficiaries

As per the verification report, 11,31,152 (72.54 per cent) out of the 15,59,286 ineligible beneficiaries were found to be untraceable. As per the report, the main reason for such proportion of ineligible beneficiaries being untraceable was non-availability of father's/husband's name as at the time of data entry as , 'father's/husband's name' was not a mandatory field.

⁵⁴ West Karbi Anglong: 22, Barpeta: 30, Dhubri: two and Morigaon: one.

⁵⁵ Darrang: four, Baksa: 11, Barpeta: two and Dhubri: five.

2.2.5.4.2 Ineligible beneficiaries under exclusion criteria

It was also noticed that total count of ineligible beneficiaries under exclusion criteria of PM-KISAN operational guidelines was 2,76,137 (Non-farmer beneficiaries: 2,61,487 and Government Employees & Pensioners of Government/Local Bodies: 14,650).

2.2.5.4.3 Ineligible beneficiaries of other categories

In addition to the above, there were 1,51,997 beneficiaries who were also found to be ineligible (Multiple entries: 1,27,388 and Other exclusion category⁵⁶: 24,609).

Information furnished by the SNO, however showed that the total count of ineligible beneficiaries in the State was 11,72,685 as on 31 March 2021.

On this being pointed out, it was stated during the exit meeting (February 2022) that another verification was being conducted and as such, the figure was dynamic.

2.2.5.5 Ineligible beneficiaries in selected districts

Category-wise ineligible beneficiaries of selected districts as per information furnished to audit by the DAOs concerned are shown in *Table 2.4*.

Table 2.4: Selected district-wise ineligible beneficiaries of different category

Sl. No.	District	Govt. employee/pensioner	Landless	Untraceable	Holder of constitutional posts/ Income taxpayers/ Non-farmer	Multiple entries/ same family	Minor & deceased person	Total
1.	Baksa	1,014	NA	28,065	13,696	10,379	227	53,381
2.	Barpeta	249	NA	1,13,565	15,799	2,981	450	1,33,044
3.	Bongaigaon	284	399	2,145	1,708	3,660	482	8,678
4.	Darrang	1,472	6,777	23,226	6,846	3,072	528	41,921
5.	Dhubri	155	912	93,936	0	3,474	389	98,866
6.	Dibrugarh	857	0	3,070	1595	1,400	219	7,141
7.	Goalpara	658	1,793	2,033	2,495	5,418	276	12,673
8.	Jorhat	648	0	7,739	665	2,984	0	12,036
9.	Kamrup Metro	153	Nil	176	939	328	41	1,637
10.	Kokrajhar	448	1,536	16,430	2,510	1,994	223	23,141
11.	Sonitpur	261	1,730	0	2,187	1,537	173	5,888
	Total	6,199	13,147	2,90,385	48,440	37,227	3,008	3,98,406

Source: Departmental record/information.

Release of benefits to large number of ineligible beneficiaries highlighted the absence of proper verification measures.

2.2.5.6 Flaws in data entry

A. As per information furnished by SNO, data of 41,87,023 applicants were uploaded in PM-KISAN portal. Out of 41,87,023 records so uploaded, 10,66,593 records were rejected by PM-KISAN portal/PFMS due to flaw in bank account and IFSC code as well as inappropriate data entry through unauthorised user IDs as stated by the SNO. Besides, district-wise count of such rejected data were not furnished as

⁵⁶ Holder of constitutional posts/Income taxpayers/death/minors/member of same family, etc.

the same were inaccessible to the SNOs/DNOs and kept separately by the Central server of PM-KISAN portal.

- B.** Further, as per SOP of GoI (25 February 2019), rejected data after validation by PM-KISAN portal and PFMS are returned to the states through the portal for fresh upload, if required. The rejected data were, however, not uploaded afresh after carrying out necessary correction.

In order to ascertain the cause of rejection of such a large (25 per cent) proportion of data in PM-KISAN portal/PFMS, requisition was placed to the DAOs of selected districts to furnish application forms and records of beneficiaries out of the rejected lists in respect of the selected villages. Out of the total 281 forms and records called for, 87 applications were furnished by the DAOs concerned.

On being asked about the reason for not furnishing the forms and records, the DAOs stated that the same were untraceable.

Scrutiny of the available application forms and records and PM-KISAN database revealed that there was mismatch in entry of the bank account numbers in the portal *vis-à-vis* the account numbers as per the copies of the bank passbooks found appended with the application forms. Besides, mismatches in bank names in PM-KISAN database *vis-à-vis* bank pass books were also noticed.

As fresh entries after carrying out necessary corrections in compliance with the SOP were not done, 87 applicants were deprived of the benefits (worth ₹ 12,18,000⁵⁷) of the scheme till 31 March 2021. Similar consequences in respect of other rejected applications could not be ruled out.

While accepting the audit observation, GoA stated (February 2022) that 100 per cent re-verification is being conducted to identify the eligible beneficiaries through the revenue officials under the supervision of Deputy Commissioners and Principal Secretaries of Sixth Schedule areas. Besides, new registrations is also being done to include all the *bona-fide* beneficiaries.

2.2.5.6.1 Flaws in data entry in selected districts

GoI SOP (26 February 2019) *inter alia* included that supervisory officials were required to cross-check the uploaded beneficiaries' information with the original forms before submitting the same for Request for Fund Transfer (RFTs) to correct any error as well as to ensure that no junk data is submitted.

On scrutiny of records of the 11 selected districts, audit observed the following:

- In Kokrajhar district, though no revenue village named 'Adabari' existed, the same was entered in the PM-KISAN database. All the selected beneficiaries of 'Adabari' were actually residents of nearby Dhubri district as was confirmed through KYC verification from the banks concerned.

⁵⁷ ₹2,000 x 7 x 87

- In Balachari village of selected Goalpara district, all the selected beneficiaries are residents of other villages.
- The village –‘Chulkani Para’ of Goalpara was wrongly entered in the PM-KISAN database as ‘Chunari Char’.
- The Soulmari Pt II village of Dhubri district is actually under Gauripur Block. In the database, it was wrongly entered under the selected Golakganj Block.

The observations above indicated that there were flaws in data entry as well as in subsequent validation to remove errors in compliance with the SOP of GoI.

2.2.5.7 Findings on coverage of selected districts

Audit scrutiny of records of selected beneficiaries revealed the following:

2.2.5.7.1 Non-furnishing of records of selected beneficiaries

As per paragraph 9.1 of the operational guidelines (March 2020) of PM-KISAN, beneficiaries under the scheme are to be identified by the respective State and Union Territory. The details of farmers are being maintained by the States/UTs either in electronic form or in manual register.

- A.** During the course of audit, it was noticed that no record/register showing details of farmers were maintained in the selected districts. Moreover, 11 selected villages of six selected districts had to be replaced by other villages due to non-availability of application forms and beneficiaries’ records of beneficiaries pertaining to the selected villages.
- B.** Besides, out of 990 (15 beneficiaries each of six villages per district) selected beneficiaries in 11 selected districts, application forms and records of 37 beneficiaries (Bongaigaon: 10, Goalpara: three and Kokrajhar: 24) were not furnished as the same were unavailable. As a result, the records could not be verified in audit.

2.2.5.7.2 Findings on verification of records furnished

On verification of records of the selected districts, following issues were noticed (District-wise details are shown in *Appendix-2.6*).

(i) As per paragraph 2.3 of the operational guidelines, the benefit of the scheme is to be provided to all small and marginal landholder farmer families who collectively own cultivable land as per land records of the concerned State, subject to certain exclusions.

Audit, however, observed that in 753 (79 *per cent*) out of 953 cases, the beneficiaries were not the owner of the land as the land was in others’ name as per the land document attached with the application forms. Beneficiaries without land in their names ranged between 66 (Dhubri) and 92 (Barpeta) *per cent* in the selected districts.

(ii) In 96 (10 *per cent*) out of 953 cases, land document was not attached with application forms.

(iii) In 91 out of 953 cases, benefits of the scheme were released to multiple beneficiaries with the same land documents.

(iv) GoA SOP (13 February 2019) envisaged that the BNOs would get the eligibility of the farmers verified in the field and collect the required information of beneficiary farmers *viz.*, details of bank account, land holding, *etc.* through the AEAs.

Scrutiny of records, however, revealed that in 747 (78 *per cent*) out of 953 cases, the application forms were not verified by the BNOs concerned through countersignature. In five districts (Baksa, Barpeta, Bongaigaon, Goalpara and Kokrajhar), BNOs did not verify any of the application forms, whereas in the remaining six districts, the shortfall in verification of application forms and records by the BNOs concerned ranged between 06 and 99 *per cent*.

(v) In 83 out of 953 cases, the application forms were accepted despite not filling the self-declaration part of the application forms. In Dhubri district, maximum 33 *per cent* of the sampled beneficiaries were released benefits though they did not fill the self-declaration part of the application forms.

(vi) As per GoA SOP dated 13 February 2019, eligibility of the applicant was to be verified by LMs through countersignature.

Scrutiny of records, however, revealed that in 637 (67 *per cent*) out of 953 applications furnished to audit, the application forms were not countersigned by the LMs concerned in support of their verification. While the LMs did not verify beneficiaries application forms and records in four districts (Baksa, Goalpara, Kamrup Metro and Kokrajhar), shortfall in verification in respect of the other seven districts ranged between seven and 99 *per cent*.

(vii) As per paragraph 2.3 of the operational guidelines, operational land holding farmer families as per the land records of GoA were eligible for the benefit of the scheme subject to certain exclusion criteria.

Scrutiny of records, however revealed that in 654 (66 *per cent*) out of 990 selected beneficiaries, names of the beneficiaries were not available in the land records maintained by the RDMD. Thus, 40 to 92 *per cent* of the selected beneficiaries in the selected districts received benefits despite their names not being available in the land records maintained by RDMD.

(viii) Comparative study of ineligible beneficiaries declared by GoA as reflected in PM-KISAN database *vis-à-vis* actual number of ineligible beneficiaries based on the land records of GoA detected by audit revealed that out of the 990 selected beneficiaries, GoA declared a total of 258 beneficiaries ineligible whereas as per audit scrutiny 654 beneficiaries were actually ineligible.

In Darrang district, though GoA did not declare any of the selected beneficiaries ineligible, 71 out of the 90 selected beneficiaries were found ineligible in audit.

In Jalah block of Baksa district, the status of operational land holding in respect of 45 selected beneficiaries remained un-ascertained due to non-digitisation of land records in the block as well as non-receipt of reply from the Circle Officer concerned.

The irregularities mentioned above indicated that there were lapses in verification to ascertain eligibility of the beneficiaries before releasing benefits of the scheme.

While accepting the audit observations pertaining to selected districts, GoA stated (February 2022) that 100 *per cent* re-verification including that of untraceable beneficiaries is being conducted since June 2021 through revenue officials under the supervision of DCs and Principal Secretary of the Sixth Schedule areas.

2.2.5.8 Release of benefits to beneficiaries with non-agricultural land

Among the sampled beneficiaries, audit found that 11 beneficiaries, whose land was used for purposes other than agriculture, were released benefits of ₹ 1.24 lakh till 31 March 2021 as detailed in *Appendix 2.6*.

2.2.5.9 Multiple registration of same beneficiaries

On analysis of SNO database, audit found that fake registration numbers were created by adding zero(s) at the beginning of the bank account number(s). As a result, multiple benefits were credited into the same bank account against multiple registrations. Audit found 3,577 such registrations in 16 out of 33 districts against which a total of ₹ 3.01 crore was released. District-wise funds released to beneficiaries with fake registrations is shown in *Appendix 2.7*.

2.2.5.10 Duplicate registration with same bank account

On analysis of PM-KISAN database, it was noticed that multiple registrations were done using the same bank account number in respect of 3,104 beneficiaries in 10 districts as shown *Table 2.5*.

Table 2.5: District-wise duplicate registrations detected in audit

Sl. No.	Name of District	Number of duplicate registration
1.	Baksa	116
2.	Bongaigaon	1726
3.	Darrang	674
4.	Dhubri	498
5.	Dibrugarh	24
6.	Goalpara	10
7.	Jorhat	14
8.	Kamrup Metro	4
9.	Kokrajhar	10
10.	Sonitpur	28
Total		3104

Although no benefits were released to the beneficiaries, multiple registration using the same bank account indicated that necessary verification was not done.

2.2.5.11 Beneficiaries with names of jumbled letter/special character

Analysis of PM-KISAN database also revealed that in Barpeta district, an amount of ₹ 10.86 lakh was released to 274 applicants with names containing jumbled letters/special characters.

This also indicated that there were flaws in data entry as well as verification of beneficiaries' records.

2.2.5.12 Refund of funds

Out of ₹ 567.41 crore released to 8,44,672 ineligible beneficiaries, refund of ₹ 1.37 crore (0.24 *per cent*) was so far (March 2021) received from 2,233 ineligible beneficiaries in 31 districts of the State. District-wise details of refund is shown in *Appendix-2.8*.

No refund was received from ineligible beneficiaries of Dibrugarh and West Karbi Anglong Districts though ₹ 3.55 crore and ₹ 11.56 crore were released to 3,831 and 25,799 ineligible beneficiaries respectively.

The refund of ₹ 1.37 crore so received from 2,233 ineligible beneficiaries was, however not refunded to the Ministry of Agriculture and Farmers Welfare. Instead, the same was retained in the bank account operated for administrative expenses as per the refund module communication dated 20 April 2021.

For receiving refund of benefits released to the ineligible beneficiaries, notification was published in local dailies requesting them to voluntarily refund the benefits through the DAOs concerned.

Considering recovery of mere 0.24 *per cent* of ₹ 567.41 crore released to ineligible beneficiaries even after 16 months from completion (July 2020) of the enquiry by the State Government, the recovery mechanism adopted remained largely ineffective.

GoA did not offer (February 2022) any specific reply to the audit observation.

2.2.5.13 Exploring and mobilising the actual beneficiaries of the scheme

A. As per paragraph 6.3 of the operational guidelines of PM-KISAN Scheme, a project monitoring unit (PMU) on the lines of Central level was to be constituted at State level. The activities of the PMU *inter alia* include publicity campaign *i.e.*, information, education and communication (IEC) activities to create awareness among the landholding farmers to avail the benefits of the scheme.

In Assam, a four-member State-level Review, Monitoring and Grievance Redressal Committee under the chairmanship of SNO was constituted in August 2019 *i.e.*, after release of 2nd instalment totalling ₹ 762.72 crore.

Records such as Minutes of meeting, decisions taken by the Committee, execution of the same and follow-up by the Committee for proper implementation of the scheme in the State, *etc.* was neither found available on record, nor furnished to audit. As a result,

effectiveness of the Committee in monitoring implementation of the scheme in the State remained unascertained.

As per information furnished by SNO, total expenditure of ₹ 33.98 lakh⁵⁸ was incurred towards inauguration ceremony at State and district levels. However, no IEC activities to create awareness among the land holding farmer families were undertaken. As a result, publicity campaigns, which are due to be taken up through IEC activities, remained largely ineffective which resulted in non-receipt of applications in 12 districts as discussed in **Paragraph 2.2.5.2**.

While accepting the audit observation, GoA stated (February 2022) that a State level PMU was formed (June 2021) to look into the IEC activities as well as progress of ongoing 100 *per cent* re-verification of beneficiaries.

B. Further, as per GoI order (26 February 2019), SNO/DNOs were to ensure that proper and prominent display of names of the beneficiaries who have received payments under the Scheme and of those whose names were registered for the next lots from the State, in every village panchayat so that the actual beneficiaries left out/not registered could know the same and register themselves for availing benefit of the Scheme.

During the course of field visit, audit did not notice names of the beneficiaries being displayed in compliance with the GoI order. Besides, no such record was also maintained by the DAOs. Thus, there was laxity in exploring and mobilising the actual beneficiaries of the scheme.

While accepting the audit observation, GoA stated (February 2022) that 100 *per cent* re-verification of PM-KISAN beneficiaries as well as steps to register all the *bona-fide* beneficiaries are being taken simultaneously.

2.2.5.14 Five per cent physical verification of beneficiaries

As per paragraph 8.2 of the operational guidelines, Supervisory Officers were to randomly check five *per cent* beneficiaries to ensure their eligibility every year.

While reiterating the need for undertaking physical verification of the beneficiaries who have received benefits under PM-KISAN, by the District Collector/Magistrate under the supervision of SNO on a regular basis, GoI communicated (August 2019) the following prescribed procedure:

- The district-wise list of villages will be identified on random selection basis to cover approximately 2.5 *per cent* of the beneficiaries at the Central level providing the list to SNO separately.

⁵⁸ Towards opening ceremony – (i) Block level: ₹21.90 lakh (219 Blocks @ ₹10,000 each), (ii) District level: ₹8.25 lakh (33 Districts @ ₹25,000 each), (iii) State level: ₹0.50 lakh and (iv) Advertisement in local dailies at State level: ₹3,33,102.

- 100 *per cent* verification needs to be done in the villages identified covering the beneficiaries who have received the benefit and not just identified as eligible beneficiary.
- The verification process should be completed within 45 days from the receipt of the letter and the verification report should be furnished to GoI immediately.
- Expenditure to be incurred in the exercise was to be met out of the administrative costs received. Besides, external monitors/agency can be engaged, if felt necessary.

Although the SNO stated (October 2021) that five *per cent* physical verification of beneficiaries was done by District Agriculture Officers (DAOs), but no record showing the process adopted, list of beneficiaries verified, verification report, result of such verification and action taken, if any, was furnished.

In the selected districts, although DAO, Sonitpur stated (October 2021) that the physical verification of beneficiaries was conducted, no supporting record/document was furnished.

Thus, the exercise of physical verification of beneficiaries by the Supervisory Officers was not given due importance in the State, which not only violated the provision of operational guidelines, but also pointed towards ineffective monitoring and supervision in implementation of the Scheme in the State.

GoA, while accepting the audit observations, stated (February 2022) that 100 *per cent* re-verification including untraceable beneficiaries is being conducted since June 2021 through revenue officials under the supervision of DCs and Principal Secretary of the Sixth Schedule areas.

2.2.5.15 Payment of administrative expenses

A. Paragraph 6.3 of the operational guidelines *inter alia* provides that 0.25 *per cent* (revised to 0.125 *per cent*⁵⁹) of the amount earmarked for the first instalment and 0.125 *per cent* for the subsequent instalments can be transferred by GoI to State Governments to cover the expenditure on their PMUs, if established, and for meeting other related administrative expenses including cost to be incurred for procurement of stationary, field verification, filling of prescribed formats, their certification and its uploading as well as incentive for field functionaries and publicity.

Administrative cost receivable *vis-à-vis* actually received as per the provisions of the guidelines indicated that during December 2018 to March 2021, ₹ 1.23 crore was short-received by SNO as shown in **Table 2.6**.

⁵⁹ Vide revised operational guidelines dated 20 June 2019.

Table 2.6: Less receipt of administrative cost by the SNO

Year	No. of beneficiaries who received payment	Payment released (₹)	Administrative costs receivable (₹)	Total administrative costs received (₹)	Release {Excess (-) Less (+)} (₹)
2018-19	27,33,864	5,46,77,28,000	68,34,660	Nil	68,34,660
2019-20	65,00,200	13,00,04,00,000	1,62,50,500	2,17,51,000	-55,00,500
2020-21	43,78,579	8,75,71,58,000	1,09,46,448	Nil	1,09,46,448
Total	1,36,12,643	27,22,52,86,000	3,40,31,608	2,17,51,000	1,22,80,608

Source: Departmental records/information.

SNO, however, did not place any demand with GoI for release of administrative cost.

Administrative costs totalling ₹ 1.19 crore was released to 33 districts in four instalments as shown in **Appendix-2.9**. Besides, expenditure of ₹ 32.87 lakh was incurred towards procurement of air conditioners and accessories⁶⁰ (₹ 8,05,515), furniture⁶¹ (₹ 69,768), printing of leaflets⁶² (₹ 21,00,000), advertisement in local dailies⁶³ (₹ 3,11,514). The details of the remaining ₹ 65.84 lakh could not be ascertained as the SNO, Assam did not furnish bank statements.

Further, out of the total expenditure of ₹ 32.87 lakh, ₹ 29.76 lakh was spent towards activities like procurement of air-conditioner and accessories, furniture and printing of leaflets for creating awareness on Farm Bills passed by Parliament, *etc.* which are not permissible under the relevant provision of operational guidelines of the Scheme.

B. Scrutiny of records further revealed that out of ₹ 2.18 crore received towards administrative expenses, the SNO submitted utilisation certificate (UC) of only ₹ 77 lakh to GoI. UCs for the balance ₹ 140.51 lakh was not furnished yet (October 2021). District-wise UCs received from the DAOs was, however, not furnished as the same was not being maintained by the SNO.

Selected district-wise expenditure incurred and UCs submitted in respect of administrative costs is shown in **Appendix-2.10**.

- Out of the administrative costs amounting to ₹ 46.35 lakh received in 11 selected districts, an expenditure of ₹ 17.25 lakh was incurred by eight districts and UCs for ₹12.13 lakh were furnished by six districts.
- DAO, Barpeta did not furnish any information about the expenditure incurred and UC furnished for ₹ 11.16 lakh received as administrative costs.
- DAO, Baksa incurred an expenditure of ₹ 4.12 lakh out of ₹ 5.13 lakh received as administrative cost, but did not furnish details of expenditure and UC was submitted to SNO.

⁶⁰ One ton Split A.C., Stabilisers, Two ton A.C., stabiliser, 65 inch Full HD Smart LED TV, HP Desktop, UPS, Antivirus For Computer, HP Laser Jet Printer, HP Toner, Xerox Paper, Legal Paper.

⁶¹ Executive Revolving Chair, Visitors Chair, File Cabinet, Stationery items.

⁶² Printing of Leaflets for creating Awareness (7,00,000 nos.) on farm bills passed by Parliament.

⁶³ Expenditure incurred for dispatching PM-KISAN leaflets to DAOs for creation of awareness about the scheme, Newspaper Advertisement.

- DAO, Dhubri incurred an expenditure of ₹ 3.95 lakh and UC was submitted to SNO, Assam, but the purpose of expenditure was not furnished.
- DAO, Goalpara did not submit UC for expenditure of ₹ 1.00 lakh incurred towards uploading beneficiaries' data.
- DAOs, Jorhat and Kamrup did not incur any expenditure as the funds were received by the respective Deputy Commissioners.

GoA did not offer (February 2022) any specific reply to the audit observation.

2.2.6 Conclusion

GoA is implementing the PM-KISAN scheme to provide income support to eligible landholder farmer families for meeting expenses related to agriculture and allied activities as well as for domestic needs. As of March 2021, 41,87,023 applications were uploaded in PM-KISAN portal in the State. Out of 41,87,023 applications, 10,66,593 applications were rejected by PM-KISAN portal/PFMS. Subsequently, GoA declared 11,72,685 out of 31,20,430 beneficiaries ineligible through an enquiry conducted (May-July 2020) across the State.

Audit observed that emphasis was given on uploading large number of applicants' data on the portal within a short period of time rather than ensuring eligibility of the beneficiaries under the scheme. No uniform criteria was adopted in opening user IDs as in the 11 selected districts, data uploaded per user ID ranged between 774 and 83,647. There were flaws in data entry as well as laxity in subsequent validation to remove the anomaly.

Benefits were released to beneficiaries without land documents, multiple beneficiaries with same land documents, beneficiaries with land in others' name and beneficiaries whose names were not found available in the land records maintained by the State Government. Verification of application forms by the Block Nodal Officers as well as land records authority was not done. Action taken by the State Government to receive back the benefits released to ineligible beneficiaries was largely ineffective.

The findings highlighted the fact that implementation of the scheme in the State failed to achieve the desired objective.

2.2.7 Recommendations

- ❖ *GoA should take effective steps to ensure all the anomalies in the data entry are corrected and data rejected during first and second level of validation by PM-KISAN portal and PFMS are verified for fresh uploading after carrying out necessary correction as per the provisions of relevant SOP of GoI.*
- ❖ *GoA should ensure that database of land holding farmer families is created and all eligible land holding farmer families receive the benefit of the scheme.*
- ❖ *GoA should initiate steps to ensure that an effective monitoring mechanism is put in place and activities of the State Level Review, Monitoring and Grievance Redressal Committee (SLRM&GRC) are documented properly.*

- ❖ GoA should ensure benefits released to ineligible beneficiaries are recovered and refunded to GoI without further delay.

Compliance Audit Paragraphs

Public Works (Roads) Department

2.3 Compliance Audit on “Projects sanctioned by Ministry of Development of North-Eastern Region”

2.3.1 Introduction

The Ministry of Development of North-Eastern Region (MDoNER) has been sanctioning projects to eight States in the North Eastern Region (NER) to fill up gaps in infrastructure through block grants of Non-Lapsable Central Pool of Resources (NLCPR) through 90 *per cent* Central funding and 10 *per cent* contributed by the States. The identified projects under the NLCPR schemes are executed by the State Government agencies.

The new Central scheme of North-East Special Infrastructure Development Schemes (NESIDS), fully funded by the GoI, was taken up to fill up gaps of infrastructure in certain identified sectors of the Region. NESIDS was implemented for three years from 2017-18 to 2019-20. Funds were also provided for the ongoing projects under NLCPR so that they could be completed by 2019-20.

During 2015-16 to 2020-21, a total of 33 projects at an estimated cost of ₹ 1,133.83 crore were sanctioned *i.e.*, 15 projects during 2015-18 at an estimated cost of ₹ 526.41 crore under NLCPR and 18 projects during 2018-21 at an estimated cost of ₹ 607.42 crore under NESIDS under Public Works Department (PWD) (Roads & Bridges), Sports, Health, and Irrigation Departments.

Out of the 33 projects, audit test-checked 13 projects⁶⁴ (*Appendix-2.11*) involving approved cost of ₹ 517.13 crore (reported expenditure of ₹ 325.20 crore as of June 2022) implemented by the State PWD. Out of 13 projects, seven projects had been completed and five were in progress with physical achievement of 60 to 84 *per cent* as of September 2022, while one project⁶⁵ was foreclosed⁶⁶.

During test-check, audit noted irregularities in selection of contractor, cases of extending undue financial benefit to contractors and extra expenditure, *etc.* highlighting financial mismanagement.

⁶⁴ Nine projects (₹ 134.47 crore) and four projects (₹382.66 crore) under NLCPR and NESIDS respectively.

⁶⁵ Construction of Road from NH-31 to Kashipur Suplekuchi via Purbaharati under Nalbari district.

⁶⁶ CE, PWD (Roads) foreclosed the project due to slow progress of work after achieving 37 *per cent* physical progress at an expenditure of ₹0.80 crore against the approved cost of ₹5.60 crore. However, remaining work had been taken up (February 2021) under PMGSY-III 2020-21 at ₹3.31 crore.

Besides, audit also noted execution of works violating the technical specifications which was fraught with the risk of damage to the work so executed. Project-wise significant audit findings are discussed in the succeeding paragraphs.

2.3.2 Name of project: Construction of RCC Bridge over river Aie at Aie Powali including approach & protection work in Chirang District

i) Delay in completion of project and irregularity in selection of contractor

MDoNER conveyed administrative approval (AA) (February 2019) to the work under NESIDS for ₹ 69.74 crore. Additional Chief Engineer (ACE) cum Director, Public Works Department (PWD), Bodoland Territorial Council (BTC), Kokrajhar allotted (February 2019) the work to Shri Achinta Narzary being the lowest bidder at ₹ 69.74 crore⁶⁷ against the estimated cost of ₹ 69.74 crore. The project was to be executed by the Executive Engineer (EE), R&B, Chirang Division. The work was stipulated to be completed within 30 months *i.e.*, by August 2021. However, the work remained incomplete till August 2022 after a lapse of 12 months from the stipulated date of completion with physical progress of 70 *per cent* and financial progress of ₹ 43.07 crore.

The Department, during the exit meeting (February 2023), stated that the work achieved overall progress of 80 *per cent* and the delay was caused because of Covid-19 pandemic and due to inaccessible site condition. Audit, however, noted the following irregularities in selection of the contractor due to which capability of the contractor for timely completion of the work was doubtful.

Clause 4.5.7 of the tender document stipulated for assessment of the contractor's financial soundness from the audited balance sheet of the contractor for the last five years. While evaluating the bid, financial position of the contractor was assessed from the value of bill received as depicted in the trading, profit and loss account of the balance sheet submitted by the contractor. Audit, however, noted that the balance sheet for the year 2013-14 belonged to another person (Sukumar Brahma). Further, the balance sheet showing financial position submitted by the contractor for another work⁶⁸ under NLCPR 2016-17 had different figures with less amount compared to the figures submitted for the instant work as shown in **Table 2.7**.

Table 2.7: Differences in financial position of the contractor

(₹ in lakh)

Year	Financial position as per documents submitted by the contractor	
	Construction of road from Subhajibhar to Uttar Ballamguri under NLCPR 2016-17	Construction of RCC Bridge over river Aie at Aie Powali under NESIDS 2018-19
2013-14	755.54	1,671.32
2014-15	1,492.70	2,256.69
2015-16	1,118.42	2,840.59
2016-17	Did not furnish as not required	3,940.59
2017-18		5,416.29

⁶⁷ The L2 bidder (Babita Basumatary) quoted ₹72.59 crore.

⁶⁸ Construction of road from Subhajibhar to Uttar Ballamguri via Kumarshali at Bijni under NLCPR 2016-17.

Clause 4.7 of the tender document prescribed that the bid capacity of the contractor would be assessed based on a formula⁶⁹, where the value of existing commitments and on-going works was to be subtracted from twice the product of- (i) maximum value of civil works executed in any one year during the last five years and (ii) number of years prescribed for completion of works for which bids are invited. Audit noted that while evaluating the financial capacity of the bidder according to this clause, the tender committee did not consider the existing commitments towards two ongoing projects viz., (i) Improvement of Udalguri Sapekhaity Bhaktapara Road in Udalguri District under NLCPR at a cost of ₹ 31.03 crore and (ii) Construction of road from Subhaijhar to Uttar Ballamguri via Kumarshali at Bijni under NLCPR 2016-17 at ₹ 14.35 crore. Both the works were on-going at the time of bid evaluation (January 2019) with physical progress of 48 *per cent*. As such, the bid capacity of the bidder was not properly assessed. It may be mentioned here that as per the submitted records, the other technically qualified bidder (L2)⁷⁰ did not have any such existing commitments towards on-going projects and the bid evaluation committee also certified the same.

The works mentioned above allotted by the ACE without proper check facilitated the contractor with less financial soundness and bidding capacity to get the work. This would have an adverse impact on timely completion of the work.

During the exit meeting (February 2023), the Department did not furnish any suitable reply on the above aspects.

ii) Undue favour of ₹0.63 crore to the contractor besides creation of financial liability of ₹0.87 crore

In terms of the contract, the scope of work included (i) collection of hydraulic data and carrying out confirmatory sub-soil investigation; (ii) preparation of General Agreement Drawing (GAD) of Bridge Proper in consultation with Indian Institute of Technology (IIT), Guwahati prior to preparation of detailed design and drawing; and (iii) preparation of detailed design and drawings of the foundation, sub-structure, super structure, and bearing based on approved GAD and as per Indian Road Congress (IRC) and Ministry of Road Transport and Highways (MoRT&H) guidelines and specifications in consultation with Kokrajhar Engineering College or IIT Guwahati. The contractor was also supposed to pay the consultancy charges to Kokrajhar Engineering College or IIT Guwahati, as the case may be.

⁶⁹ **A x N x 2 - B** where, **A**: maximum value of civil works executed in any one year during the last five years, **N**: number of years prescribed for completion of works for which bids are invited, and **B**: the value of existing commitments and on-going works.

⁷⁰ Out of three participating bidders, two were technically qualified including the ineligible L1 bidder.

Audit noticed that ACE issued (February 2019) three work orders worth ₹ 86.65 lakh⁷¹ to M/s Desnil Engineer for survey, sub-soil investigation (SSI), design and consultancy. M/s Desnil Engineer submitted three bills amounting to ₹ 86.65 lakh against the executed work. Since these works were to be done by the contractor (Achinta Narzary) as per the defined scope of work incorporated in the agreement being the terms of the contract, allotment of a separate work order to another firm was not in order. Audit also noted that the EE paid (January 2020) ₹ 62.54 lakh⁷² to the contractor for the same purpose against his claim, although work in this regard carried out by the contractor, if any, was not found on record.

Audit further observed that payment to M/s Desnil Engineer against his bills had not been made by the Division. As a result, the firm filed a writ petition before the Hon'ble Gauhati High Court and the Hon'ble HC ordered (09 March 2021) the Division to clear the outstanding bills, which were yet to be paid (October 2022). Thus, additional financial liability of ₹ 86.65 lakh remained on the Division due to non-deducting the item from the scope of work and because of floating tender without deducting the cost for these items. This has also extended undue financial benefit of ₹ 62.54 lakh to the contractor against works which were not executed by him.

During the exit meeting (20 February 2023), the Department accepted the facts and stated that recovery of ₹0.63 crore has been made from the contractor and ₹ 0.87 lakh has also been paid to M/s Desnil Engineers and the Court case has also been withdrawn.

2.3.3 Name of project: “Construction of three lane Road over Bridge in replacement of Railway LC gate No. ST-58 on Naali during 2018-19 at Jorhat Town under NESIDS”

i) Excess payment ₹ 3.73 crore

General Principles applicable to contracts in the Annexure A of Assam Financial Rules (AFR) stipulate that in a lump sum contract, the contractor is engaged to execute the work with all its contingencies for a fixed sum and a schedule of rates should be agreed upon to regulate the price to be paid or to be deducted for additions and alterations not covered by the contract.

The Ministry of Development of North Eastern Region (MoDNER) conveyed administrative approval (AA) (August 2018) and Government of Assam administratively approved (February 2019) the work of construction of three lane Road over Bridge (ROB) in replacement of Railway LC gate No. ST-58 at Jorhat at ₹ 67.76 crore under NESIDS 2018-19. The Chief Engineer (CE), PWD (Roads) Assam

⁷¹

Item of work	Value of work (in ₹)	Bill submitted (in ₹)
Survey Works for Approaches & Bridge	25,11,500	25,11,500
Sub-Soil Investigation Work	15,93,724	15,93,724
Consultancy Works for Bridge Proper	45,60,000	45,60,000
Total	86,65,224	86,65,224

⁷² Vide voucher No.01 dated 22.01.2020.

accorded (February 2019) technical sanction to the work at ₹ 67.76 crore and the work was awarded (27 February 2019) to Shri M.P Agarwalla at tendered value of ₹ 81.28 crore with the stipulation to complete the work by 26 February 2021. The contract value included ₹ 60.20 crore for ROB proper on lump sum basis (22 *per cent* above the estimated cost) and ₹ 21.08 crore for construction of solid slab approach including other ancillary works⁷³ on item rate basis. The work was executed through Executive Engineer (EE) Jorhat, Dergaon and Titabor Territorial Road Division.

The sanctioned estimate had a provision of 27 pier locations for casting of 265 RCC bored piles of 1.2 m diameter for a total pile length of 6,680.30 running meters (RM). As per interim payment schedule of the contract, pro-rata payment on casting of piles was 30 *per cent* of total value, thus, the pro-rata cost for the 265 RCC bored piles stood at ₹ 18.06 crore (30 *per cent* of ₹ 60.20 crore). Variation schedule of the lump sum contract of the ROB had provision for payment of extra ₹ 20,000 per RM for increase in depth and rebate of ₹ 7,500 per RM for decrease in depth of pile foundation.

However, the design was subsequently modified and got approved by IIT, Guwahati (December 2019), Director of Design, PWD in (January 2020), and NF Railway (June 2020) for railway portion. As per the modified drawing, the contractor executed 108 piles of total length of 2,434 RM at 15 pier locations and the EE paid ₹ 18.06 crore to the contractor against 100 *per cent* pile foundation work as per payment schedule.

Since the contract for ROB portion was on lump sum basis with the provision of price variation, for the reduced pile length of 4246.30 RM⁷⁴, deduction of ₹ 3.18 crore at the rate of ₹ 7,500 per RM should have been done in terms of contract agreement. However, the EE did not deduct the amount resulting in an extra payment of ₹ 3.18 crore to the contractor.

Similarly, as per the scope of work of the contract agreement, overall length of the ROB including Span over Railway track (railway portion) and Viaduct portion (both side remaining portion beyond the railway portion) was 803.11 RM. Audit, however, noted that as per the approved design, the length of ROB was 444.832 RM (railway portion 62 RM and viaduct portion 382.832 RM) and length of the solid approach at both end of the bridge was 330.89 RM⁷⁵. Thus, overall length of the ROB as per design on which the work was executed stood at 775.722 RM only leading to short execution of length by 27.388 RM.

⁷³ Construction of Service Road & Utility area, Construction of diversion of road work during construction, Construction of Cross Drain, Shifting of Electricity line, Shifting of Water Supply line & Bridge Illumination work *etc.*

⁷⁴

Item of work	As per sanctioned estimate	As per actual execution	Reduced depth of Pile	Rate of recovery per RM (in ₹)	recoverable amount (in ₹)
Depth of Pile	6,680.30 m	2,434 m	4,246.30 m	7,500	3,18,47,250

⁷⁵ The working estimate prepared (February 2020) after framing the approved design had also mentioned the length of approach of 330.89 m. As such, the length of ROB excluding approach was 472.22 m. (803.11-330.89)m

The variation schedule of the lump sum contract agreement of ROB provided for extra length of bridges at ₹ 5.00 lakh per RM and for reduction in the length at ₹ 2.00 lakh per RM beyond the length shown in GAD. As mentioned earlier, the contractor quoted lump sum rate for ROB and item rate for construction of solid slab approach, hence, deduction towards short execution of length of ROB at the rate of ₹ 2.00 lakh per RM should have been done.

Thus, non-deduction of ₹ 54.78 lakh at the rate of ₹ 2.00 lakh per RM for the reduced length of 27.388 RM led to undue financial benefit to contractor.

In reply, the EE stated that the spanning arrangement of the piers were modified to facilitate early execution and for utilising maximum areas below the ROB for future parking as shorter span between the piers creates unnecessary traffic congestion. The EE further stated that due to longer spanning arrangement, T-Beam girder and TMT reinforcement were replaced by costlier PSC girder and pre-stressed cable. Longer span also required higher grade of M-40 concrete in super-structure, instead of M-35 concrete. The difference of cost between TMT bar reinforcement and pre-stressed cable, M-35 and M-40 grade concrete partly compensated the extra payment as observed in audit.

The reply of EE established the facts observed in audit. Moreover, in the lump sum contract, only provision for variation in quantities was made and there was no provision for price compensation. Furthermore, even if the reply of EE is considered, EE showed (November 2022) extra cost of ₹ 10.62 crore towards execution of new items of work stated above. However, the decrease of 4,246.30 RM of pile alone had led to non-execution of works worth ₹ 11.48 crore⁷⁶. As such, the contractor was benefited by ₹ 0.86 crore⁷⁷ rather than compensating the extra payment of ₹ 3.73 crore.

ii) Undue financial benefit of ₹ 2.95 crore towards permanent steel liner

Section 5 of the Assam Public Procurement Act, 2017 specified that all procurement should be initiated after determining the need for the subject matter of procurement and while assessing the need, the procuring entity should take into account the estimated cost of procurement and also ensure that the need was neither artificially created nor exaggerated with the intention to channel benefits to certain individual(s) or organisation(s).

As per the specification for roads and bridges published by Indian Road Congress (IRC), when concreting is carried out for a pile, a temporary casing should be installed to sufficient depth so as to ensure that fragments of soil from the sides of the hole do not drop into the concrete as it is placed. When the bore hole is stabilised using drilling mud, the temporary casing is not required except near the top. A minimum of 2 m length of top of bore shall invariably be provided with casing to ensure against loose soil

⁷⁶ ₹ 18.06 crore divided by 6,680.30 RM and multiplied by 4,246.30 RM

⁷⁷ ₹ 11.48 crore minus ₹ 10.62 crore

falling into the bore. The IRC further stipulates that permanent steel liner with minimum thickness of 6 mm should be provided at least up to maximum scour⁷⁸ level.

It is to be mentioned here that permanent steel liner cannot be removed while temporary casing done up to 2 m of top level can be removed and re-used. The sanctioned estimate had a provision of permanent mild steel (MS) liner worth ₹ 2.95 crore against the pile foundation work for 6,680.3 Rm piling work.

During verification of records⁷⁹, audit noticed that permanent steel liner was not used and only the temporary steel liner were used in piling works. In this regard, EE stated (December 2021) that permanent MS liner was not utilised but temporary steel liner of 9 mm was utilised which were removed immediately after casting of pile.

It was further noticed in audit that EE paid (March 2022) ₹ 42.22 crore up to RA Bill-12 on the basis of Interim Payment Schedule which included payment for completed foundation work.

EE stated (December 2021) that non-requirement of MS liner could not be ascertained and hence it was incorporated in the DPR. However, the work being a lump sum contract, the payment was made based on interim payment schedule for ROB part mentioned in the contract agreement.

The reply was not tenable as the contract price of lump sum contract was agreed based on DPR with the provision of permanent MS liner worth ₹ 2.95 crore. Further, variation schedule for regulating the price of the lump sum contract for any alteration had not been incorporated in the contract as stipulated in the AFR. Also, the provision of Assam Procurement Act mentioned above had not been complied with while framing the DPR to check the exaggeration. As such, scope of work put to tender and agreement was defective leading to financial benefit of ₹ 2.95 crore to the contractor.

2.3.4 Name of project: “Construction of Double Lane Road from Lanka to Umrangso via Diyungmukh, Haflong Tiali and Panimur under NESIDS”

Rule 248 of Assam Financial Rules provides that the estimates for a work will consist of report, a specification, a detailed statement of measurements, quantities and abstract showing the total estimated cost of each item. The estimated rates should generally agree with the Schedule of Rates (SoR). CVC guidelines stipulates that as the estimated rate is a vital element in establishing the reasonableness of prices, the estimated rate should be worked out in a realistic manner on the basis of prevailing market rates, last purchases, etc.

MoDNER conveyed administrative approval (AA) (September 2019) to the work and GoA administratively approved (January 2020) the project at ₹ 188.79 crore. After obtaining (February 2020) technical sanction from the Chief Engineer PWD, Roads

⁷⁸ Scour means erosion around the bridge pier due to water flow current.

⁷⁹ Bar Bending Schedule, and Pile Register.

(CE), the work was awarded (February 2020) to a contractor, M/s Bhartia Infra Projects Limited, at ₹ 169.12 crore on turnkey basis.

In terms of Clause 13.2 (ii) of the turnkey contract agreement, in case a required change to the scope of work is determined, the contractor is to propose change of scope request with relevant details to the authority not later than 90 days from the appointed date. The total value of all changes of scope orders shall not exceed 10 *per cent* of the contract price.

Audit noticed that the EE prepared (January 2021) a revised estimate of ₹ 281.17 crore (with 48.93 *per cent* hike in cost) after achieving 15 *per cent* of works on the ground of reassessment of traffic volume from five msa⁸⁰ to 10 msa. However, traffic density on the neighbouring road was considered. The cost of the turnkey contract was revised (September 2021) to ₹ 250.69 crore with 32.78 *per cent* hike.

Audit observed the following irregularities:

- ❖ Revision of estimate on the plea of increase in traffic movement based on traffic density of the neighbouring road was not justifiable.
- ❖ Increase of turnkey contract cost by 32.78 *per cent* against the stipulated ceiling of 10 *per cent* was in violation of the clause of turnkey contract agreement.
- ❖ The Department did not go for re-tendering despite huge variation of cost including scope of works. Thus, the Department lost the opportunity of getting competitive price on the revised estimate.

During the exit meeting (February 2023), the Department submitted a written reply stating that the traffic survey of the neighbouring road was mistakenly written. The stipulated ceiling of 10 *per cent* was for contracts without any change in scope of work. However, in view of the facts of the case, the reply appears to be an afterthought. Further, the following irregularities were also noticed in audit:

(a) Extra cost of ₹ 27.97 crore

IRC: 81-1997 guidelines provide for evaluating the strengthening requirement of existing flexible road pavements using the Benkelman Beam Deflection Technique (BBDT) test. This test would assess the existing thickness and help to calculate additional thickness required to improve or strengthen the existing road pavement. The width of the existing road pavement was 5.50 m. It was increased to seven meters by adding 0.75 m each at both sides of the existing road. However, during preparation of the revised estimate, the EE did not deduct the quantum of crust available in the existing road (as considered in the originally sanctioned estimate). Thus, non-deduction of the existing crust inflated the revised estimate as well as the cost of the turnkey contract. This led to extra cost of ₹ 27.97 crore on construction of Granular Sub Base (GSB) and Wet Mix Macadam (WMM) as detailed in *Appendix-2.12*.

⁸⁰ Million Standard Axels.

On this being pointed out, the Department stated (February 2023) that the existing road was constructed in 2010 and had been damaged badly during the monsoon season of 2020-21. The reply is not acceptable as the revision was done after a lapse of 11 months from the date of awarding the work and after execution of 15 *per cent* of work which was beyond the scope of the contract. Further, the Special Committee Report on the requirement of revision of scope of the work considered change in pavement design and increase in quantity of drain works but did not mention deterioration of existing crust. This raises doubt of a deliberate attempt on the part of the Department to provide undue financial benefit of ₹ 27.97 crore to the contractor by not deducting the cost of the existing crust.

(b) Undue benefit of ₹ 2.81 crore

Assam Public Works Department (APWD) Schedule of Rates (SoR) 2018-19 for State Highway and Major District Roads provides for 10 *per cent* premium over the scheduled item rate for construction works in hill districts of West Karbi Anglong and Dima Hasao.

Out of the total road length of 68.915 Km, a portion of 8.6 Km passes through plain terrain of Hojai district and the remaining length of 60.315 Km passes through the hilly terrain of West Karbi Anglong and Dima Hasao. As such, premium was applicable only for the stretch of 60.315 Km and no premium was applicable for 8.6 Km of road length which passes through plain terrain of Hojai district.

The original estimate was prepared allowing 10 *per cent* hill premium for the entire road length including 8.6 Km of road length of Hojai district. The tender was invited on this inflated estimate. Audit noted that in the revised estimate also 10 *per cent* hill premium was allowed for the entire road length including the portion of Hojai district.

Based on the rates quoted by the contractor (10 *per cent* below the tendered cost), the revised cost for 8.6 Km of road length in Hojai district was ₹ 28.14 crore excluding applicable taxes, Labour Cess, Contingency, *etc.* (detailed in *Appendix-2.13*). This revised cost included hill premium of ₹2.81 crore.

On this being pointed out, the Department stated (February 2023) that the length of 8.6 km of Hojai district is in the foothills of Borail hill range. However, the reply is not appropriate as the hill premium is applicable only for Karbi Anglong and Dima Hasao districts. Thus, the revised estimate was designed to extend financial benefit to the contractor to the tune of ₹ 2.81 crore.

2.3.5 Name of project: “Construction of alternate road to Kamakhya Temple at Guwahati in Kamrup (Metro) District (Phase-I: Restricted to Hill cutting & Retaining wall) under NLCPR for the year 2013-14”

i) Extra expenditure and undue financial aid to contractor

Government of Assam (GoA) administratively approved (June 2017) and Chief Engineer (CE), PWD (Roads) technically sanctioned (August 2017) the work at

₹ 13.85 crore at 90:10 ratio of Central and State share (Central share ₹ 12.47 crore and State share ₹ 1.39 crore).

The CE invited (June 2017) short notice tender and awarded (September 2017) the work to M/s SHASS Engineers at the agreed cost of ₹ 13.85 crore (at par with the estimated cost on item rate contract) with the stipulation to complete the work by 31 August 2019. The work commenced in September 2017 and was completed in July 2020 at an expenditure of ₹ 13.85 crore⁸¹.

In the Bill of Quantities (BoQ) of the agreement, the items of ‘excavation of ordinary rocks’ and ‘excavation of hard rocks’ had provisions of 55,503.46 cum and 7,929.07 cum at the rates of ₹ 220 and ₹ 616 respectively. During execution, huge rock was exposed at the site of work, and after blasting, excavation of ordinary and hard rock exceeded the original provisions. Against the estimated provision of ordinary rock of 55,503.46 cum and hard rock of 7,929.07 cum, 75,599.83 cum of ordinary rock and hard rock of 18,560.72 cum were excavated with an additional expenditure of ₹ 109.70 lakh⁸².

To mitigate the additional expenditure, the CE, PWD (Border Roads), Assam approved (February 2020) a working estimate with a provision of stone masonry retaining wall instead of RCC⁸³ retaining wall by reusing 35 *per cent* of the blasted rock obtained from cutting of hill within the sanctioned amount. Accordingly, CE modified the agreement with the inclusion of supplementary item of stone masonry work @ ₹ 3,766.85 based on extant APWD SoR 2018-19. GoA accorded (August 2018) a revised administrative approval on the working estimate at ₹ 13.85 crore.

While analysing the rate of the supplementary item ‘Stone masonry work’, it was observed that the components of 10 *per cent* Overhead Charge and 10 *per cent* contractor’s profit were added to the rates of SoR. This was irregular as the scheduled rates already included those two components. In doing so, the rate of stone masonry work was inflated as ₹ 3,766.85 against admissible rate of ₹ 3,113.10 as shown in **Table 2.8**.

Table 2.8:-Details of stone masonry work

(Considering output of 5 cum; Amount in ₹)

Description	Quantity	Unit	Rate	Cost analysed	Cost due	Remarks
Stone	5.50	Cum	nil	nil	nil	Material collected from hard blasted boulder
Through and bond stone	0.79	Cum	nil	nil	nil	
Loading and unloading	6.29	Cum	159.00	1,000.11	1,000.11	SoR 2018-19 rate
Cement Mortar	1.55	Cum	4,904.00	7,601.20	7,601.20	
Mate	0.62	Day	356.65	221.12	221.12	
Mason	6.00	Day	458.55	2,751.30	2,751.30	
Majdoor	9.00	Day	244.56	2,201.04	2,201.04	
Sub Total				13,774.77	13,774.77	

⁸¹ Final payment was made in March 2021.

⁸² $(75,599.83 - 55,503.46) \times ₹ 220 + (18,560.72 - 7,929.07) \times ₹ 616 = ₹ 1,09,70,297.80$

⁸³ Reinforced Cement Concrete.

Description	Quantity	Unit	Rate	Cost analysed	Cost due	Remarks
10% Overhead Charge				1,377.48	0.00	Overhead charges and contractor's profit are added extra which are already included in SoR.
Sub Total				15,152.25	13,774.77	
10% Contractor's profit				1,515.23	0.00	
Sub Total				16,667.48	13,774.77	
Add 13% (GST and LC)				2,166.77	1,790.72	
Grand Total (for 5 cum)				18,834.25	15,565.49	
Rate per cum				3,766.85	3,113.10	

The division executed 6,624.028 cum of stone masonry work @ ₹ 3,766.85 and incurred an extra expenditure of ₹ 43.30 lakh⁸⁴ against that item.

In reply, the Executive Engineer (EE) stated that the payment was made as per tender and supplementary tender. The reply was not plausible as the modified estimate was not put to any competitive bidding and the addition of inadmissible extra charges by the Department benefited the contractor.

Conclusion: Preparation of working estimates with change in scope of works was indicative of improper survey and investigation. Revised estimates were found inflated and after awarding of the work it did not have any scope of competitiveness. The lump sum contract reduced the scope for maintaining economy either due to non-compliance of variation schedule or non-inclusion of the same. The bid evaluation lacked transparency and the capacity of the contractors to execute the projects was not ensured before allotment of works due to defective contract management. All these lacunae resulted in undue financial benefit to contractors and increasing the cost of project. The Department needs to strengthen the monitoring mechanism including fixing accountability for deviation from the terms of the contract and for non-compliance to the Financial Rules.

Water Resources Department

2.4 Compliance Audit on Flood Management of River Ranganadi in North Lakhimpur

2.4.1 Introduction

Critical flood control and river management works are covered under the Flood Management Programme (FMP). These works include river management, flood control, anti-erosion, drainage development and flood prone area development programme in critical regions. It also includes restoration of damaged flood control/management works. FMP was sanctioned by Government of India (GoI) in November 2007 during the Eleventh Five Year Plan (XI Plan) (2007-12). Spill over works of on-going Central plan schemes of Tenth Five Year Plan (X Plan) were supported under this scheme during XI Plan and spill over works of XI Plan were also supported during Twelfth Five Year Plan (XII Plan) (2012-17). Funding pattern under FMP was in the ratio of 70:30 between the Centre and the State.

⁸⁴ (₹3766.85-₹ 3113.10) x 6624.028 = ₹43,30,458

GoI sanctioned (November 2013) the project ‘Flood management of river Ranganadi along with river training works on both bank embankments’ (FMP Package code: AS-131) at an estimated cost of ₹ 361.40 crore⁸⁵ with targeted date of completion as June 2016. Government of Assam (GoA) accorded (August 2014) administrative approval to the work for ₹ 361.42 crore and the Chief Engineer (CE), Water Resource Department (WRD), technically sanctioned (October 2014) the project at a cost of ₹ 361.41 crore. The execution of work started in January 2015 with stipulated time to complete the earth work within 45 days and supplying of geo-materials including filling and laying within 180 days. However, the project was delayed due to various reasons⁸⁶ and achieved 100 *per cent* of physical progress only in September 2020 at a cost of ₹ 361.41 crore.

Test-check (August 2020) of records of the Executive Engineer (EE), North Lakhimpur, Water Resource Division and collection of additional information showed that the CE split the work costing ₹ 331 crore into 12 packages⁸⁷ as shown below:

- **Package No. 1 to 9:** Earthwork in embankment by truck carriage and turfing with grass sods⁸⁸ in different chainages on both the banks of river Ranganadi;
- **Package No. 10 to 12:** Works of Supply of non-woven geo-textile bags, geo-mattress and gabion box including other ancillary works for filling and laying of geo-materials⁸⁹.

The Departmental Tender Committee (DTC)⁹⁰ evaluated the technical bids on 26 June 2014 and financial bids on 08 December 2014.

2.4.2 Audit Findings

The major audit findings are discussed in the succeeding paragraphs.

⁸⁵ Central Share: ₹ 252.98 crore and State Share: ₹ 108.42 crore.

⁸⁶ Clearing of encroachments, delay in removal of electric poles, length of embankments at both sides was 60 km which took time for earthwork, *etc.*

⁸⁷ ₹ 108.12 crore for packages 1 to 9 and ₹ 222.88 crore for packages 10 to 12.

⁸⁸ Estimated quantities of earthwork and turfing with grass sods were 55,63,226.50 cum and 10,43,620 sqm respectively.

⁸⁹ Package 10 in the left bank and Package 11 and 12 in the right bank.

⁹⁰ Comprised of three members *viz.*, Secretary to GoA, Water Resources Department; Chief Engineer, Water Resources and Financial Advisor, Water Resources.

2.4.2.1 Arbitrary selection and award of work to bidder

Departmental Tender Committee allotted works amongst a number of bidders by relaxing the technical eligibility selectively at its discretion without recording any justification. Criteria for distribution of works was also not specified in the bid documents and therefore, the method adopted by DTC was non-transparent and subjective. All such decisions of DTC were arbitrary and against the CVC guidelines.

As per Central Vigilance Commission (CVC) order⁹¹, qualification criteria and method of evaluation should be made explicit at the time of inviting tenders so that the basic concept of transparency and interests of equity and fairness are satisfied. The acceptance/rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications and evaluation/exclusion criteria.

Further, CVC circular⁹² specified that post-tender negotiations could often be a source of corruption and there should be no post-tender negotiations with the lowest (L1) bidder, except in certain exceptional situations. However, any negotiations/counteroffer thereafter to second lowest (L2), third lowest (L3) bidders, *etc.* (at the rates accepted by L1) in case of splitting of quantities shall not be deemed to be a negotiation.

The qualifying criteria mentioned *inter alia* for technical bid in respect of packages from 1 to 12 were:

- i. Liquid assets or availability of credit facility should be 50 *per cent* of the estimated cost of package value (*Clause-4.1 (i) of ITB*⁹³).
- ii. In case of joint venture, the joint venture agreement should be registered in India and should clearly mention the scope of services to be provided by each party (*Clause-4.4 of ITB*).
- iii. Minimum annual financial turnover in any one year during the last five years should not be less than one & a half times of the value of their respective packages. The bidder should have completed satisfactorily (not less than 100 *per cent* of the contract value) as prime contractor of at least one similar work of value not less than 25 *per cent* of the estimated value of the present contract amount (*Clause-4.5 A (a)&(b) of ITB*).
- iv. Construction work involving river training for at least 25 *per cent* of bid value (*Clause-4.5A (b) of ITB*).
- v. Earnest money would be two *per cent* of the value of work (one *per cent* in case of SC/ST/OBC/MOBC) (*Clause 16.1 (a) of ITB*).

On scrutiny of records, Audit observed the following:

⁹¹ O.O. No.33/7/03 dated 09 July 2003.

⁹² Circular dated 03 March 2007.

⁹³ Instruction to Bidder.

2.4.2.1.1 Irregular selection of bidder and award of work under package No. 1 to 9

During scrutiny of bids received for the nine packages with package size ranging from ₹ 3.62 crore to ₹ 23.67 crore, audit observed that:

- Only seven bidders out of the participating 45 bidders were found qualified. However, DTC declared 36 bidders as qualified for package No. 1 to 9. Audit noted that DTC relaxed the eligibility criteria (Earnest Money, Turnover, Liquid Asset, *etc.*) for 26 bidders without maintaining uniformity, as the same was not relaxed for three bidders⁹⁴ who were declared disqualified. Details of evaluation made by DTC are shown in **Appendix-2.14**.
- DTC finalised the rates for 'Earthwork @ ₹ 183' (L1) and 'Turfing @ ₹ 8' (L2⁹⁵) and allocated the works to 26 bidders though they bid at higher rates becoming L2 to L6⁹⁶.
- While awarding, DTC allotted works⁹⁷ to 26 of the 36 qualified bidders by splitting the nine packages into 28 segments⁹⁸ (**Appendix-2.15**) without recording either the reasons for splitting of packages into segments after receiving the bids or the criteria adopted for allotting the work of 28 segments across the qualified bidders.
- Out of 28 work orders, nine work orders valued ₹ 16.45 crore⁹⁹ were allotted to nine contractors, who did not participate in the bidding for the corresponding packages.
- Though two bidders¹⁰⁰ emerged as L1 in the packages they had participated in, they were not allotted any work.

Thus, it was seen that the work was almost evenly divided, one segment each among 26 bidders, without recording any reason for either splitting of work into 28 segments or for non-allotment of any work to the remaining 10 bidders.

The aforementioned facts suggests that the manner in which the Department finalised the bids were anti-competitive and encouraged non-competitive behaviour as the decision as to who got the work and how much of it, was left to the discretion of the Department. Further, splitting of packages into segments after receipt of bids, so that it could be distributed among a large number of bidders irrespective of their participation and ranks in the bidding process, went against the spirit of competitive bidding. Thus, the whole process of tendering was vitiated. In the absence of competitive bids, the loss to the Government cannot be estimated.

⁹⁴ Lakhiram Borah (Pkg No. 6), Bimal Dutta (Pkg No. 8) & Tapas Saha (Pkg No. 9).

⁹⁵ The lowest rate of ₹7.15 for Turfing, quoted by a technically qualified bidder M/s Yuma Builders Private Limited, was rejected on the ground that the bid value was beyond 10 *per cent* below the estimated rate which consisted of 10 *per cent* contractor's profit.

⁹⁶ Kandarpa Kumar Pegu (Pkg No.1).

⁹⁷ 55,63,226.50 cum of earth work and 10,43,320 sqm of turfing with grass sods

⁹⁸ 24 contractors were given single work order while two contractors allotted two work orders each

⁹⁹ Earthwork: 8,90,929 cum @ ₹183= ₹16.30 crore and Turfing: 1,77,237.50 cum @ ₹8= ₹0.14 crore

¹⁰⁰ Harichand Sah under Pkg. No. 6 and Shivam Transcon Pvt. Ltd. under Pkg. No.8.

The matter was reported to the Government in September 2022 and also discussed in a meeting in September 2022. The Department in their reply (October 2022) stated that the works were allotted at absolute lowest rates against all packages and no financial benefit was given to any bidder. It was further added that the existing process has been thoroughly revised as per the Assam Public Procurement Rules, 2020. The reply establishes the contention of audit.

2.4.2.1.2 Irregularity in selection of bidders under Package No. 10, 11, and 12

Packages 10, 11, and 12 mainly dealt with supply of Geo-materials along with their filling and laying, with an estimated cost of ₹ 95.57 crore, ₹ 90.06 crore and ₹ 37.17 crore respectively.

Among 13 bids received for these three packages (five each for Packages 10 and 11, and three for Package 12), only four bids fulfilled the technical criteria. But DTC declared 10 bids (including four qualified bidders and six unqualified bidders) as technically viable by relaxing the eligibility criteria¹⁰¹ of clause 4 of ITB without recording any justification.

DTC selectively relaxed the eligibility criteria without keeping any uniformity as shown in **Appendix-2.16**. The criteria (Earnest Money, Turnover, Liquid Asset, etc.) which were relaxed in the case of three bidders viz., ‘EKM-Ras Will PDA JV’, ‘Flexituff- SA Enterprise JV’, ‘M/s Samco Constructions Co’, were not relaxed in case of ‘Bhartia-Shivam JV’ and ‘M/s Fibertex Nonwovens- M/s Geo Source-M/s Abhinav Engineer JV’. Audit analysed the recommendations of DTC, which is summarised in **Table 2.9**:

Table 2.9: Summary of recommendation of DTC

Name of Bidder	Package No.-10			Package No.-11			Package No.-12		
	Declared qualified by DTC (Yes/No/ Did Not Bid (DNB))	Rank	Qualified (Yes/No) as per conditions of contract	Declared qualified by DTC (Yes/No/ DNB)	Rank	Qualified (Yes/No) as per conditions of contract	Declared qualified by DTC (Yes/No/ DNB)	Rank	Qualified (Yes/No) as per conditions of contract
Bhartia-Shivam JV	No	--	No	No	--	No	DNB	--	--
Brahmaputra Infrastructure Ltd.	Yes	L4	Yes	DNB	--	--	DNB	--	--
EKM-Ras Will PDA JV	Yes	L3	No	Yes	L3	No	DNB	--	--
Yojaka (India) Pvt. Ltd	Yes	L2	Yes	Yes	L2	Yes	Yes	L2	Yes
Flexituff- SA Enterprise JV	Yes	L1	No	Yes	L1	No	Yes	L1	No
M/S Fibertex Nonwovens, M/S Geo	DNB	--	--	No	--	No	DNB	--	--

¹⁰¹ Minimum annual turnover during last five years (1.5 times of the Package value) (ii) Value of similar work executed as prime contractor in any year of last three years (25 per cent of the Package value) & (iii) Liquid assets or availability of credit facility (50 per cent of the Package value)

Name of Bidder	Package No.-10			Package No.-11			Package No.-12		
	Declared qualified by DTC (Yes/No/ Did Not Bid (DNB))	Rank	Qualified (Yes/No) as per conditions of contract	Declared qualified by DTC (Yes/No/ DNB)	Rank	Qualified (Yes/No) as per conditions of contract	Declared qualified by DTC (Yes/No/ DNB)	Rank	Qualified (Yes/No) as per conditions of contract
Source, M/S Abhinav Engineer JV									
M/S Samco Constructions Co.	DNB	--	--	DNB	--	--	Yes	L1	No

From the above-mentioned facts, audit observed the following:

- Against package No. 10 (value of work: ₹ 95.57 crore), out of the five bidders, only two bidders (*i.e.*, Brahmaputra Infrastructure Ltd., and Yojaka India Pvt. Ltd.) fulfilled all the qualifying criteria of technical bid. But DTC declared four bidders as technically qualified though ‘EKM-Ras Will PDA JV’ did not satisfy clauses 4.1 and 4.4 of ITB, and ‘Flexituff-SA Enterprise JV’ did not fulfil the technical criteria as per clause 4.5 A (b) of ITB.
- Against package No. 11 (value of work: ₹ 90.06 crore), out of the five bidders, only Yojaka India Pvt. Ltd. fulfilled all the qualifying criteria of technical bid. But DTC declared three bidders as technically qualified though ‘EKM-Ras Will PDA JV’ did not satisfy clauses 4.4 and 4.5 A(b) of ITB and Flexituff-SA Enterprise JV did not fulfil the technical criteria as per clause 4.5A(b) of ITB.
- Against package No. 12 (value of work: ₹ 37.17 crore), DTC declared all three bidders as qualified though only ‘Yojaka India Pvt. Ltd.’ fulfilled the qualifying criteria of the technical bid. DTC declared M/s Samco Constructions Co. who did not satisfy clauses 4.5 A (a) and 16.1(a)¹⁰² of ITB and on the other hand, Flexituff-SA Enterprise JV did not fulfil the technical criteria of clause 4.5A (b) of ITB.
- EKM-Ras Will PDA JV submitted two different amounts for availability of credit facility or liquid assets of ₹ 28.70 crore and ₹ 56.92 crore for package No. 10 and 11 respectively. However, DTC ignored these facts.

From the preceding paragraphs, it is clear that the DTC had taken arbitrary decisions in evaluating the technical eligibility the bidders.

The matter was reported to the Government in September 2022 and also discussed in a meeting in September 2022. The Department stated (October 2022) stated that the DTC has relaxed the turnover criteria in order to have more competitive bidding. The reply established the contention of audit relating to disparity in awarding works amongst the bidders having equal capacity.

¹⁰² Bank Guarantee from any scheduled Indian Bank or reputed foreign bank approved by the RBI.

2.4.2.1.3 Arbitrary decision in award of work delayed the project completion

DTC arbitrarily allotted (December 2014) works under packages 10, 11 and 12 to four contractors, after determining the L1 rate for items from the individual bids submitted by the bidders and accordingly work orders was issued (December 2014, January 2015) as detailed in **Table 2.10**.

Table 2.10: Allotted rate and quantity of items ordered

Package No.	Name of Bidder	Allotted rate and quantity			
		Geo bag (in numbers) (@ ₹170)		Geo Mat (in m ²) (@ ₹1377)	
		Estimated	Ordered	Estimated	Ordered
10	Brahmaputra Infrastructure Ltd. (L4)	20,40,846	1,99,186	10,62,006	2,31,809.50
	Flexituff- SA Enterprise JV (L1)		3,12,963		3,16,650
11	EKM-Ras Will PDA JV (L3)		5,07,778		5,13,454
12	M/s Samco Constructions Co. (L1)		10,20,920		--
Total quantity			20,40,847		10,61,913.50

In this regard audit noted that:

- Although DTC declared the 'Flexituff-SA Enterprise JV' as L1 in all three packages (10 to 12), only part work of package No. 10 was awarded to this bidder and no work was awarded to it under packages No. 11 and 12.
- The bidder 'M/s Yojaka (India) Pvt. Ltd.' was declared technically qualified in all three packages (10 to 12) by DTC and emerged as L2 but was not awarded any works.
- In Package No. 12, although two bidders¹⁰³ matched the L1 price, but only one bidder was considered for award of work without recording any justification for the same.
- Allotment of work to L3 and L4 contractors was done by splitting up the quantities unevenly highlighting arbitrariness of the DTC.
- Three bidders viz., 'M/s Flexituff- SA Enterprise JV', 'M/s EKM-Ras Will PDA JV' and 'M/s Samco Constructions Co.' were allotted the work order of 68.74 per cent of Geo bags¹⁰⁴ and 80.16 per cent of Geo Mats¹⁰⁵, who could not qualify technically, as analysed by Audit.

Thus, allotment of works was done without justifying the grounds for selection of bidders. Such discretionary distribution of works is always prone to litigation. Also, post-bid consent of higher bidders at the lowest rate were not guaranteed to lead to successful accomplishment of the contract. Such apprehension was also borne out by subsequent events, as discussed below:

- M/s Bhartia-Shivam JV, a technically disqualified bidder, filed writ petitions¹⁰⁶ in Hon'ble Gauhati High Court (HC) challenging the technical qualification of

¹⁰³ Flexituff- SA Enterprise JV and M/s Samco Constructions Co.

¹⁰⁴ 14,09,503 out of 20,50,467.

¹⁰⁵ 8,52,023 out of 10,62,913.

¹⁰⁶ WP(C) 572/2015; WP(C) 612/2015; WP(C) 629/2015 and WP(C) 3643/2015.

EKM-Ras Will PDA JV. The Hon'ble HC in its judgement viewed (29 April 2015) that selective relaxation of clauses of ITB and award of contract was discriminatory as well as arbitrary and was not done in a fair and transparent manner. The Hon'ble HC directed (25 April 2016) to explore resolution of the dispute through mediation. In view of the direction, the Chief Engineer, WRD negotiated with 'M/s EKM-Ras Will PDA JV' to give up one part of the work of package No. 11 (valued ₹ 20 crore) and allotted (13 May 2016) that part of work to 'M/s Bhartia-Shivam JV'.

- M/s Brahmaputra Infrastructure Ltd. (L4)' expressed (June 2017) their inability to supply the remaining quantity of 77,959.50 sqm of geo mats¹⁰⁷ against the allotment issued (December 2014) by DTC. The supplier also did not complete the supply of geo bags¹⁰⁸. As such, the CE issued (June 2017) a work order to 'M/s Flexituff-SA Enterprise JV (L1)' for supply of balance quantity of 9,620 geo bags and 45,336 sqm of geo mats against package No. 10.
- Similarly, 'M/s EKM-Ras Will PDA JV' failed to supply 1,86,184.40 m² geo mat as of May 2017, the CE withdrew the supply for balance quantity from the firm and allotted (March 2018) the same to 'M/s Flexituff-SA Enterprise JV'.
- The CE further allotted supply of 20,826 sqm geo mat (June 2019) and 1,000 sqm geo mat (February 2020) to M/s Flexituff-SA Enterprise JV.

The financial bid was evaluated of such bidders who did not satisfy the qualifying criteria of technical bid as per clause 4 of ITB. There was arbitrariness in award of work which resulted in alterations and reallocation of the works consequent to the court order and incapability of contractors to execute the allotted works. This caused delay in completion of the project by over five years, besides litigation.

It was evident from the aforementioned facts that the criteria for distribution of orders were not specified in the bid documents and therefore, the methods adopted by DTC were non-transparent and subjective. All such decisions of DTC were arbitrary in absence of justification on record and against the CVC guidelines. The decision of the DTC negates the spirit of competition and serves as a disincentive for vendors.

On this being pointed out, the CE stated (October 2021) that the work order for package No. 10 was split up and awarded to M/s Brahmaputra Infrastructure Ltd. considering early completion of work and to avoid over burdening M/s Flexituff-SA Enterprise JV as per their verbal request. M/s Yojaka (India) Pvt. Ltd. was not considered as another FMP work was awarded to them in the same district.

As regards reallocation, the CE stated that as M/s Brahmaputra Infrastructure Ltd., expressed their inability to supply geo-mattress, the Department issued work orders for the balances under package No. 10 and 11 to M/s Flexituff-SA Enterprise JV who participated in bidding for package No.11.

¹⁰⁷ After supplying 1,53,850 m² Geo Mats (out of 2,31,809.50 m²).

¹⁰⁸ Supplied 1,87,853 geo bags against allotted 1,99,186 number.

The CE further added that though M/s Bharatia Shivam JV was qualified for package No. 8 but technically disqualified by DTC for packages 10 and 11, however, as per verdict (25 April 2016) of Hon'ble HC, the technical bid was reconsidered.

The replies of CE are in the line with the audit observation on non-transparent and subjective decision taken by DTC for allotment of work without any justification and splitting up the quantities of a particular package among more than one bidder in contravention of the conditions stipulated in the NIT. The Hon'ble HC had also termed the award of contract as discriminatory as well as arbitrary.

2.4.2.2 Undue benefit to the contractor due to inflated estimation of rate for geo bag

Executive Engineer, North Lakhimpur prepared the estimates with overstated rate of geo bags. The Chief Engineer, WRD also approved the rates by ignoring the lowest rate in other works executed at the same time which paved the way for the bidders to bid higher rates as compared to the prevailing market rate resulting in extension of undue financial benefit of ₹ 7.31 crore to contractor.

Rule 248 of Assam Financial Rules provides that the estimates for execution of works were to be prepared most economically adopting basic cost of materials as per Schedule of Rates (SoR) or on the basis of prevailing market rate for the materials which were not included in the SoR.

The Executive Engineer (EE), North Lakhimpur, Water Resource Department (WRD) prepared estimates for the above scheme on the basis of Schedules of Rates (SoR) 2011-12 of WRD and SoR 2010-11 of Public Works Department (PWD), Assam. Against the component supply of geo material, the rate for filling and laying of geo materials was adopted from SoR of 2011-12. EE analysed the rate of supply of geo bags @ ₹ 180/bag as the rate for the same was not available in SoR 2011-12 of WRD.

Against call for tender (February 2014), seven bidders¹⁰⁹ quoted their rates for supply of geo bags ranging from ₹ 158.99 to ₹ 180 against the estimated cost of ₹ 180 per bag. The Department finalised (December 2014) the rate of ₹ 170 per bag as the lowest bidder, who quoted the rate of ₹ 158.99/bag, was disqualified by the Department on technical grounds and procured 20,40,846 geo bags¹¹⁰ @ ₹ 170 (as per physical progress up to September 2020).

Audit noticed that while geo bags were supplied for the project at ₹ 170/bag, it was procured by FREMAA¹¹¹ at rates ranging from ₹ 109 to ₹ 122 per bag (inclusive all taxes) in the months of June-November 2015. It was also noticed that geo bags procured

¹⁰⁹ Bhartia-Shivam JV: ₹176; Brahmaputra Infrastructure Ltd.: ₹173; EKM-Ras Will PDA JV: ₹180; Yojaka (India) Pvt. Ltd.: ₹170; Flexituff- SA Enterprise JV: ₹178; M/S Fibertex Nonwovens, M/S Geo Source, M/S Abhinav Engineer JV: ₹158.99; and M/S Samco Constructions Co.: ₹180

¹¹⁰ Contractor's bill for 19,34,601 geo bags were produced till the date of audit (August 2020).

¹¹¹ Flood and River Erosion Management Agency of Assam (FREMAA) (an organisation of WRD, GoA)

by FREMAA were of higher specification (400 GSM, size 103 cm x 70 cm) than the bags (specification: 300 GSM, size 103 cm x 70 cm) supplied for the instant FMP work.

The technical sanction of both the projects (FREMAA and FMP) was accorded by CE, WRD, and hence the CE was well aware of the market rate which was ignored while accepting the higher rate of ₹170.

Audit estimated the loss to the Government on account of this non-competitive purchase of the item geo-bags at ₹ 7.31 crore¹¹² based on the following assumptions:

- Base supply rate at Guwahati: ₹ 109 and ₹ 122
- Allowed additional profit for supply in remote areas: 10 per cent.
- Hence, estimated competitive price at this project considering the higher rate of ₹ 122: ₹ 134.20 (₹122 plus 10 per cent).
- Actual supply rate at this project: ₹ 170
- Loss to the Government per geo bag: ₹ 35.80.

Thus, the inflated estimated rate of geo bag had paved the way for the bidders to bid at par or higher rates. The rates were finalised by the Department at higher side ignoring the available market rate as fixed for other projects during the period. This had resulted in undue financial benefit of ₹ 7.31 crore to contractors and loss to the exchequer.

The matter was reported to the Government in September 2022 and also discussed in a meeting in September 2022. The Department in their reply (October 2022) mainly stated that the rates adopted for this project should not be compared with the procurement rates of FREMAA as FREMAA procured polypropylene or polyester fabric geo-bags. Polyester fabric is much cheaper, and for this project, it was specifically mentioned that the geo bags must be made with polypropylene fabric. The reply is not tenable as the estimate was prepared mentioning the supply of polypropylene or polyester fabric sheets of geo-bags and, FREMAA also procured polypropylene (PP) geo bags.

2.4.2.3 Excess payment of ₹9.53 crore on procurement of Geo-Mat

Due to non-adoption of extant SoR rate and non-review of rate after completion of initial contract period, the Department incurred avoidable expenditure of ₹9.53 crore on procurement of geo-mat resulting in financial benefit to the contractor.

Rule 248 of AFR provides that the estimates for execution of works were to be prepared most economically adopting basic cost of materials as per Schedule of Rates (SoR) or minimum rate should be taken on the basis of prevailing market rate for the materials which were not included in the SoR. Further, as per CVC guidelines, the estimated rate is a vital element in establishing the reasonableness of prices. Therefore, the estimated

¹¹² Supplied Geo bags: 20,40,864 bags x ₹35.80 per bag = ₹7.31 crore.

rate should be worked out in a realistic and objective manner on the basis of prevailing market rates, last purchases, *etc.*

Clause 13.4 of the Bidding document provided that the rate and price quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account (for contracts up to 12 months period); or the rate and price quoted by the bidder are subject to adjustment during the performance of the contract in accordance with the provision of Clause 47 of the Conditions of contract (for contracts more than 12 months period).

The estimates were prepared on the basis of rates of the items of SoR 2011-12 of Water Resources Department (WRD) and SoR of Assam PWD 2010-11. The Executive Engineer analysed rate of geo-mat (sand filled double layered) at ₹ 1,450 per sqm (including customs duty) on quotations from two Malaysia-based firms¹¹³ due to non-availability of the rates in the said SoR, although there were other Indian manufacturers of geo materials. Framing the estimate on the basis of the rate of a Malaysian company, which included customs duty without assessing the prevailing market rate was in violation of extant CVC guidelines regarding establishing the reasonableness of prices.

Six contractors quoted the rates for geo mats against the NIT (February 2014) and the quoted rates of geo mats varied between ₹ 1,375 and ₹ 1,450 per sqm. The CE accepted the rate of ₹ 1,377 per sqm, as quoted (for package 10) by 'M/s Brahmaputra Infrastructure Ltd'.

Meanwhile, the Department collected (September 2017) the rates from manufacturers/ authorised dealers/suppliers for supply of geo materials, wherein the lowest rate of geo-mat was ₹ 918.40 (without customs duty quoted by one bidder¹¹⁴) and ₹ 1,550 (with customs duty @ 29 per cent quoted by two bidders¹¹⁵). The Department, accordingly, incorporated the rate of double layer geo mat as ₹ 918.40 (without customs duty) and ₹ 1,550.00 (with customs duty) in the WRD SoR of 2017-18 and the rate was retained in SoR 2018-19.

After the inclusion of rates in the SoR, Flexituff- SA Enterprise JV supplied 2,07,825.90 sqm of geo mats against the CE's re-allocation of 2,08,010.40 sqm at the rate of ₹ 1,377 per sqm made between March 2018 and February 2020 as some contractors expressed their inability to complete the supplies. Significantly, though 'M/s Flexituff- SA Enterprise JV' itself quoted the rate @ ₹ 918.40 per sqm for geo-mat for SoR of 2017-18, the CE allocated 2,08,010.40 sqm of geo mats to the firm at the rate of ₹ 1,377 per sqm, finalised three years ago.

In view of the allocation made by the CE from March 2018, Audit observed that when bidders expressed their inability for part-work, the CE should have awarded the remaining supply either at the scheduled rate, or rate obtained through retender, when it was known that the item rate available in SoR was far lower than the tendered rate

¹¹³ KIARATEX Exports Pvt Ltd and KEKAL ALAM SDN BHD

¹¹⁴ Flexituff International Ltd, Guwahati

¹¹⁵ V.J. Enterprise, Guwahati & Ras-WILL representative Pte Ltd, Singapore

discovered three years ago (*i.e.*, December 2014) and there was no contractual agreement in place with the bidder for the packages concerned for the remaining supply.

Thus, issue of supply orders for geo-mat at ₹ 1,377 per sqm to the contractor who quoted ₹ 918.40 per sqm in September 2017 was not financially prudent, especially when the existing SoR rate for the item was significantly lower. This had resulted in an excess expenditure of ₹ 9.53 crore¹¹⁶ on procurement of geo-mat which could have been avoided.

The matter was reported to the Government in September 2022 and also discussed in the exit meeting in September 2022. The Department, while accepting the audit contention, stated (October 2022) that the works allotted to the supplier were inclusive of custom duty and if the supplier could not produce any documents regarding payment of custom duty, the same would be deducted from the pending bills of the supplier. However, as per records, audit noted that the supplier was an Indian firm and recovery needs to be done.

Responsibility needs to be fixed on the DTC for haphazard selection of bidders and CE for violation of financial rules leading to extension of undue financial advantage to the contractor.

Public Works (Building and National Highway) Department

2.5 Avoidable and unproductive expenditure

Failure of the Department in handing over the site and the drawings to the contractor for construction of ITI building and releasing timely payment within the agreed time schedule led to avoidable payment of ₹ 52.90 lakh as compensation to the contractor. Besides, an expenditure of ₹ 1.70 crore incurred towards construction of the building remained unproductive due to non-completion of the work over a period of eight years.

Rule 304 of Assam Public Works Department Manual envisages that “no work should be commenced on land, the possession of which has not been duly delivered by responsible civil (revenue) authorities”.

Government of Assam accorded (April 2013) Administrative Approval (AA) for the work of Construction of ITI Building at Kathapara in Nagaon District at an estimated cost of ₹ 4.30 crore. The Chief Engineer (CE), PWD (Building) technically sanctioned the work for the same amount and the work was awarded (August 2013) to a

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Work order date	Quantity as per supply order (in m ²)	Up-to-date supply as of March 2020	Allotted rate (in ₹)	Rate as per SoR of 2017-18 & 2018-19	Difference in rate (in ₹)	Amount involved (in ₹)
28-03-2018	1,86,184.40	1,86,184.40	1,377	918.40	458.60	8,53,84,166
01-06-2019	20,826.00	20,641.50	1,377	918.40	458.60	94,66,192
21-02-2020	1,000	1,000	1,377	918.40	458.60	4,58,600
Total	2,08,010.40	2,07,825.90				9,53,08,958

contractor¹¹⁷ at a tendered cost of ₹ 3.64 crore with the stipulation to complete the work by August 2014 *i.e.*, 12 months.

Extension of time beyond the intended completion date was forbidden in the agreement and the tender agreement provided for handing over the entire site of the project including supply of working drawings for all project components to the contractor by 13 August 2013. Further, the terms of agreement provided for compensation to the contractor if the payment was delayed by 56 days or more from the date of submission of a Running Account (RA) Bill.

Scrutiny (August 2022) of records of the Executive Engineer (EE), PWD, Nagaon, Raha, Dhing and Batadrava Territorial Building Division showed that entire site was not handed over to the contractor as the district administration did not hand over the site of construction till the date of expiry of the contract. Only the site for the administrative building was handed over on 24 October 2013 *i.e.*, after 79 days against the stipulated seven days from date of award of the work. All the drawings were required to be provided for smooth progress of work but only two drawings for column and footing layout plans were provided to the contractor in October 2013.

In absence of any provision in terms of the contract agreement for extension of time, and delayed supply of drawings, the contractor stopped (February 2014) the work after achieving physical progress of 46 *per cent*. The Division paid ₹ 1.70 crore¹¹⁸ to the contractor against three RA bills, however, there was delay beyond the stipulated time of 56 days from the date of submission of the bill. As such, the contractor claimed compensation for delay in payment.

As the issue remained unresolved due to inaction by the Department in handing over the site and the drawings, the contractor filed (24 July 2015) a writ petition in the Hon'ble Gauhati High Court. The Chief Engineer (CE), PWD (Building), Assam constituted (25 October 2016) a three member¹¹⁹ Dispute Review Board (DRB) based on the order of the Hon'ble High Court. The DRB concluded the proceedings on 27 March 2017 and recommended (17 August 2017) award of compensation¹²⁰ to the

¹¹⁷ Shri Ramawtar Agarwala

¹¹⁸

RA Bills	Date of submission	Date of payment	Amount (₹)
RA I	29.01.2014	23.06.2014	41,30,849
RA II	12.02.2015	18.04.2017	1,06,85,146
RA III	25.06.2015	19.04.2017	21,38,601
Total			1,69,54,596

¹¹⁹ 1. Presiding Member - Shri Khagendra Choudhury, Retired Secretary, PWD; 2. Member - Shri Bhuban Sarma, Retired Chief Engineer and 3. Member - Shri Mumtaz Uddin Ahmed, Retired Chief Engineer.

¹²⁰ (a) **Compensation for delayed payment of RA Bills:** At the rate of 10 *per cent* interest *per annum* after 56 days from the date of certification/submission of 2nd and 3rd RA Bill amount respectively till the dates of payment on 18 and 19 April 2017 and interest @ 18 *per cent per annum* against the total interest amount.

(b) **Compensation towards loss of profit:** At the rate of 10 *per cent* for loss of profit on balance work with effect from the date of expiry of the contract period *i.e.*, 12 August 2014 or within 56 days of due dates *i.e.*, 9 October 2014 and interest @ 18 *per cent per annum* against the total amount.

(c) **Cost of proceedings:** Compensation and interest @ 18 *per cent per annum* against the total interest amount.

contractor. Besides, the DRB recommended that the Department would refund all the deposits including the security deposit (SD) and release the performance security of the contractor.

As per available records, the contractor preferred claim of ₹ 57.57 lakh (₹ 10.17 lakh as SD and ₹ 47.40 lakh as compensation) in November 2017, however, the Division did not pay the amount. Subsequently, ₹ 60.64 lakh (₹ 10.17 lakh as SD and ₹ 50.47 lakh as compensation) was claimed on 16 February 2018. As the Department did not make any payment against the claims, the contractor preferred (16 March 2019) further claim of ₹ 73.18 lakh which included compensation of ₹ 63.01 lakh along with interest @ 18 per cent from 13 October 2017 to 15 March 2019. The Department accepted the claim of the contractor without seeking any counter claim or relief from the DRB and paid (28 March 2019) ₹ 52.90 lakh as final settlement and released the SD of ₹ 10.17 lakh to the contractor.

Thus, failure of the Department in handing over the site and the drawings to the contractor in violation of codal provisions and timely payment within the agreed time schedules had invited an avoidable litigation process leading to an avoidable expenditure of ₹ 52.90 lakh as compensation to the contractor.

Besides, the remaining work was not re-awarded by foreclosing the earlier contract and due to this, the entire expenditure of ₹ 1.70 crore remained unproductive for more than eight years.

The matter was reported to the Government in January 2023. The Department, while accepting the audit observation, stated (February 2023) that a part of land was under the possession of a *patta* holder who did not agree to vacate the same. The reply proves that the construction work was taken up without ensuring the availability of land which rendered expenditure unfruitful.

Public Works (Roads) Department

2.6 Inadmissible recoverable payment

Executive Engineer, PWD Sorbhog and Jania Territorial Division, Barpeta Road, allowed price adjustment claim of ₹90.25 lakh for High Tensile steel to the contractor although the same item was not covered under the contract agreement for the purpose and the calculation process was arbitrary.

Government of India (GoI) approved (23 September 2011) the work “Improvement and up-gradation of road along with five major bridges¹²¹” under Asian Development Bank assisted North-Eastern State Roads Investment Programme (NESRIP) Project for ₹ 292.57 crore¹²². Government of Assam (GoA) accorded (May 2014) Administrative

¹²¹ Tamulpur to Paneri (AS-02: 43 Km) and Paneri to Udalguri (AS-03: 18.60 Km) along with five Major Bridges

¹²² Central share: ₹279.55 crore and State Share: ₹13.02 crore.

Approval (AA) to the work for the same amount. GoI revised (December 2014) the AA to ₹ 319.29 crore¹²³. Subsequently, GoA revised (December 2019) the AA to ₹ 421.86 crore¹²⁴.

Chief Engineer (CE), Public Works Department (Border Roads and NEC Works) awarded (February 2015) the work to a contractor¹²⁵ at a tendered cost of ₹ 289.16 crore with the stipulation to complete the work by 14 May 2019. The work commenced in May 2015 and was completed in June 2020 with a financial progress of ₹ 404.44 crore (as of July 2021).

Clause 13.8.1 of Particular Conditions of Contract provided for price adjustment amount payable to the contractor in respect of rise or fall in the indexed costs/ Current indices¹²⁶ for Labour, General Materials, Petroleum, Oil and Lubricants (POL), Specified Materials (Steel and Cement under Clause 13.10), Plants and Equipment and Foreign inputs, if any to the works, by addition or subtraction of the amounts determined by the formulae prescribed in this clause.

During scrutiny (November-December 2020) of records of Executive Engineer, PWD Sorbhog and Jania Territorial Division, it was seen that a sum of ₹ 17.04 crore had been paid to the contractor (against the claim of ₹ 18.46 crore) as of July 2022 towards price adjustment of different components. Audit noted that out of ₹ 17.04 crore, the contractor had claimed ₹ 90.25 lakh¹²⁷ as price adjustment against ‘High Tensile Steel wire/HT Strand’ against use of 268.48 MT of High Tensile Steel wire/HT Strand valuing ₹457.77 lakh (@ ₹1,70,500 per MT) for construction of five major bridges and the Division paid the amount accordingly.

In this regard audit observed that:

- The contract agreement contained provision for ‘General Materials’ which was to be calculated taking the ‘*cost index for all commodities*’ released by the Economic Adviser, GoI. However, separate provision for POL and two other items viz., ‘steel’ and ‘cement’ under the category of ‘specified materials’ were also made in the contract agreement. The item ‘steel’ referred here was further specified in the supplementary information vide Section 6 of the bidding document as Tata make TMT reinforcement bar¹²⁸.
- Neither any separate provision was made for the item “High Tensile Steel/HT Strand” nor was the same included under ‘specified materials’ like TMT bar. Further, base price (price prevailing 28 days prior to last date of submission of bid)

¹²³ Central Share: ₹279.55 crore and State Share: ₹39.74 crore.

¹²⁴ Central share: ₹409.39 crore and State Share: ₹12.47 crore.

¹²⁵ DRA – SGCCL – ANPL (JV).

¹²⁶ Current indices or price shall be those ruling on the date 28 (twenty-eight) days prior to the last day of the period to which a particular Interim Payment Certificate is related.

¹²⁷ Interim Payment Certificate (IPC) No. 43 (₹50,41,514) and IPC No. 45 (₹39,83,734).

¹²⁸ TMT CRS (Fe-500) reinforcement bar (Tata make).

of HT steel was also not mentioned in the contract agreement as was mentioned for 'steel' and 'cement'.

A photographic presentation of TMT bar and HT steel wire (symbolic)



Image of TMT bar with usage



Image of HT steel wire with usage

- Price adjustment for HT steel wire/strands was considered arbitrarily during payment of claim submitted by the contractor. Such payment was made against the used quantity of material on the difference of base price and purchase prices which were provided by the contractor along with his claims submitted from time to time. Even, base price indices and current indices released by Economic Advisor, GoI were not considered as was stipulated in the contract agreement.
- Since the “High Tensile Steel/HT Strand” was not included in the contract agreement for price adjustment, payment of ₹ 90.25 lakh towards price adjustment for High Tensile Steel/HT was not admissible to the contractor and was thus recoverable.

The matter was reported to Government (August 2022); and discussed in the exit meeting (September 2022). In reply (October 2022), the Department stated that HT steels/strands are considered under 'specified materials' like reinforcement bars, cement and bitumen.

The reply, however, could not be accepted on the ground that the contract agreement did not provide for price adjustment for HT steel and 'specified materials' in the contract agreement specifically mentioned for two items viz., steel¹²⁹ and cement only. Further, even if the 'HT steel' is considered under the same category of 'steel' as stated by the Department, the formula¹³⁰ for price adjustment of 'steel' stipulated in the contract agreement was not applied for HT steel. By applying the formula as stipulated in the contract agreement, excess payment of ₹ 71.68 lakh at the price indices of HT steel and ₹ 81.37 lakh at the price indices of 'steel' were found to have been made to the contractor as shown in **Table 2.11**.

¹²⁹ TMT CRS (FE-500) reinforcement bar (Tata make) with the base price of ₹46,892 per tonne.

¹³⁰ Formula for Steel as per agreement: $V_c = \{S \times (M - M_c) \times T\} \div M_c$; where V_c = Amount of Price adjustment, S = Basic price of steel, T = Total quantity of steel, M = Current cost index, M_c = Base cost index.

Table 2.11: Calculation of excess payment made to the contractor

(₹ in lakh)

Types of inputs considered	Amount paid	Amount admissible	Excess payment	Remarks
1. Base price of <i>HT steel</i> as per claim i.e., ₹ 54,438.46/MT	90.25	18.57	71.68	<i>Admissible amount has been calculated adopting the formula prescribed for steel in the contract agreement</i>
2. Base price index of <i>HT steel</i> released by GoI (117 as on April 2014)				
3. Current price indices of <i>HT steel</i> as released by GoI (monthly basis)				
4. Base price of <i>HT steel</i> as per claim i.e., ₹54,438.46/MT	90.25	8.88	81.37	<i>Base price of steel at ₹46,892/MT (as taken by the Department) was even lesser and at which the admissible amount would have been ₹ 7.65 lakh only</i>
5. Base price index of <i>steel</i> released by GoI (101.8 as on April 2014) as used by the Department.				
6. Current price indices of <i>steel</i> as released by GoI (monthly basis)				

Accountability may be fixed on the Division for making such inadmissible payment.

2.7 Fraudulent payment to contractors

Two contractors submitted fake forest permit for ₹66.98 lakh to avoid deduction at source of forest royalty and the Executive Engineer did not verify the same in violation of due procedures stipulated under Government's instruction.

Government of Assam, Environment & Forest Department issued (September 2009) notification regarding schedule of rates of royalty leviable on forest produce including general terms and conditions governing the issue of permits of sand, stone, etc. for the departments under the State/Central Government on prior payment of royalty. Schedule 20 (B) of the notification *ibid* stipulated that the Department would write to concerned Divisional Forest Officer (DFO) for issuance of permit against departmental work along with name of contractors, name of quarry, copies of estimate, etc. The notification further provided that the Department concerned, on receipt of bills from the contractors/agencies, would inform the DFO about the quantity billed for and request the DFO to confirm the quantity lifted. All Government Departments including Corporate Bodies shall obtain permit only from Forest Department for their requirement on full payment of forest royalty, etc. in advance. The rates of royalty were revised (June 2015) and the applicable rate was ₹ 200 per cum for stone and ₹ 140 per cum for sand.

During scrutiny (May-June 2022) of records related to five works¹³¹ on construction and development of roads under EE, Morigaon District Territorial Road Division, audit observed the following:

¹³¹ (i) Development of Nagaon Dhing Bhuragaon road under Signature Project {Date of Completion (DOC): 03.12.2019}; (ii) Construction of Helipad Approach Road (DOC: 20.04.2021); (iii) Improvement of road from Barbhugia-Mikirbheta-Dhing Road under SOPD (DOC: 17.11.2020); (iv) Construction of road from Tetelia Tinali to Jengeragaon Shyam Nagar (ongoing); (v) Construction of road from Kacharibari NREP to Buwalguri PWD road (ongoing).

- Two contractors¹³² were engaged for execution of five works, of which three works were shown to have been completed (December 2019 to April 2021) and two works were ongoing as of June 2022.
- However, records relating to correspondences made with DFO for obtaining permit, forwarding of relevant documents regarding the work allotted and name of contractor, *etc.* and payment of forest royalty by the Division in advance were not found on record.
- The said two contractors submitted seven forest permits¹³³ along with their bills showing lifting and utilisation of ‘32,510 cum of stone’ and ‘1,402 cum of sand’ in the five allotted works. The permits were shown to have been issued by two Range offices *viz.*, Kathiatoli Range and Amsoi Range of DFO Nagaon.
- The EE did not verify the billed quantity of forest produce (sand and stone) with the DFO in compliance with the Government notification *ibid* and passed the bills without confirming the authenticity of the permits submitted by the contractors and reimbursed (October 2019 to February 2021) ₹ 66.98 lakh of forest royalty claimed to have been paid by the contractors.

Because of the above deviation, Audit cross verified (May 2022) the permits submitted by these two contractors with the concerned DFO. The DFO stated (June 2022) to audit that:

- there was no Range office named ‘Amsoi Range’ under DFO Nagaon; and
- the submitted permits were not issued by Kathiatoli Range office.

In view of the above, the forest permits submitted to EE, Morigaon District Territorial Road Division were fake. Thus, the contractors falsified the documents by fraudulently putting stamps and signature of Range Officers to escape payment of royalty and thus caused loss to the public exchequer by getting the reimbursement of royalty which had not been paid in the first place. Further, the source from which the forest produce was obtained by the contractor also remained undisclosed.

On this being pointed out, the EE recovered (July-September 2022) ₹ 66.98 lakh as forest royalty from the contractors.

The matter has been reported to Government (January 2023); their reply is awaited (March 2023).

The Government may fix responsibility for non-compliance with the notification relating to mining and royalty on forest produce, which has led to temporary misappropriation of government revenue. Also, Government may lodge FIR against the contractors for falsifying records with mala-fide intention. Further, the Government needs to verify this aspect in all other divisions of the State as this may not be the only case where fake royalty challans had been submitted.

¹³² M/s Premdhan Construction Co. and Md Sirajul Islam.

¹³³ Permit Nos. 2190, 2191, 2194, 2195, 2134, 2131, 2182;