

CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 *Infructuous/wasteful expenditure and overpayment*

HEALTH AND FAMILY WELFARE DEPARTMENT

4.1.1 Extra expenditure on procurement of medicines

The Director of Health Services, Assam had to pay Rs.42.82 lakh against procurement of medicines worth Rs.4.78 lakh, due to non-payment of suppliers' bills in time, burdening the State exchequer with an extra expenditure of Rs.38.04 lakh.

Test-check (July 2004) of records of the Director of Health Services (DHS), Assam, Guwahati revealed that the Director made payment of Rs.39.73 lakh in July 2001 (Rs.7.31 lakh), November 2003 (Rs.9.75 lakh) and July 2004 (Rs.22.67 lakh), to the Gauhati High Court and other trial courts of Guwahati in pursuance of different decrees of the courts.

Further scrutiny of relevant records revealed that during October 1990 to April 1991, the Additional Chief Medical & Health Officer, Goalpara procured medicine worth Rs.1.61 lakh but could not make payment due to shortage of funds. The supplier, therefore, filed a suit (November 1993) in the district Court of Kamrup. The Court directed (November 1998) the Government to pay Rs.1.61 lakh and compound interest at varying rates ranging from 21 to 25.75 *per cent* as per provision of "The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" from the 'appointed day'²⁸ till realisation. Due to non-execution of the court order, in July 2000 the Court attached the heads of accounts operated by the Health and Family Welfare Department till realisation of the decretal amount of Rs.14.62 lakh²⁹. The Government filed (April 2000) an appeal petition to the Gauhati High Court seeking stay on execution of the trial court order. In response to the petition, the High Court passed (April 2001) an interim order directing the Government to pay 50 *per cent* of the decretal amount till final disposal of the case. Accordingly, the DHS deposited (July 2001) to the High Court Rs.7.31 lakh being 50 *per cent* of the decretal amount of Rs.14.62 lakh. Subsequently, in July 2002 the High Court modified the trial court Judgement dated (November 1998) and allowed rate of interest as awarded by the trial court from 23 September 1992, the date from which the relevant Act came into force and at reduced rate of interest @12 *per cent* per annum upto 22-9-1992. The case was finally decided (June 2003) in favour of the supplier and the Government was directed to pay to the decree holder the balance

²⁸ 'Appointed day' means the date following immediately after the expiry of 30 days from the date of supply.

²⁹ Principal: Rs. 1.61 lakh,
Interest upto 31.5.2000: Rs.12.86 lakh
Cost of execution: Rs .0.15 lakh.
Rs.14.62 lakh

amount of Rs.20.82 lakh³⁰ on or before 1-7-2003. As the balance amount was not paid within the scheduled date, the Civil Judge on being approached again by the aggrieved supplier attached (18-7-2003) all moveable properties including vehicles of the Department till the balance of Rs.22.67 lakh²⁹ was deposited in the court. Accordingly the DHS, Assam obtained (June 2004) sanction for Rs.22.67 lakh from the Government and deposited the amount to the court on 30 July 2004.

Similarly, during 1994-95 medicines worth Rs.3.17 lakh were procured from another Guwahati based firm but payment was not made to the supplier. Being aggrieved, the supplier went to Industry Felicitation Council, which passed (May 2001) a decree to pay to the supplier Rs.3.17 lakh with interest of Rs.6.37 lakh. Against the decree, only Rs.3.09 lakh was paid to the supplier in December 2001 and as such the supplier moved the District Judge, Kamrup, Assam who passed (May 2003) a verdict for payment of Rs.9.75 lakh³¹ being principal, interest, cost of execution and cost of attachment. The payment was deposited in the Court in November 2003.

Thus, due to laxity in financial management, the department had to pay Rs.42.82 lakh³², against procurement of medicines worth Rs.4.78 lakh (Rs.1.61 lakh + Rs.3.17 lakh), burdening the State exchequer with an extra expenditure of Rs.38.04 lakh (Rs.42.82 lakh–Rs.4.78 lakh).

The matter was reported to Government in March 2005; their replies had not been received (August 2005).

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Particulars	HC order of June 2003	Civil Judge Court order of July 2003
Principal	Rs.1.61 lakh	Rs.1.61 lakh
Interest	Rs.26.37 lakh (up to 28-2-2003)	Rs.28.22 lakh (up to 30-6-2003)
Cost of execution	Rs.0.15 lakh	Rs.0.15 lakh
Total	Rs.28.13 lakh	Rs.29.98 lakh
Less paid on 17-7-2001	Rs. 7.31 lakh	Rs. 7.31 lakh
Balance	Rs.20.82 lakh	Rs.22.67 lakh

³¹ Principal : = Rs.0.08 lakh (Rs.3.17 lakh – Rs.3.09 lakh)
Interest : = Rs.9.65 lakh
Cost of execution: = Rs.0.01 lakh
Cost of attachment: = Rs.0.01 lakh
Total = Rs.9.75 lakh

³² Rs.39.73 lakh + Rs.3.09 lakh = Rs.42.82 lakh.

4.1.2 Wasteful expenditure on mosquito bednets

Health and Family Welfare Department incurred futile expenditure of Rs.43.16 lakh lakh as hire charges of godown for storing bednets received from Government of India in April 2001 under the National Anti Malaria Programme.

The Government of India, Ministry of Health and Family Welfare, Department of Health in September 2000 allocated 5,20,000 single sized mosquito bednets to Assam under the National Anti Malaria Programme for distribution among the beneficiaries. The Joint Director of Health Services (Jt. DHS) (Malaria), Assam received the bednets at Guwahati between 9 February and 7 April 2001. Out of the mosquito bednets received, 4,86,133 bednets were issued to 22 districts between 7 and 11 April 2001 and the remaining 33,867 bednets were kept at the headquarters at Guwahati. In the districts the bednets were kept at the departmental stores, while at Guwahati these were kept at the Amingaon Godown of Assam Warehousing Corporation hired at a monthly rent of Rs.82,500 from February 2001.

The Government of India, Ministry of Health & Family Welfare issued (9 April 2001) directives to the State Government to withhold distribution of the bednets until further communication from the Ministry, without assigning any reason. A Central Team headed by a Deputy Secretary to the Government of India visited the Amingaon Godown on 13 April 2001 and sealed the godown. The Team also directed the Jt. DHS (Malaria), Assam to instruct the District Officers to withhold distribution of the mosquito bednets to the beneficiaries and to seal the depots where the bednets were kept. Accordingly, directives were issued to all District Officers and the stores were kept locked.

Further instruction in this regard had not been received from the Government of India, as of February 2005. All the 5,20,000 mosquito nets were lying in the warehouse and departmental stores without any arrangement for preservation and in all likelihood rodents and insects had already damaged these. Taking the cost of each mosquito bednet at the prevailing market rate of Rs.130 per piece (actual cost of purchase not known), the loss worked out to Rs.6.76 crore. Besides, the storage of mosquito bednets at the hired godown of Assam State Warehousing Corporation has so far (March 2005) entailed futile expenditure of Rs.43.16 lakh³³ being hire charges of the godown. There was no action on the part of the Government to persuade the Government of India to

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(In Rupees)

Period	No. of months	Monthly rent	Monthly Service Tax	Monthly Education Cess	Total amount Payable
February 2001 to August 2002	19	82,500	--	--	15,67,500
September 2002 to June 2003	10	82,500	4125	--	8,66,250
July 2003 to September 2004	15	82,500	6,600	--	13,36,500
October 2004 to March 2005	6	82,500	8,250	165	5,45,490
				Total	43,15,740

take an early decision on the matter so that unfruitful expenditure from the State exchequer being the godown rent could be stopped.

The matter was reported to Government in March 2005; their replies had not been received (August 2005).

SOCIAL WELFARE DEPARTMENT

4.1.3 Infertuous expenditure

Due to non-availability of training material/fund for training of blind persons, expenditure of Rs.48.20 lakh incurred by the District Social Welfare Officer, Nagaon on pay and allowances of idle trainers proved infertuous.

Government of Assam, Department of Social Welfare established one Sheltered Workshop for blind persons at Nagaon in November 1974 to rehabilitate blind persons and make them self dependent by enhancing their capability to adopt gainful trades. Six units were set up under the workshop with 20 skilled labour (7) and trainers (13) to provide vocational training to the blind persons in six different trades³⁴ for their self-dependency and employment.

Scrutiny (June 2003) of records of District Social Welfare Officer (DSWO), Nagaon and subsequent collection (June 2005) of information revealed that the workshop became non-functional from 1990 due to lack of requisite raw materials/funds for imparting training to the blind persons as well as for running and maintenance of the workshop. Consequently, all the 20 staff (including 13 blind trainers) deployed for providing training to the blind were rendered idle since 1990 due to the Department's failure either to provide requisite material/funds to DSWO or to redeploy the idle staff on gainful alternative jobs.

Thus, due to the apathy of the Department towards training and rehabilitation of the blind persons, the DSWO had incurred an infertuous expenditure of Rs.48.20 lakh on pay and allowances of 20 idle staff during the period of 2000-2005.

The matter was reported to Government in May 2005; their replies had not been received (August 2005).

³⁴ Soap making, chalk making, dhup and agarbatti (incense sticks) making, book binding, carpentry and cane & bamboo work.

4.2 *Avoidable/excess/unfruitful expenditure/undue favours to contractors*

CULTURAL AFFAIRS DEPARTMENT

4.2.1 Avoidable liability of interest payment

Secretary, Srimanta Sankardev Kalashetra Society incurred a liability of Rs.21.34 lakh because of delayed payment of contractor's bills for the construction of Auditorium and Convention Centre at Guwahati.

The Government of India, Department of Development of North East Region (DONER) released Rs.18 crore to the Government of Assam, in June 2001 (Rupees five crore) and January 2004 (Rs.13 crore) for construction of an Auditorium and Convention Centre at Guwahati. The Government of Assam released the entire amount to the Director of Cultural Affairs (DCA), Assam during December 2001 to January 2005 for drawal and disbursement to the Secretary, Srimanta Sankardev Kalashetra Society for execution of works. The Director, Cultural affairs released the funds to the Society during November 2002 and February 2005.

Scrutiny (October 2004) of records of the Director of Cultural Affairs, Assam and information furnished (April 2005) by the Society revealed that the Society signed (May 2003) an agreement with Larsen and Toubro (L&T) for the construction work at a lump sum tendered value of Rs.27.98 crore. Para 7.2 of the agreement provided that interest @12 *per cent* per annum would be charged by the contractor for the period of delay in payment of running account (RA) bills beyond 60 days from the date of their submission.

Records revealed that as of May 2005, the Society had paid Rs.13.77 crore to the contractor against 18 RA bills presented between May 2003 and March 2005. In the meanwhile, the contractor claimed interest of Rs.21.34 lakh (detailed in *Appendix-XXV*) for delay ranging from 24 days to 172 days in payment of nine (9) RA bills presented by the firm between October 2003 and December 2004. The Society stated (April 2005) that timely payment to the contractor depends on timely receipt of funds from the Government. As there were no funds available with the Society to clear the contractor's bills during that period, it had to accept the contractor's claim for payment of interest according to terms of contractual agreement.

According to the terms of Government of India sanction, the State Government was required to ensure transmission of the amount released by the Government of India to the Department/implementing agency concerned within 15 days from the date of release by Government of India. In the instant case, though Government of India released the second instalment (Rs.13 crore) in January 2004, the State Government and the Directorate delayed transmission of the amount to the Society by three to 12 months, which contributed to the interest liability of Rs.21.34 lakh to be borne by the Society.

The matter was referred to the Government in June 2005. The Government in the Cultural Affairs Department stated (July 2005) in reply that the funds could not be released in time due to inadequate budget provision as well as non-receipt of ceiling

from the Finance Department. This indicated failure of the Government in formulating need based realistic budgeting practices.

EDUCATION DEPARTMENT

4.2.2 Excess payment and unauthorised extra expenditure

The Deputy Inspector of Schools, Nazira, in violation of Government directives, made excess payment of Rs.35.07 lakh to 115 stipendary teachers and also incurred extra expenditure of Rs.2.91 crore due to unauthorised grant of regular time scale to them before passing Junior Basic Training.

Mention was made in Para 4.5.1 of the Report of Comptroller & Auditor General of India, 2003-04 (Civil), Government of Assam that Hon'ble High Court of Guwahati in its judgment of 14 August 2003 instructed the Government to discontinue payment of regular time scale of pay to the stipendary teachers appointed with fixed pay of Rs.1800 pm before passing their Junior Basic Training (JBT). Accordingly, the Government of Assam, Education Department directed (October 2003) the Director of Elementary Education (DEE), Assam to issue immediate written instructions to all the Drawing and Disbursing Officers (DDOs) to revert all the stipendary teachers who were given regular scale of pay before passing their JBT from regular time scale of pay to the original stipendary status. The Government order *ibid*, reiterated further that if any such teacher was allowed regular scale of pay after 1-11-2003, the resultant excess payment would be recovered from the concerned DDO. The DEE in turn, communicated (October 2003) the Government directives to all DDOs under his administrative control with instructions for strict compliance.

Test-check (June 2004) of records of the Deputy Inspector of Schools (DIS), Nazira revealed that the DIS in violation of the Government directives and DEE's instructions, continued to pay regular time scale of pay to 115 stipendary teachers appointed between 1-1-1994 and 4-1-1999 till the date of audit (May 2004). This resulted in excess payment of Rs.35.07 lakh³⁵ towards pay and allowances of 115 stipendary teachers from 1.11.2003 to 31.5.2004, which stands recoverable from the DIS, Nazira. Action, if any, taken by the Government for recovery of the amount of Rs.35.07 lakh from the DIS, Nazira was not on record.

Besides, the Department had also incurred an extra expenditure of Rs.2.91 crore³⁴ from January 1999 to October 2003 due to irregular allowance of regular time scale of pay to 115 stipendary teachers before passing their JBT.

³⁵ Total emoluments of a teacher in the minimum of time scale of pay =Rs.6157 per month
Less amount admissible to a stipendary teacher =Rs.1800.00 per month
Excess payment made to each = Rs.4357 per month
A . Excess payment from 1.11.2003 to 31.5.2004 =7months X Rs.4357 X 115 = Rs.35.07 lakh
B: Extra Expenditure from 1.1.1999 to 31.10.2003 =58 months X Rs.4357 X 115 = Rs.2.91 Crore

The matter was reported to Government in May 2005; their replies had not been received (August 2005).

IRRIGATION DEPARTMENT

4.2.3 Avoidable extra expenditure

The Executive Engineer, Guwahati Irrigation Division incurred an extra expenditure of Rs.3.58 crore on interest, due to delayed payment of supplier's bills.

The Chief Engineer (CE), Minor Irrigation, Assam had placed (July 1991 to May 1992) eight supply orders with a local firm³⁶ for supply of rigid poly vinyl chloride (PVC) pipes valued at Rs.1.47 crore. As of March 2005 the firm supplied (July 1991 to July 1992) material worth Rs.1.27 crore only.

Test-check (August 2004) of records of the Executive Engineer (EE), Guwahati Irrigation Division revealed that against the firm's claim of Rs.1.27 crore, the division paid Rs.0.68 crore to the firm up to March 1995 leaving a balance of Rs.0.59 crore unpaid due to non-release of funds by the Government. The aggrieved firm filed (March 1995) a suit in the Gauhati High Court for recovery of principal amount of Rs.60 lakh (as claimed by the firm, details not available on records but CE admitted the same).

The Court allowed (March 1995) the State four months time to file an affidavit in opposition. But, as the State failed to comply with the court directives even after a lapse of four years, the Court directed (November 1999) the respondents³⁷ to pay the outstanding principal amount within a period of four months from the date of order. The Court also ruled that the question of payment of interest on delayed payments should be taken up by the petitioner with the authority concerned for consideration according to relevant provisions of law. Accordingly, the division cleared the principal amount of Rs.60 lakh during August–September 2000. Though there was no clause in the agreement for payment of interest on delayed payments, the division paid (February 2002) Rs.20.99 lakh to the firm being the interest for the period from 10 August 1998 to 31 July 2000.

Scrutiny further revealed that the firm again filed a suit in the year 2003 claiming interest on delayed payment according to the Small Scale and Ancillary Industrial Undertaking Act 1993 against the unpaid principal amount of Rs.89 lakh up to 23 September 1992. The Court in its judgment ordered (August 2003) the CE to clear the interest as per provisions of the Act of 1993. As of March 2005, the division had paid (up to August 2004) Rs.3.37 crore as interest for the period from September 1992 to February 2004.

³⁶ M/S Universal Pipes (Pvt.) Ltd.

³⁷ State of Assam and others.

The department's failure to discharge its contractual obligation led to non-payment of supplier's outstanding claim of Rs.0.59 crore and thereby resulted in an avoidable extra expenditure of Rs.3.58 crore (Rs.3.37 crore + Rs.0.21 crore).

The matter was reported to Government in May 2005. The Government in their reply (August 2005) admitted the additional expenditure on interest for delayed payment.

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.2.4 Unfruitful and unauthorised expenditure

The Project Director, District Rural Development Agency, Cachar incurred unfruitful expenditure of Rs.60.49 lakh on construction of infrastructure without selecting beneficiaries, and also spent Rs.19.13 lakh on construction works not permissible under SGSY guidelines.

The Swarnjayanti Gram Swarazgar Yojana (SGSY) guidelines envisage that funds available for providing infrastructure support under SGSY are primarily to bridge small gaps in infrastructure which can make programme implementation more effective and not for creation of an altogether non-existent infrastructure in the area. Funds for infrastructure development should in no case be used to augment resources of the State Government for development of general infrastructure.

Test-check (May-June 2004) of records of the Project Director (PD), District Rural Development Agency (DRDA), Cachar revealed that 21 market sheds were constructed through the Zila Construction Committee during February-March 2002 at different places of 12 development blocks at a total cost of Rs.42 lakh. Besides, six fishery tanks and three piggery sheds were also constructed in March 2002 incurring a total expenditure of Rs.18.49 lakh. Though the tanks/sheds were constructed in February/March 2002, these could not be handed over to the beneficiaries or utilised even after a lapse of over three years (May 2005) from the date of completion due to non-selection of beneficiaries/swarozgaries.

Expenditure of Rs.19.13 lakh was also incurred by PD during February-March 2002 for construction of one building, one godown, two RCC bridges, improvement of market places and land development works in public interest through departmental construction committees formed by Government in December 2001. The works though done with the approval of the Governing Body were, however, not permissible under SGSY guidelines.

Thus, there was an unfruitful expenditure of Rs.60.49 lakh on construction of market sheds, piggery sheds and fishery tanks without identifying beneficiaries/swarozgaries besides an unauthorised expenditure of Rs.19.13 lakh on construction works not permissible under SGSY guidelines.

The matter was reported to Government in February 2005; their replies had not been received (August 2005).

PUBLIC WORKS DEPARTMENT

4.2.5 Avoidable extra expenditure

Arbitrary increase in tender value of the work by the Department without any change in the scope of work led to avoidable extra expenditure of Rs.1.32 crore.

The Chief Engineer (CE), Public Works Department (PWD) Roads and Bridges (R&B) awarded (February 1998) the balance work of construction of major RCC Bridge over River Barak at Raniferry as approved by North Eastern Council (NEC) to a contractor at a lump sum tendered value of Rs.10 crore with the stipulation to complete the work by February 2001, which was extended up to July 2003. The contractor completed the work (July 2003) and up to March 2005 the Department paid Rs.12.78 crore to the contractor.

Test-check (November 2003) of records of the Executive Engineer (EE), PWD, Silchar NEC Division and further collection (March 2005) of records revealed that the EE proposed (May 2001) enhancement of rates of balance work of sub-structure and super-structure valued at Rs.1.81 crore by Rs.1.32 crore for delayed payment of contractors bills owing to delay in release of funds and other lapses attributable to the Department. Accordingly, the CE, with the approval (July 2001) of NEC enhanced the value of balance work of sub-structure and super-structure to Rs.3.13 crore from Rs.1.81 crore and drew up a supplementary tender agreement (July 2001) with the same contractor. Enhancement of Rs.1.32 crore over the agreed rate was not based on any change in the scope of sanctioned work but was solely attributable to departmental lapses such as delay in payment of contractor's bills.

Thus, due to non-payment of contractors bills in time and consequential raising of tender value by way of drawing up a supplementary tender without enhancing the scope of sanctioned work, resulted in avoidable extra expenditure of Rs.1.32 crore.

The matter was reported to Government in June 2005; their replies had not been received (August 2005).

4.2.6 Excess expenditure on execution beyond the scope of work

The Executive Engineer Guwahati City Division No. II incurred unauthorised excess expenditure of Rs.67.15 lakh under uncoarsed rubble masonry work and labour for removal of spoils/debris.

For execution of the work "Improvement of Hatigaon Bhetapara Road for upgradation of two way lane to four lane standard with road side drain, footpath, road divider and others (Phase-I) from the junction point of Basistha Road to Hatigaon Charali" at an approved (August 2000) cost of Rs.2.66 crore, the Chief Engineer (CE), Public Works Department (PWD), Assam issued work order (December 2000) to a contractor at a tendered value of Rs.2.61 crore (49 *per cent* above Assam Public Works Department Schedule of Rates 1995-96) with the stipulation to complete the work by March 2002.

Based on CE's proposal and revised estimate (July 2002) to accommodate some major works³⁸, Government accorded revised administrative approval (December 2002) for Rs.4.77 crore. Consequently, the CE raised the tender value of the work to Rs.3.90 crore through a supplementary tender (December 2002) and stipulated the date of completion of work as June 2003. The contractor commenced the work in December 2000 and completed it in December 2003. The Division had paid Rs.4.02 crore to the contractor against final bill of Rs.4.12 crore as of March 2005.

Test-check (January- February 2004) of records of the Executive Engineer (EE), Guwahati City Division No-II and further collection of information revealed that as against revised estimate for execution of only 837.54 cubic metre (cum) (original estimated provision 1,218.24 cum) of uncoarsed rubble masonry (UCRM) work in the construction of side walls of 22 culverts (1.00 metre clear span) the contractor executed 4,791.69 cum of work worth Rs.59.97 lakh. Thus, the division had incurred excess expenditure of Rs.49.48 lakh³⁹ on execution of excess quantity of 3,954.15 cum of UCRM work.

Similarly, the division paid Rs.20.05 lakh to the contractor for removal of 12,376.10 cum of spoils/debris against the estimate of 1,470.00 cum⁴⁰, resulting in further excess expenditure of Rs.17.67 lakh for clearing of 10,906.10 cum (12,376.10 cum – 1,470 cum) of spoils/debris @ Rs.162 per cum.

In reply to an audit query, the EE stated (May 2005) that the execution of excess quantity of UCRM works and labour for removal of spoils/debris not only related to the 22 culverts and specified drains respectively but also to other works like construction of road side drains etc and removal of excavated earth and spoils from the work site as required during execution of works. The EE contended further that the works were executed on the basis of a working estimate, which was subsequently approved by CE.

The reply of the EE is not tenable as the excess quantity of work paid for in the above two cases were not included in the approved and sanctioned revised estimate and the excess executions were beyond the scope of the provisions of the revised estimate. Further, as the revised estimate was prepared and approved on the basis of actual quantities as per site condition after good progress of work, wherein the number of culverts of one metre clear span was reduced to 22 from the original provision of 32.

³⁸ Construction of storm water drain, acquisition of land and boundary wall, Traffic island, Removal of debris, shifting of HT/LT lines and construction of cross drain.

³⁹ (4791.69 – 837.54) cum = 3954.15 cum @Rs.839.90/cum =Rs.33,21,090.00
Add 49% above = Rs. 16,27,334.00
Total = Rs.49,48,424.00
say Rs.49.48 lakh.

⁴⁰ Maximum quantities of debris= Total volume of drains on both side of Chainage 400 m to Chainage 1450 m.
= 2 X 1050 m (length) X 1.00 m (breadth) X 0.70 m (depth)
= **1470.00 cubic metre.**

Thus, due to irregular execution of excess quantity of works beyond the scope of execution of the approved and sanctioned estimate, the EE had incurred unauthorised excess expenditure of Rs.67.15 lakh (Rs.49.48 lakh + Rs.17.67 lakh).

The matter was reported to Government in May 2005; their replies had not been received (August 2005).

4.2.7 Extra avoidable expenditure

Failure of the department to comply with the revised schedule of rates 2000-01 while entering into agreement with the contractor resulted in avoidable extra expenditure of Rs.42.57 lakh.

The Chief Engineer, Public Works Department (PWD), Roads, Assam had issued (October 2001) corrigendum on Assam Public Works Department (APWD) Schedule of Rates (SOR), 2000-01 reducing the labour rates for granular sub base, water bound macadam, rates for transportation of stone materials etc from quarry to site of work etc. The rates were to be effective from October 2001.

(A) Test-check (June 2003) of records of the Executive Engineer (EE), Tinsukia Road Division revealed that Ministry of Road Transport and Highways (MORT&H) administratively approved (March 2002) the work for Improvement of Metalled Dibrugarh Ranagara Tinsukia Road for Rs.2.04 crore. The Chief Engineer (CE) while according (July 2002) technical sanction for Rs.2.04 crore on the estimate of the work did not consider the revised/reduced rate of different items of work and the work was awarded (April 2002) to a contractor at a tendered value of Rs.2.08 crore (5 per cent above the estimated rates) with the stipulation to complete the work by December 2002. The work was completed (May 2003) at a total cost of Rs.2.06 crore of which extra expenditure of Rs.24.28 lakh resulted from non-adoption of the revised rate incorporated in the APWD SOR 2000-01 (detailed in **Appendix-XXVI**).

(B) Further, test-check (January-February 2005) of records of the Executive Engineer, PWD, Dibrugarh Road Division revealed that Ministry of Road Transport and Highways (MORT&H) administratively approved (March 2002) the work for Improvement of Metalled Moran Naharkatia Road for Rs.2.02 crore. The Chief Engineer (CE) accorded (July 2002) technical sanction for Rs.2.02 crore on the estimate without considering the revised/reduced rate applicable for different items of work and the work was awarded (April 2002) to a contractor at a tender value of Rs.2.01 crore (5 per cent above the estimated rate) with the stipulation to complete the work by December 2002. The division had paid (July 2003) Rs.1.47 crore to the contractor against his incomplete final⁴¹ bill of which extra expenditure of Rs.18.29 lakh resulted from non-adoption of the revised rate according to APWD SOR 2000-2001 (detailed in **Appendix-XXVI**).

⁴¹ The work was withdrawn from the contractor in September 2003

In both the cases, though the revision of rates according to the corrigendum was effective from October 2001, the Chief Engineer did not take the same into consideration while according technical sanction and entering into agreement. As such, the works were awarded at much higher rate, thereby resulting in avoidable extra expenditure of Rs.42.57 lakh (Rs.24.28 lakh + Rs.18.29 lakh).

The matter was reported to Government in April 2005. In reply, Government stated (August 2005) that the estimates for the works were prepared on the basis of SOR 2000-01 prior to reduction of rate of some items becoming effective from October 2001. The Government added further that had the reduced rate been considered the contractors might have quoted their rate at higher premium than five *per cent*.

The reply furnished by the Government is not acceptable as the department failed to consider the revised/reduced rate of items of SOR 2000-01 which came into effect from October 2001, while according technical sanction (July 2002) and entering into agreement with the contractors. Moreover, the Government's presumption that the contractors might have quoted higher premium (more than five *per cent*) is also without any justification.

4.2.8 Undue financial aid to the contractor

Recording of fictitious measurement in the measurement book led to undue financial aid of Rs.76.70 lakh to a contractor in the form of secured advance.

The Central Public Works Account (CPWA) Code provides that secured advance not exceeding 75 *per cent* of the value of materials brought to site can be paid to a contractor.

Test-check (September-October 2004) of the records of the Executive Engineer (EE), PWD, National Highways (NH) Division, Guwahati revealed that the EE paid (February 2003) Rs.76.70 lakh to a firm as secured advance on the basis of lump-sum measurement for 10,800 cubic metres (cum) of stone aggregates for the work 'Strengthening of existing pavement from Km 7/0 to 17/0 and Km 23 and 25 of NH-37'. Scrutiny further revealed that against the total utilised quantity of 13,000 cubic metres of stone aggregates, forest permit of only 1000 cubic metres was issued (January 2003) prior to the date of payment of secured advance to the firm and the rest after February 2003. According to the clause of the tender agreement, the firm was to store the bulk materials in measurable stacks, but, instead of stack measurement, lump-sum measurement was recorded, which was contrary to the provision. Further, the firm could not lift full quantity of stone aggregates against the permit of January 2003 and EE sought (April 2003) extension of time from Divisional Forest Officer (DFO), West Kamrup Division upto 30 June 2003. The EE further requested (September 2003) the DFO to extend the validity of the said permit upto 31 March 2004, as the firm did not lift the full quantity of stone materials in time. This indicated that the firm failed to collect and stack even 1000 cubic metres of stone material at site before preparation of the bill of secured advance, which was in violation of the prescribed codal provision. Though the entire amount of secured advance of Rs.76.70 lakh was adjusted in March 2004 (Rs.29.66 lakh) and

August 2004 (Rs.47.03 lakh), the payment of secured advance before actual collection and stacking of stone materials and recording of fictitious measurement in the measurement book had led to undue financial aid of Rs.76.70 lakh to the contractor for more than one and a half year.

The matter was reported to Government in March 2005. In reply, Government stated (August 2005) that secured advance was paid against 75 *per cent* of the value of material brought to site of work and measurement was recorded in the measurement book as stack measurement. The Government added further that the advance was also adjusted subsequently from the contractor's bills.

The contention of the Government that the secured advance was paid to the contractor only after stack measurement was recorded in the measurement book is not tenable as the payment of advance to contractor was made on the basis of lumpsum measurement and not based on stack measurement and that too before bringing the stone aggregates at the site of work. Although the entire amount of secured advance was adjusted subsequently from the contractor's bills, the department cannot be absolved of the responsibility of providing undue benefit of Rs.76.70 lakh to contractor for more than one year.

4.2.9 Undue financial benefit

The Assam Government Construction Company Limited enjoyed an undue financial benefit of Rs.28.75 lakh through irregular and unauthorised subletting of works allotted to the firm.

Government of Assam, Public Works Department (PWD) accorded (between September and November 2001) administrative approval for Rs.5.86 crore for construction of seven RCC Bridges. In pursuance of Government's decision and order of December 1986, for award of all constructional works to Assam Government Construction Corporation (AGCC) Ltd, the Chief Engineer (CE), PWD, ARIASP/RIDF⁴² finalised the contractual value of these works at Rupees four crore (with a premium of 15 *per cent*) through a tender committee but without call of tenders. The CE, PWD, ARIASP/RIDF awarded the works between October and December 2001 to AGCC Ltd at their offered rate of Rupees four crore. The AGCC Ltd completed the works in February 2005 and the Department paid Rs.3.20 crore to the firm against their bill value of Rupees four crore leaving a further liability of Rs.80 lakh as of May 2005.

Test-check (February- March 2004) of records of the Executive Engineer (EE), PWD, Mangaldoi Road Division revealed that the AGCC Ltd had completed works of all the bridges by subletting the works to three different contractors at a total cost of Rs.3.71 crore (details in *Appendix-XXVII*). According to clause 20 of the standard bridge contract agreement, the constructing firm was prohibited from subletting the

⁴² ARIASP: Assam Rural Infrastructure and Agricultural Services Project.
RIDF: Rural Infrastructure Development Fund.

contract or any part thereof without the written approval of the EE. The AGCC Ltd neither obtained any written permission from the EE before subletting the works nor did it forgo 15 per cent price preference for not executing the works themselves.

The Government order of December 1986 allowed the AGCC Ltd to enjoy a monopoly in getting preferential allotment of work orders without competitive bidding but does not provide for subletting the works to different contractors at lower cost. In the instant cases, the AGCC Ltd. reaped an undue financial benefit of Rs.28.75 lakh (Rs.399.84 lakh – Rs.371.09 lakh) by irregular subletting of the works to other contractors.

The matter was reported to Government in June 2005. In reply, Government stated (August 2005) that engagement of associate contractors was decided (August 2000) in the high level committee meeting to complete the work within the stipulated time and therefore permission for subletting of the works was not taken up by the firm. The contention of the Government is not tenable because it violated the contractual agreement.

WATER RESOURCES DEPARTMENT

4.2.10 Excess expenditure beyond the scope of execution

Procurement and utilisation of man size boulders and broken stone metal by the Executive Engineer, Guwahati Embankment and Drainage Division, beyond the scope of work, resulted in excess expenditure of Rs.16.52 lakh.

Government of Assam, Flood Control Department, accorded (March 1999) administrative approval for Rs.3.47 crore for the work 'Anti-Erosion Measure to protect the Brahmaputra dyke on left bank from Gumi to Kalatoli at Jahirpur-Barbhita area' (Construction of deflectors with upstream and downstream protection works) and the work was started in September 1999. The original sanctioned estimate was revised to Rs.5.37 crore (August 2002) by the Chief Engineer (CE) with inclusion of some new items⁴³ of work, and the same was cleared by the Central Water Commission (CWC) for Rs.5.29 crore in September 2003. The Government of Assam had not yet accorded administrative approval to the revised estimate. The work was however, completed in May 2004 at a cost of Rs.3.60 crore.

Test-check (August-September 2004) of records of the Executive Engineer (EE), Guwahati West Embankment and Drainage Division revealed that as of May 2004, the EE procured and utilised 51,866.88 cubic metre (cum) of man size boulders and 35,143 wire netting sheets against the revised estimated provision of 49,374.16 cum of man size boulders and 36,674 wire netting sheets (detailed in **Appendix-XXVIII**). Out of 35,143 wire netting sheets, the EE utilised 11 sheets for repairing works

⁴³ 1. Construction of deflector with Upstream and Downstream protection works (Protection reach from Chainage 23,800 m to Chainage 27,000 m = 3200m)

2. Palliative measures by providing bamboo cribs against bank erosion from Chainage 23rd K.M to Chainage 24th K.M

leaving balance 35,132 sheets for protection work. According to sanctioned estimate of the work, a maximum of two wire netting sheets and one cubic metre of man size boulders are required for construction of one deadman/cage. As such, with the available quantity of 35,132 wire netting sheets a maximum of 17,566 cages/deadman could have been constructed.

According to the revised estimate, the total requirement of boulders in construction of cages/deadman and in other items of works was 48,603.03⁴⁴ cum of man size boulders. Against this, the EE had shown utilisation of 51,866.88 cum of man size boulders, which resulted in an excess expenditure of Rs.14.09 lakh at the procurement rate of Rs.431.66 per cum for 3,263.85 cum of boulders utilised in excess.

Further, according to the revised estimate, total requirement of dust and dirt free broken stone metal of size 19 mm to 38 mm was 1,165.75 cum. But according to site accounts of May 2004, 1,563.70 cum of broken stone metal were shown as procured and utilised in the said work resulting in excess expenditure of Rs.2.43 lakh at the procurement rate of Rs.611.62 per cum for 397.95 cum of broken stone metal.

Thus, procurement and utilisation of man size boulders and broken stone metal in excess of actual requirement had resulted in excess expenditure of Rs.16.52 lakh (Rs.14.09 lakh + Rs.2.43 lakh).

The matter was reported to Government in March 2005. In reply Government stated (July 2005) that on rescrutiny site accounts of boulder, wire netting sheets and broken stone metals were revised showing receipt of 51,166.13 cum of boulders, 35,692 number of wire netting sheets and 1,148.40 cum of broken stone metals. The Government added further that only 1,291.97 cum of boulders were procured in excess of estimated provision and the excess quantity was transferred to other schemes for which accounting adjustments are yet to be made.

The reply of the Government is not tenable, as the rectification of site accounts has been done (June 2005) after more that one-year of the completion of the work and payments released on the basis of original site accounts. Moreover the rectification has been done after this has been pointed by Audit in March 2005. Further in the absence of accounting adjustment of the value of materials transferred during 2001-02, the veracity of such transfer could not be ascertained.

⁴⁴ Loose boulder with out boat	18,169.08 cum.
Loose boulder with boat	9,177.05 cum
Boulder pitching	3,690.90 cum
By construction of cages/deadman with 35132 nos of wire netting sheets @ 2 sheets per cage.	<u>17,566.00 cum</u>
	48,603.03 cum

**WELFARE OF PLAIN TRIBES AND BACKWARD CLASSES
DEPARTMENT**

4.2.11 Extra avoidable expenditure

The Director, Welfare of Plain Tribes and Backward Classes Department incurred extra avoidable expenditure of Rs.4.19 crore in procuring 3,35,221 bundles of cotton yarn under the scheme ‘Development of Handloom’.

For implementation of the scheme “Development of Handloom” by providing six bundles of cotton yarn to Scheduled Tribes (Plain) weavers in Integrated Tribal Development Project (ITDP) areas below the poverty line, the Government of Assam, Department of Welfare of Plain Tribes and Backward Classes etc., (WPT&BC) accorded sanction of Rs.16.29 crore during 2003-04 (Rs.9.46 crore) and 2004-05 (Rs.6.83 crore) out of Special Central Assistance (SCA) released by Government of India.

Scrutiny (January 2005) of records of the Director, WPT&BC revealed that in response to the Director’s short notice inviting quotations (May 2003) from Government owned agencies for procurement of yarn (40^s cotton yarn 2.27 kg per bundle) along with other handloom accessories, four Government owned agencies submitted (May 2003) their quotations. The Departmental Purchase Committee in its meeting (May 2003) accepted the third lowest rates of Rs.495 per bundle quoted by Assam Khadi and Village Industries Board (AKVIB) on the ground of market survey and quality after rejecting first and second lowest quoted rates for reasons as detailed below:

Sl. No.	Name of agency	Rate quoted (per bundle)	Rank	Recommendation of the Purchase Committee
1	Assam Apex Weavers and Artisans Co-operative Federation Ltd. (ARTFED)	Rs.370	1 st	Rejected on the ground of insertion of a clause that payment should be made within 15 days from the date of supply.
2	Assam Small Industries Development Corporation Ltd. (ASIDC)	Rs.435 for yellow Rs.460 for green.	2 nd	Rejected without assigning any reason.
3	Assam Khadi & Village Industries Board (AKVIB)	Rs.495	3 rd	Accepted on the ground of market survey and quality.
4	Assam Government Marketing Corporation Ltd. (AGMC)	Rs.500	4 th	Rejected on the ground that the quotation was submitted by a sales unit of AGMC and not by the AGMC itself.

Further scrutiny revealed that though the Departmental Purchase Committee accepted the third lowest quoted rate of AKVIB, the Director did not purchase a single bundle of yarn from the agency. Instead, the Director procured (February 2004 to January 2005) 3,35,221 bundles of yarn (50 *per cent* yellow and 50 *per cent* green) costing Rs.16.59 crore at the higher rate of Rs.495 per bundle from ASIDC (1,33,969 bundles) and AGMC (2,01,252 bundles) whose quotations were rejected by the Purchase Committee with or without assigning reasons. This frustrated the very objective of accepting the 3rd lowest rate for procurement of quality yarn. Besides, the reasons adduced by the Departmental Purchase Committee in rejecting the lowest

quoted rate of Assam Apex Weavers and Artisans Co-operative Federation Ltd. (ARTFED) on grounds of strict payment terms was injudicious in view of the fact that the Director drew the amount of Rs.16.59 crore during February 2004 to December 2004 while procurement of yarn was made between February 2004 and January 2005.

Thus, due to non-acceptance and non-procurement of yarn from ARTFED at the lowest quoted rate of Rs.370 per bundle, the Department had incurred an avoidable extra expenditure of Rs.4.19 crore (Rs.495 – Rs.370 X 3,35,221). Moreover, it was injudicious to procure materials @ Rs.495 from ASIDC whose quoted rates were Rs.435 and Rs.460 per bundle. If the department had procured the entire quantity of yarn from ASIDC at their quoted rates, then it could have avoided extra expenditure of Rs.1.57 crore⁴⁵.

The matter was reported to Government in May 2005. The Government in their reply stated (August 2005) that the Purchase Committee accepted the rate offered by AKVIB considering the quality and prevailing market price of the cotton yarn. The yarns were procured from ASIDC and AGMC in lieu of AKVIB in accordance with the Government policy to help revival of the sick Government owned agencies. The reply of the Government is not tenable as they failed to justify procurement of yarn at higher rates from suppliers whose lower quoted rates were rejected by the Purchase Committee in consideration of quality of materials to be supplied by AKVIB.

4.3 *Idle investment/Idle establishment/blocking up of funds*

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.3.1 **Blocking of funds and loss of interest**

Launching of the scheme of Randhan Jyoti without proper survey led to partial implementation, which resulted in blocking of Rs.3.72 crore and loss of interest of Rs.23.51 lakh.

The Government of Assam launched (August 2003) a scheme under the nomenclature “Randhan Jyoti” under which free LPG connection was to be provided to one widow or another female member from each Below Poverty Line (BPL) family. The Deputy Commissioners (DC) of plain districts and Principal Secretaries (PS) of the two hill districts were the scheme-implementing authorities. Upon receipt of advice from the DCs/PS, the Director, Food and Civil Supplies (F&CS) Assam was to release the refundable deposit of Rs.550 for a 14.2 kg LPG cylinder or Rs.350 for a 5 Kg LPG cylinder as per beneficiary’s choice per connection to DC/PS who in turn would make payment to the local LPG distributor to get the connection released.

Government sanctioned (November 2003) Rupees five crore to the Director, F&CS for implementation of the scheme and permitted (March 2004) the latter to draw the

⁴⁵ Payment made @ Rs.495 per bundle X 3,35,221 = Rs.16.59 crore
 Payment due at ASIDC rate of Rs.448 (average) per bundle X 3,35,221 = Rs.15.02 crore
Extra Payment = Rs. 1.57 crore.

amount on abstract contingent (AC) bills with the direction to regularise the expenditure by submission of detailed contingent (DCC) bills.

Test-check (February 2005) of records of the Director, F&CS revealed that the amount of Rupees five crore was drawn during March 2004, of which only Rs.1.28 crore was utilised by 11 DCs, as of February 2005. Balance Rs.3.72 crore remained blocked with 21 DCs⁴⁶ and two PSs due to non-implementation of the scheme. During discussion, the Director F&CS stated that the scheme could not be fully implemented as BPL beneficiaries were unable to bear the cost of oven, allied accessories and fuel and as a result modification of the scheme itself was under process.

Thus, due to inadequate study/survey of the capacity of the beneficiaries to bear the cost of oven, allied accessories and fuel (including refills) the scheme remained only partially implemented, and this resulted in blocking of Rs.3.72 crore for one year, as of March 2005 and consequential loss of interest of Rs.23.51 lakh on locked up funds calculated at the average borrowing rate of 6.32 per cent per annum.

The matter was reported to Government in June 2005; their replies had not been received (August 2005).

HOME DEPARTMENT

4.3.2 Irregular parking of funds

Inspector General of Prisons and Director General of Police irregularly retained Rs.12.65 crore in deposit at call receipts of bank resulting in loss of interest of Rs.1.31 crore, besides violating codal provision by not submitting Detailed Countersigned Contingent bills in time for the amount drawn on Abstract Contingent bills.

The Government of Assam received Central Assistance of Rs.137.58 crore during 2000-04 under the following schemes:

(Rupees in crore)

Sl. No.	Name of scheme	Amount received by GOA	Period of receipt	Implementing agency
1	Award of Eleventh Finance Commission for upgradation of Prison Administration	3.00	2001-02	Inspector General of Prisons
2	Modernisation of Prison Administration	5.87	2002-03	
3	Modernisation of Police Force	128.71	2000-04	Director General of Police
Total		137.58		

(a) Out of Rs.8.87 crore (Serial No.1 and 2), the Government of Assam released Central share of Rs.4.93 crore and State matching share of Rs.0.64 crore between

⁴⁶ Only DC Sivasagar utilised the entire amount allotted to him.

January 2003 and March 2005 to the Inspector General (IG) of Prisons, Assam for modernisation and upgradation of Prison Administration.

Test-check (July-August 2004) of records of the IG, Prisons and subsequent collection (June 2005) of information revealed that on the basis of State Government sanctions, the IG, Prisons drew (January 2003 – March 2005) the released amount of Rs.5.57 crore on four abstract contingent (AC) bills in the months of release. Till March 2005, the IG, Prisons could utilise only Rs.4.90 crore towards construction works through Public Works Department of the Government and kept the balance Rs.67 lakh idle in the form of Deposit at Call Receipts (DCRs) for periods ranging from one to 126 days (*Appendix-XXIX*). This indicated that the IG, Prisons drew the funds from Treasury in advance of actual requirement and to avoid lapse of budget grant.

Had the amounts not been drawn, the Government could have avoided interest liability to the tune of Rs.22.14 lakh at the average borrowing rate of the State @ 6.32⁴⁷ per cent per annum (*Appendix-XXIX*). Besides, as required under rules the IG, Prisons had also not prepared (June 2005) detailed countersigned contingent (DCC) bills for Rs.5.57 crore drawn on four AC bills.

The matter was reported to Government in May 2005. The Government in its reply stated (August 2005) that the advance drawals in AC bills were permitted with a view to providing a corpus fund with the IG of Prisons to enable him to get the works done through PWD without interruption due to non-availability of fund. It also stated that further release of funds under the schemes would be made only against specific demand of IG Prisons on the basis of physical progress of works. The Government reply indicated that the funds could have been released on actual requirements based on the physical progress of works.

(b) Out of Rs.128.71 crore (Serial No. 3), the State Government released Rs.95.06 crore to the Director General of Police (DGP), Assam for implementation of the scheme, modernisation of Police Force.

Test-check (January-February 2005) of records of the DGP revealed that the DGP drew the entire amount of Rs.95.06 crore in 15 Abstract Contingent (AC) bills between September 2001 and March 2005. Till the end of March 2005, the DGP utilised only Rs.83.08 crore and kept the balance Rs.11.98 crore idle in the form of deposit at call receipts (DCRs) in the bank for periods ranging from one to 51 months (*Appendix-XXX*). This indicated that the DGP drew the funds from treasury in advance of actual requirement to avoid lapse of budget grant.

Drawal of funds in advance of requirement and parking thereof in bank was irregular and provided undue financial benefit of interest free deposit of Rs.11.98 crore to the bank. Besides, the Government sustained loss of interest of Rs.1.09 crore at the average borrowing rate of the Government prevailing during

⁴⁷ 2003-04.

2000-01 to 2003-04 (**Appendix-XXX**). Besides, as required under rules the DGP had also not prepared (March 2005) detailed countersigned contingent (DCC) bills for any of the 15 AC bills.

Further, the State Government did not release Central assistance of Rs.33.65 crore and State matching share of Rs.92.09 crore (**Appendix-XXX**) to the implementing agency for reasons not on record.

The matter was reported to Government in May 2005, their replies had not been received (August 2005).

PLANNING AND DEVELOPMENT DEPARTMENT

4.3.3 Blocking of funds due to non-implementation of State Plan Scheme

Funds of Rs.2.93 crore under Chief Minister's "Swa-Niyojan Yojana 2000-02" remained blocked in Deposit at Call Receipts/Current Account for four years resulting in loss of interest to the tune of Rs.84.17 lakh.

Mention was made under Para 3.11 of the Report of the C&AG of India for the year ended 31 March 2003 (Civil) regarding locking of funds of Rs.4.37 crore received under Chief Minister's 'Swa-Niyojan Yojana 2000-02' by Deputy Commissioners (DC) of 11 districts due to non-implementation of the scheme in the districts.

Test-check (October 2003) of records of the DC, Kamrup and information collected (February-March 2005) from five⁴⁸ other DCs revealed that they had also drawn Rs.2.93 crore under the scheme and kept the amounts as Deposit at Call Receipts (DCRs)/Bankers Cheques (BCs) or in current accounts of various banks (details in **Appendix-XXXI**). The scheme could not be implemented in these districts as the banks expressed (March 2001) their inability to release loan component to the beneficiaries due to non-receipt of any directions from the Reserve Bank of India. None of the six DCs refunded the unutilised funds to the Government account except the DC, Bongaigaon who at the instance of Audit refunded the amount of Rs.26.75 lakh drawn by him to the State exchequer on 31 March 2005.

Retention of money in DCRs/BCs/Current account out of drawal made in advance of requirement resulted in undue financial aid to the banks besides depriving the unemployed youths of the intended benefits. Further, the Government continued to depend more and more on borrowed funds during the last several years while funds in Government departments remained unutilised. The cost of retention of these funds calculated at the average rate of 7.19 per cent (**Appendix-XXXI**) of Government borrowing aggregated Rs.84.17 lakh during four years ending March 2005.

⁴⁸ DC Golaghat, DC Tinsukia, DC Karimganj, DC Morigaon and DC Bongaigaon.

The matter was reported to Government in June 2005, their replies had not been received (August 2005).

**WELFARE OF PLAIN TRIBES AND BACKWARD CLASSES
DEPARTMENT**

4.3.4 Blocking of funds

The Director, Welfare of Plain Tribes and Backward Classes could not utilise Rs.50 lakh drawn in December 2000 resulting in blocking of funds for 52 months as of March 2005 and consequent loss of interest of Rs.16.23 lakh.

Scrutiny (January 2005) of records of the Director, Welfare of Plain Tribes and Backward Classes (WPT&BC) revealed that the Government of Assam, WPT&BC Department accorded (October 2000) sanction for Rupees one crore for construction of ST Boys hostel at Guwahati. The Director drew (December 2000) Rs.50 lakh and kept (January 2001) the amount in Deposit at Call Receipt (DCR) of bank till June 2005. The construction work of the said hostel was started only in April 2005 and thus the amount remained locked up for a period over four years due to delay in finalisation of land acquisition.

Thus, it was evident that the Director, WPT&BC drew the fund in advance of requirement and to avoid lapse of budget grant. Besides, there was loss of interest of Rs.16.23 lakh⁴⁹ (calculated at average borrowing rate) to the Government on blocked funds from December 2000 to March 2005.

The matter was reported to Government in May 2005. Government in their reply stated (August 2005) that the reason for delay in finalisation of land was due to the fact that the land, which was originally allotted, was found to be very low lying requiring huge development cost and alternative land was not readily available for the purpose.

The fact remains that the funds were drawn in advance of requirement and without proper planning and finalisation of the construction site.

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Year	Amount retained (Rs. in lakh)	Period of retention (In months)	Prevailing market borrowing rate (Average)	Interest involved (Rs. in lakh)
2000-01	50	4	11.11 %	1.85
2001-02	50	12	9.03 %	4.52
2002-03	50	12	7.08 %	3.54
2003-04	50	12	6.32 %	3.16
2004-05	50	12	6.32 %	3.16
Total	50	52	--	16.23

4.4 *Diversion/misutilisation of funds*

HOME DEPARTMENT

4.4.1 **Diversion of funds**

The Government of Assam did not release Rs.11.06 crore obtained for purchase of fire fighting equipments etc., to the State Fire Service Organisation, indicating possible diversion of earmarked funds.

With the consent and sanction (March 2003) of Government of India, Ministry of Home Affairs, Government of Assam raised (April 2003) a loan of Rs.11.14 crore from General Insurance Corporation of India (GIC) for utilising the amount exclusively for purchase of fire fighting equipments/appliances and construction of fire station buildings for improvement of the fire services in the State. According to an agreement drawn up between the borrower (Government of Assam) and the lender (GIC), the loan was repayable in 15 equal annual installments and interest was payable half-yearly @ 11.5 per cent per annum. The agreement provided further that the borrower was required to utilise the loan amount for the specific purpose within six months of drawal of the loan. The Director, State Fire Service Organisation (SFSO) received (April 2003) a cheque dated 31-03-2003 for Rs.11.06 crore from National Insurance Company Ltd., a subsidiary of GIC, after deduction of Rs.0.08 crore towards State Government's outstanding dues payable to GIC. The Director, SFSO handed over the cheque to the Commissioner and Secretary to the Government of Assam, Home Department on 2 April 2003 for depositing in the State exchequer.

Test-check (August 2004) of records of the Director, SFSO, Assam, Guwahati and subsequent collection (June 2005) of information revealed that the basic objective of obtaining the loan from GIC was frustrated as the State Government released only Rupees three crore in March 2005, which according to the instruction of Government (Finance Department) was drawn and deposited (March 2005) to Civil Deposit by the Director, SFSO. Thus, no part of the loan of Rs.11.06 crore was utilised for the purpose for which it was obtained even after expiry of two years from the date of drawal of the loan. The entire loan amount remained assimilated with the general cash balance of the Government implying its diversion and utilisation for other activities of the Government. Besides, the loan entailed an interest liability of Rs.2.48 crore up to March 2005.

The Government stated (June 2005) that there was no diversion of loan amount since Rupees three crore was held in Civil Deposit of Director, SFSO and balance Rs.8.06 crore was available with the State Government. The reply of the Government is not tenable as the entire loan amount (including Rupees three crore held in Civil Deposit) remained with the State exchequer which was in clear violation of the agreed terms with GIC and the directives of the Government of India.

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.4.2 Diversion of funds

The Project Director, District Rural Development Agency, Nagaon unauthorisedly diverted scheme funds of R.21.80 lakh towards transportation cost.

The guidelines of the scheme “Sampoorna Gramin Rozgar Yojana” (SGRY) provided that the State Governments would bear the transportation cost and handling charges (including taxes, if any) from their own resources for the food grains (wheat/rice) component received from Government of India under the Scheme, and that cash component under the scheme were not to be utilised for payment of transportation cost etc. The guidelines provided further that the gunny bags in which food grains were received from the Central Government for distribution under the programme were to be disposed off in accordance with the prescribed procedure in the State and the sales proceeds could be utilised for making payments towards transportation cost/handling charges.

Test-check (September-October 2004) of records of the Project Director (PD), District Rural Development Agency (DRDA), Nagaon and information collected subsequently revealed that during 2002-03, the PD lifted and distributed 81,260.59 quintals of rice under the scheme through different blocks. In violation of the programme guidelines, the PD incurred an expenditure of Rs.21.80 lakh out of the scheme funds towards transportation cost of rice. Besides, as required, the PD did not dispose of 1,16,086 empty gunny bags held in the stock of blocks, as of March 2003, for utilisation of the sale proceeds towards the transportation cost etc.

Thus, the Project Director diverted an amount of Rs.21.80 lakh out of the scheme fund.

The matter was reported to Government in June 2005; their replies had not been received (August 2005).

4.4.3 Diversion of funds

The Director, Panchayat and Rural Development Department diverted Central Assistance of Rs.1.53 crore towards administrative expenditure.

National Social Assistance Programme (NSAP) wholly financed by the Central Government came into effect from 15 August 1995. The programme provides for direct financial assistance to the beneficiaries under the components viz., National Old Age Pension and National Family Benefit Scheme. Till 2002-03 the programme was implemented by the Social Welfare Department of the Government and thereafter from June 2003 the Government transferred the scheme to the Panchayat and Rural Development (P&RD) Department for implementation. The guidelines of NSAP do not provide for deduction of any administrative charges from the earmarked funds.

Test-check (February 2004) of records of the Director, P&RD, Assam revealed that the Government of Assam received Rs.38.47 crore during 2002-03 (Rs.10 lakh) and 2003-04 (Rs.38.37 crore) from Government of India under the programme. The Director released Rs.36.94 crore during 2003-04 to 21 District Commissioners as programme money and without obtaining approval from the Government of India, diverted Rs.1.53 crore⁵⁰ as administrative charges from the allotted funds.

The matter was reported to Government in January 2005; their replies had not been received (August 2005).

PUBLIC WORKS DEPARTMENT

4.4.4 Diversion of central assistance

The Government of Assam diverted Additional Central Assistance of Rs.1.19 crore to a work not contemplated in the Government of India's sanction besides violating codal provisions and financial norms in awarding the work to a contractor.

Government of India had sanctioned and released (September 1994) Rs.1.19 crore under additional central assistance (ACA) to the Government of Assam for the construction of a permanent RCC bridge with steel built up girder (BUG) in superstructures etc., over River Kinnarkhal in Cachar district. Government of Assam accorded (March 1995) administrative approval for Rs.1.19 crore. The work was awarded (October 1999) to a contractor at a lumpsum tendered value of Rs.1.65 crore with the stipulation to complete the work by October 2001. Meanwhile, Brahmaputra Board had taken up (March 1999) the construction work of a sluice in the same location of the bridge and it was decided (March 2000) between the State PWD and the Brahmaputra Board to abandon the work of the bridge. Accordingly, the Chief Engineer instructed (March 2000) the Executive Engineer to withdraw the work immediately.

Test-check (October-November 2003) of records of the Executive Engineer, PWD Silchar Road Division and further collection (March 2005) of information revealed that according to the instructions (July 2000) of the Chief Engineer, the Executive Engineer prepared (September 2000) an estimate of Rs.1.19 crore for conversion of Semi Permanent Timber (SPT) Bridge to RCC bridge on Haritika Sadirkhal Road and other appurtenant works in the same district.

Government of Assam without obtaining approval of Government of India administratively approved (November 2001) the construction of permanent RCC Bridge on Haritika Sadirkhal Road with appurtenant works for Rs.1.19 crore by cancelling the earlier administrative approval pertaining to the RCC Bridge over river Kinnarkhal. The division without calling for fresh tender for the work drew up a supplementary agreement (December 2001) for Rs.1.17 crore with the same

⁵⁰ Rs.1.21 crore for the districts and Rs.0.32 crore for DRDA Headquarter.

contractor without cancelling the original tender agreement. The work was in progress and the division paid Rs.71.54 lakh to the contractor up to 3rd running account bill as of March 2005.

Thus, the State Government irregularly retained the amount of ACA of Rs.1.19 crore idle with the state exchequer for more than seven years and thereafter, without obtaining Government of India's approval, diverted the same to another work. Moreover, the Department awarded the subsequent work through supplementary agreement (though the new work has absolutely no connection with the original work) to the same contractor without competitive bidding, which violated the codal provisions and financial norms.

The matter was reported to Government in April 2005. In reply, the Government stated (August 2005) the amount was utilised for improvement of Haritkar Sadirkhal road to facilitate the road communication for the people of remote areas as well as for the movement of Border Security Force (BSF) and Army personnel.

The reply is not acceptable as the Government had not only failed to obtain Government of India's (GOI) approval before diversion of the amount for execution of another work but also violated the codal provisions as well as financial norms in awarding the work to contractor.

4.5 Regulatory issues and other points

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.5.1 Irregular and doubtful utilisation of scheme funds

The Project Director, District Rural Development Agency, Cachar could not vouch for utilisation of Rs.21.49 lakh on construction of 43 Fishery cum Water Reservoirs.

Integrated Wasteland/Watershed Development Programme (IWDP) guidelines does not provide for taking-up of construction of fishery cum water reservoir without having detailed Watershed Treatment/Development Plan prepared by Watershed Development Team (WDT). Watershed treatment/ development plan must be prepared for all watershed development programmes.

Test-check (May-June 2004) of records of the Project Director (PD), District Rural Development Agency (DRDA), Cachar revealed that the Project Director without preparing any action plan/development plan for implementation of Wasteland Development programme, paid (July 2002) Rs.21.49 lakh as advance to two Junior Engineers at Headquarters for construction of 43 fishery cum water reservoirs. The Agency could not furnish any information about actual execution of works of 43 fishery cum watershed reservoirs. The Finance & Accounts Officer of the Agency informed (May 2004) that the concerned file containing estimates, payment order etc., for fishery schemes under IWDP was taken away by the then Project Director. The Agency also failed to produce other relevant records such as construction register, measurement books, adjustment vouchers, muster rolls etc., on the ground that the

concerned Junior Engineers did not submit the same. The advances paid to the two Junior Engineers thus remained unadjusted even after expiry of over two years.

In May 2005, the Project Director informed that the concerned Junior Engineers had not submitted the relevant records and they had been placed under suspension. The PD also failed to furnish the status of fishery cum water reservoirs.

Due to non-availability of any records in support of actual execution of the works, which were supposedly taken up by violating IWDP guidelines, the genuineness of the transactions could not be checked in audit and the possibility of misappropriation of Rs.21.49 lakh could not be ruled out.

The matter was reported to Government in February 2005; their reply had not been received (August 2005).

4.5.2 Irregular expenditure

The Project Director, District Rural Development Agency, Nagaon in violation of scheme guidelines under Jawahar Gram Samridhi Yojana incurred irregular expenditure of Rs.50.06 lakh during 2001-02.

Jawahar Gram Samridhi Yojana (JGSY) was launched with the objective of creating community village infrastructure including durable assets and assets to increase employment for the rural poor. Scheme guidelines do not permit expenditure on improvement, repair and gravelling of the already created assets.

Test-check (October 2004) of records of the Project Director (PD), DRDA, Nagaon revealed that the agency incurred an expenditure of Rs.50.06 lakh during 2001-02 towards improvement and gravelling of 27 roads in the Nagaon district which were outside the purview of the scheme guidelines.

The PD, DRDA, Nagaon stated (October 2004) that the works were executed on the basis of selection done by the Gram Sabha. The contention of the PD is not tenable since the Gram Sabha did not act according to the scheme guidelines. Thus, execution of works outside the purview of the scheme guidelines resulted in irregular expenditure of Rs.50.06 lakh.

The matter was reported to Government in April 2005. The Government in August 2005 stated that the term 'improvement and repair' used in records was a misnomer and actually all these road works were new constructions. The reply of the Government was not acceptable as the annexure furnished with the Government letter listed 27 works all of which were improvement and gravelling works with costs ranging from Rupees one lakh to Rupees two lakh only for each work.

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.5.3 Unauthorised expenditure of departmental receipts

The Executive Engineer, Public Health Engineering Guwahati Division No-II, in violation of Constitutional provision, incurred an expenditure of Rs.1.05 crore out of departmental revenues.

Article 266 of the Constitution of India lays down that all revenues received by the Government of a State shall be credited to the Consolidated Fund of the State and that no moneys out of the said Fund shall be appropriated except in accordance with law and in the manner provided under the Constitution. Article 204 (3) of the Constitution further lays down that no money shall be withdrawn from the Consolidated Fund except under appropriation made by law passed in accordance with the provisions of the Constitution. Rule 7 (1) of the Assam Treasury Rules framed under an Act of Legislature came in force from 1 April 1937 also envisaged that all moneys received by or tendered by Government servants on account of the revenue of the province shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund or the Public Account of the Government.

Test-check (July 2004) of records of the Executive Engineer, Public Health Engineering Guwahati Division No-II revealed that the division in violation of the above provisions incurred (June 2003 to March 2004) expenditure of Rs.1.05 crore towards maintenance works without any ceiling/budget provision. The division incurred the expenditure by drawing funds with the approval of Finance Department from the head of account "8782-Cash Remittance", in which revenue on water cess was deposited on realisation in earlier years.

The matter was reported to Government in June 2005. In reply, the Government stated (August 2005) that drawal of funds from the Remittance head of account was according to authority issued by the Finance Department. However, the directives issued by the Finance Department in this regard was for withdrawal of funds from '8782- Cash Remittance' and deposit to '0215 – Water Supply and Sanitation'.

Thus, failure of the division to comply with the constitutional provision as well as violation of Government orders led to unauthorised expenditure of Rs.1.05 crore.

PUBLIC WORKS DEPARTMENT

4.5.4 Unauthorised diversion of Calamity Relief Fund

Expenditure of Rs.2.97 crore was incurred by the Executive Engineer, PWD, City Division No-1 Guwahati on special repairs to 15 city roads by unauthorised diversion of funds provided under Calamity Relief Fund.

Calamity Relief Fund (CRF) which was constituted as per recommendation of the Eleventh Finance Commission is the only source of fund available with the State Government to provide relief following natural calamities. The Special Secretary and Central Relief Commissioner, Government of India instructed (September 2001) the

Chief Secretary to the Government of Assam that the Eleventh Finance Commission had considered and categorically rejected the proposal to meet expenditure on restoration and reconstruction from the Relief funds. The relief fund was to be utilised for repair/restoration of immediate nature to damaged infrastructure caused by calamities such as cyclone, drought, earthquake, fire, flood and hail storm only relating to communication, power, public health, drinking water supply, primary education and community owned assets in the social sector.

Test-check (August 2004) of records of the Executive Engineer (EE), PWD, City Division No.I, Guwahati revealed that the Government of Assam Revenue (General) Department sanctioned Rs.3.96 crore in March 2004 to the division against 18 ongoing works and directed that the expenditure be debited to CRF. The division deposited (May 2004) the amount to revenue deposit. Upto May 2004, the division incurred an expenditure of Rs.3.01 crore against 16 different works, of which only one work fell under the category of flood damage repair valued at Rupees four lakh. There was nothing on record to show that the remaining 15 works for which the amount was sanctioned were in the nature of immediate restoration/repair of damages caused by natural calamity.

Debiting of expenditure on ongoing works to the head Relief on natural calamities was violative of the provisions of the guidelines issued by Government of India and therefore, resulted in unauthorised diversion of Calamity Relief Fund to the tune of Rs. 2.97 crore (Rs. 3.01 crore–Rs. 0.04 crore) thereby frustrating the basic objective of the scheme.

The matter was reported to Government in February 2005. In reply, Government stated (August 2005) that due to non-availability of required funds under the respective head of account special repair works had to be taken up from the funds provided under Calamity Relief Fund considering the urgency of the work. The Government added further that sanction for incurring the expenditure on 15 road works was accorded by the Revenue Department of the Government.

The reply furnished by the Government is not tenable because it not only violated the provisions of guidelines issued by the Government of India but also frustrated the objective of providing funds under Calamity Relief Fund.

4.5.5 Unauthorised diversion of fund

The Department diverted project funds of Rs.34.97 lakh with a committed liability of Rs.15.48 lakh, in violation of the terms and conditions of the Loan.

The National Bank for Agriculture and Rural Development (NABARD) had sanctioned (October 2000) the road project 'Improvement of North Guwahati Amingaon Hajo Kalitakuchi Doulashal Barpeta Howly Road' (Length of 26.80 km from Barpeta to Doulashal) against loan assistance under Rural Infrastructure Development Project Fund (RIDF-VI). The Government of Assam accorded (June 2002) administrative approval for Rs.11.12 crore against the estimated amount

of Rs.12.36 crore for the above road project. Terms and conditions stipulated by NABARD and the Government sanction restricted diversion of project funds by the nodal agency (Finance Department/PWD) towards any other purpose including quality controls etc., and also provided that no work was to be taken up without approved estimate and technical sanction.

Test-check (August-September 2004) of records of the Executive Engineer (EE), PWD, Barpeta Road Division and information collected subsequently revealed that the Chief Engineer (CE) awarded the work (April 2001 to April 2002) to fourteen contractors at a total tendered value of Rs.9.55 crore. The contractors completed the work between March 2002 and March 2004 with actual measurement of 25.36 km. As of March 2005, the division had incurred expenditure of Rs.8.99 crore on account of payment to the contractors (Rs.8.94 crore) against the bill value of Rs.9.59 crore and on purchase of quality control equipment (Rs.4.60 lakh). The expenditure of Rs.4.60 lakh on procurement of quality control equipment was irregular and unauthorised.

Further scrutiny revealed that against the estimated provision for construction of 26.80 km of road, actual measurement after execution was 25.36 km and thus Rs.1.49 crore (Rs.11.12 crore – Rs.9.63 crore⁵¹) stood unutilised due to inflated estimation of 1.44 km (26.80 km–25.36 km) of road. Of this unutilised amount of Rs.1.49 crore, the Chief Engineer with the approval of Government transferred (November 2002) Rs.1.03 crore to Barpeta Howly portion of the said road (also under RIDF-VI) for construction of a RCC Bridge (No.1/2 at 1st km) and unauthorisedly diverted Rs.45.85 lakh⁵² for execution of nine different works not included in the sanctioned estimate of RIDF-VI project in the absence of approved estimates and technical sanction. As of February 2005, the division had incurred an expenditure of Rs.30.37 lakh with a committed liability of Rs.15.48 lakh against various works as detailed in *Appendix-XXXII*, which was irregular and unauthorised.

Thus, the Department had incurred unauthorised expenditure of Rs.34.97 lakh (Rs.4.60 lakh + Rs.30.37 lakh) and a further liability of Rs.15.48 lakh outside the scope of sanction accorded by NABARD and Government.

The matter was reported to Government in May 2005; their replies had not been received (August 2005).

⁵¹ Work value	= Rs.9.59 crore
<u>Purchase of quality control equipment</u>	<u>= Rs.0.04 crore</u>
Total	= Rs.9.63 crore

⁵² Rs.148.91 lakh – Rs.103.03 lakh = Rs.45.88 lakh, of which Rs.45.85 lakh was diverted.

WATER RESOURCES DEPARTMENT

4.5.6 Unauthorised and excess expenditure

The Executive Engineer, Water Resources Division, Jorhat incurred unauthorised expenditure of Rs.28.95 lakh and also incurred excess expenditure of Rs.8.07 lakh.

Consequent upon the acceptance (August 1998) of the scheme by the Planning Commission, Government of India, the Government of Assam, Flood Control (Water Resources) Department accorded (March 1999) administrative approval to the work of Raising and Strengthening of Bhogdoi bund both bank from Immersionghat to J.B. Road including Anti-Erosion Works for Rs.3.45 crore with the stipulation to complete the work by March 2000. The work was executed through contractors and the scheme was funded under Non-lapsable Central Pool of Resources (NLCPR). The work was commenced in December 1998 and completed in June 2003 at a cost of Rs.3.45 crore.

Test-check (November 2004) of records of the Executive Engineer (EE), Jorhat Water Resources Division revealed that the Division incurred unauthorised expenditure of Rs.28.95 lakh on construction of Superintending Engineer's office (Rs.3.06 lakh), brick wall (Rs.3.83 lakh), colony road (Rs.3.45 lakh), earth work by stacking (Rs.8.12 lakh), collection of sand gravel (Rs.10.32 lakh) and labour for spreading (Rs.0.17 lakh), which were not included in the estimate and specifications as approved by the Planning Commission. Scrutiny revealed that the division diverted the above amount out of unutilised balance under three approved items of works due to non-execution of turfing, less execution of earthwork and ramming. A working estimate to accommodate the deviation though approved by the Additional Chief Engineer in February in 2003, had not been approved by the Planning Commission (November 2004).

Scrutiny (November 2004) of records further revealed that the approved tendered rate for supply of boulders of size 23 cm to 30 cm was Rs.578.34 per cubic metre (cum). Of the total quantity of 6,336.94 cum of boulders received, the Executive Engineer paid (June 2002 - June 2003) for the first lot of 1295 cum @ Rs.578.34 per cum and the balance 5,041.94 cum @ Rs.738.35 per cum without recording any reason for allowing the higher rate. This resulted in an excess expenditure of Rs.8.07 lakh {(Rs.738.35-Rs.578.34) X 5041.94}.

Thus, non-adherence to the approved specifications of the Planning Commission in execution of work by the Executive Engineer had not only resulted in unauthorised expenditure of Rs.28.95 lakh but also led to an excess expenditure of Rs.8.07 lakh.

The matter was reported to Government in May 2005. In reply the Government stated (July 2005) that the expenditure of Rs.28.95 lakh on different items of work was based on sub-estimates as part of the original project estimate cleared by the Planning Commission, Government of India.

The reply of the Government is not valid as the Government did not furnish the supporting documents to show the expenditure on unauthorised items stood included in the sub-estimates forming part of the original estimates cleared by the Planning Commission.

4.5.7 Unauthorised expenditure

The Executive Engineer, Mangaldoi Embankment and Drainage (E&D) Division incurred unauthorised expenditure of Rs.21.59 lakh towards non-approved works.

Test-check (March 2005) of records of the Executive Engineer (EE), Mangaldoi Embankment and Drainage (E&D) Division revealed that Government accorded (March 1999) administrative approval for Rs.1.19 crore under Non-Lapsable Central Pool of Resources (NLCPR) for execution of the scheme “Raising and strengthening of Brahmaputra Dyke from Rangamati to Kurua from chainage 0 to 2,050 metre including boulder protection work at 1st km” in Darrang district. The work was commenced in April 1999 and completed in March 2003 at a total cost of Rs.1.22 crore. The scheme provided *inter alia*, boulder protection work at 1st km at an approved cost of Rs.38.17 lakh, which the EE did not execute but spent (July and August 2003) Rs.21.59 lakh on works⁵³ that were not included in the sanctioned estimate.

The expenditure on non-approved works resulted in unauthorised expenditure of Rs.21.59 lakh. Besides, non-execution of sanctioned and approved items of work placed the embankment at great risk of being eroded/breached.

The matter was reported to Government in June 2005. The Government in their reply (August 2005) admitted that due to poor rate allowed by the department/division the contractors refused to supply boulders etc. The Government added further that due to site condition the boulder protection works were substituted by earth filling, bamboo pallasiding works etc. and a sub-estimate of Rs.21.59 lakh was prepared.

The failure of the department to obtain necessary approval from the competent authority before execution of the pallasiding works not only violated the provisions of guidelines issued by the Government of India but also left the embankment at great risk of being eroded.

⁵³ 1. Bamboo Pallasiding, 2. Empty cement bags, 3. Earth Work by Truck load, 4. Earth work for stacking, 5. Spreading Earth, Plantation of creepers for binding the soil, 6. Labour charge for laying earth filled cement bags & Gravel supply.

4.6 Stores and stock

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.6.1 Wasteful expenditure on procurement of pond lining

The Project Director, District Rural Development Agency, Dhubri procured 22 pond lining films without any requirement resulting in wasteful expenditure of Rs.45.64 lakh.

Aquaculture being considered a profitable farming system for production of fish at a low recurring cost, the Panchayat and Rural Development Department (P&RD) obtained a report in July 1999 on development of pisciculture from the Fishery Department for implementation under various rural development programmes. The report of the Fishery Department *inter alia* suggested introduction of pond lining system in piscicultural ponds of average size of 0.14 hectare with tough laminated film and a 3 HP pump set on an experimental basis.

Test-check (September 2003) of records of the Project Director (PD), District Rural Development Agency (DRDA), Dhubri revealed that the PD with the approval of the Director, P&RD, procured (November 2000) 22 “Silpaulin” brand lining films measuring 52,822 sqm⁵⁴ for 22 ponds at a total cost of Rs.45.64 lakh⁵⁵ from the lowest tenderer for implementation of the programme under Swarnjayanti Gram Swarojgar Yojana without preparing any detailed estimates and guidelines for implementation of the scheme. In the estimates prepared by the Fishery Department, the yearly net profit had been shown as Rs.20,000 against capital investment of Rs.2,17,500 and annual recurring investment of Rs.20,000. Further, the PD did not procure any 3 HP pump machine, which was an integral part of the pisciculture programme.

The pond lining films were issued to five development blocks⁵⁶ for utilisation in December 2000 but test-check of records of all the five blocks revealed that as of September 2003, 21 (50,421 sqm.) out of 22 films were lying idle in the godown of respective blocks. The Gouripur block issued (September 2003) one film (2401 sqm.) to a beneficiary on the recommendation of the local MLA but without any estimate. The Block Development Officers (BDO) of five blocks informed (September 2003)

⁵⁴ @ 2401 sqm for each pond (size of film = 49mx49m).

⁵⁵ @ Rs.80 per sqm. + 8 per cent AGST.

⁵⁶

Name of Block	No. of film issued
1) Golakganj	5
2) Agomani	3
3) Gauripur	5
4) Debitola	5
5) Rupshi	4
Total	22

that there was no requirement for the pond lining films from the blocks and as such neither was any estimate prepared nor were beneficiaries selected for utilising the films. The BDOs further informed that shelf life of the films was not known to them and no precaution had been taken for their preservation.

Thus, unnecessary purchase of pond lining films worth Rs.45.64 lakh proved wasteful. The possible deterioration of the films could not also be ruled out.

The matter was reported to Government in February 2005; their replies had not been received (August 2005).

4.6.2 Unnecessary procurement of wooden racks

The Project Director, District Rural Development Agency, Cachar procured 403 wooden racks without any requirement resulting in locking of Rs.17.13 lakh.

Test-check (May–June 2004) of records of the Project Director, District Rural Development Agency (DRDA), Cachar revealed that during March and April 2002, the PD purchased 403 wooden racks from a Guwahati based firm at a total cost of Rs.17.13 lakh for storing cement at godown of different Blocks and DRDA headquarters.

The Project Director could not produce the relevant purchase records like purchase file, tender, quotation, comparative statement, sanction, supply orders etc., which were stated to have been lying with the then Executive Engineer of the Agency. In the absence of these records, the regularity, justification and authenticity of the purchase could not be verified in audit. Scrutiny of payment vouchers and measurement Book, however, revealed that payments were released to the supplier on the basis of certificate of receipt recorded on the reverse of each bill. The Project Director intimated (May 2005) that the wooden racks were lying in the godown of DRDA headquarters and these could not be issued to blocks due to change of procurement procedure after introduction (September 2002) of Panchayati Raj system and steps would be taken to utilise the wooden racks at Panchayat level. The Project Director, however, failed to state the reasons for non-issue of the materials to blocks before introduction of PRI in September 2002.

Thus, purchase of 403 wooden racks by the Project Director without assessing actual requirement was doubtful. In any case it resulted in locking of funds to the tune of Rs.17.13 lakh.

The matter was reported to Government in January 2005; their replies had not been received (August 2005).

4.7 General

4.7.1 Follow-up on Audit Reports

Non-submission of *suo-moto* Action Taken Notes

According to the instructions issued by the Finance Department in May 1994, and subsequent adoption of Resolution (September 1994) by the Public Accounts Committee (PAC) the administrative departments are required to submit *suo-moto* Action Taken Notes on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the Public Accounts Committee with a copy to Accountant General (AG), Audit without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC in turn was required to forward the ATNs to AG (Audit) for vetting before comments and recommendation.

It was, however, noticed that in respect of 39 departments no *suo-moto* Action Taken Notes, pertaining to 540 paragraphs/reviews for the years 1983-2003 were received either from the departments or through the PAC (details in *Appendix-XXXIII*). Consequently, the audit observations/comments included in these Paras/reviews remained undiscussed/unsettled by PAC as of March 2005.

4.7.2 Action not taken on recommendations of the Public Accounts Committee

Two hundred and three (203) recommendations of the Public Accounts Committee (PAC), made in its Fifty Fifth to Hundredth Report in regard to 32 departments were pending settlement (details in *Appendix-XXXIV*) due to non-receipt of Action Taken Notes (ATNs) as at the end of March 2005. Even though the Finance Department issued (May 1994) instructions to all administrative departments and the Heads of Department to submit the ATNs within six months from the date(s) of receipt of recommendations, the Departments failed to comply with the instructions.

4.7.3 Failure of senior officials to respond to audit objections and compliance thereof

Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of important accounting and other records according to prescribed rules and procedures. When important irregularities, etc., detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of Offices inspected with a copy to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by

the office of the Accountant General (Audit). A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2004 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/Irrigation and Inland Water Transport Department disclosed that 27,561 paragraphs relating to 5,725 IRs remained outstanding at the end of June 2005 (*Appendix-XXXV*). Of these, 959 IRs containing 2,358 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 40 departments in respect of 1,405 IRs issued between 1985-86 and 2003-04. As a result, the following serious irregularities, commented upon in 2,019 paragraphs involving Rs.905.42 crore, had not been settled as of June 2005.

(Rupees in crore)			
Sl. No.	Nature of irregularities	No. of paragraphs	Amount
1	Non-observance of rules relating to custody and handling of cash, maintenance of cash book and muster rolls, etc.	297	175.35
2	Securities from persons holding cash and stores not obtained.	6	0.01
3	Stores not maintained properly, etc.	98	9.75
4	Improper maintenance of log book of departmental vehicles.	80	3.02
5	Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction.	102	3.34
6	Delay in recovery of receipts, advances and other charges.	534	222.89
7	Payment of grants in excess of actual requirement	40	4.40
8	Want of sanction to write off, loan, losses, etc.	58	4.43
9	Over-payments of amount disallowed in Audit not recovered.	441	218.73
10	Wanting utilisation certificates and audited accounts in respect of grants-in-aid.	218	209.93
11	Actual payee's receipts wanting	145	53.57
	Total	2019	905.42

A review of the IRs which were pending due to non-receipt of replies, in respect of 44 departments out of total 53 departments, revealed that the Heads of Departments (Directors/Executive Engineers) had not furnished replies to a large number of IRs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the departments concerned, who were informed of the position through half-yearly reports, also failed to ensure that the officers concerned of the departments took prompt and timely action.

The above mentioned facts also indicated inaction against the defaulting officers thereby facilitating continuation of serious financial irregularities and loss to the Government though these were pointed out in audit.

In view of the large number of outstanding IRs and Paragraphs, the Government has constituted two Audit Objection Committees at State level for consideration and settlement of outstanding audit objections relating to Civil and Works departments. During July 2004 to June 2005, 278 meetings (Civil: 226; Works: 52) of the Committees were held, in which 2,571 IRs and 8,782 Paragraphs were discussed and 322 IRs and 5,230 Paragraphs settled.

It is recommended that Government should review the matter and ensure that effective procedure exists for (a) action against the officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner, and, (c) revamp the system of prompt and timely response to the audit observations.

4.7.4 Delay in submission of Accounts by State Autonomous Bodies

None of the six State Autonomous Bodies of the State audited under Section 19(2), 19(3) and 20(1) submitted their annual accounts to Audit within the due date of submission except Assam Agricultural University for the year 2003-04 and Bodoland Autonomous Council for the year 2004-05. Delay in submission of accounts by the Autonomous Bodies during the last five years ranged from one to 49 months as detailed in *Appendix-XXXVI*. The reasons for such inordinate delay in respect of three autonomous bodies were non-receipt of approval of annual accounts from the competent authority and delay in finalisation of format of accounts. The other three autonomous bodies did not furnish any reason for such delay. Further, eight Audit Reports relating to the years 2000-01 to 2002-03 were issued to four⁵⁷ bodies between 30 May 2003 and 30 June 2005. None of the four bodies has, however, intimated the dates of placement of the reports before the State Legislature.

⁵⁷ Guwahati Metropolitan Development Authority
Assam Agricultural University
Assam Rural Infrastructure and Agricultural Service Project
Assam Human Rights Commission