

## CHAPTER-IV

### AUDIT OF TRANSACTIONS

#### **4.1            *Infructuous/wasteful expenditure and overpayment***

#### **WATER RESOURCES DEPARTMENT**

##### **4.1.1            Wasteful expenditure**

**The Guwahati West Embankment and Drainage Division unauthorisedly executed work worth Rs.5.59 crore, of which expenditure of Rs.15.84 lakh proved wasteful.**

The work 'Construction of retirement<sup>82</sup> from chainage 27,800 metre to 31,500 metre of Brahmaputra Dyke on left bank from Gumi to Kalatoli' to link the breached portion of embankment at Alikash was administratively approved (July 2000) by the Water Resources Department for Rs.3 crore. Tender for earthwork in embankment at an estimated cost of Rs.2.04 crore was invited (20 May 2000) by the Superintending Engineer (SE), Palashbari Town Protection Circle but the contracts were not finalised through tender. Rather, the earthwork started from 10 May 2000 itself, by engaging 32 contractors. The work orders were issued between July 2000 and June 2001 belatedly as a mere formality. Thus, codal provisions relating to financial and procedural proprieties were disregarded.

Test-check (August-September 2004) of records of the Executive Engineer (EE), West E & D Division, Guwahati revealed that the contractors had to suspend the work from 14 June 2000 due to submergence of burrow areas by flood water overflowing the embankment. 37,304.15 cubic metre of earthwork executed at a cost of Rs.15.84 lakh was also washed away by floods. To redo the earthwork and to take care of the change in labour rate etc., the division submitted a revised estimate of Rs.5.42 crore to the Government in May 2001. The same contractors were engaged in redoing the work instead of retendering. Despite non-receipt of administrative approval to the revised estimate till March 2006, the division made payment of Rs.1.52 crore (Rs.15.84 lakh + Rs.1.36 crore) as of March 2006 leaving a liability of Rs.4.07 crore against the completed work. Execution of work worth Rs.5.59 crore (payment: Rs.1.52 crore + liability: Rs.4.07 crore) without revised administrative approval was unauthorised and irregular.

The matter was reported to the Government in June 2006. In reply, Government stated (October 2006) that the work had to be started on emergent basis keeping in view the fact that the work can protect the area from normal flood level. The Government added further that the monsoon started immediately during execution of the work and crossed the normal flood level and thereby washed out the half done portion of the earthwork.

If the Government considered the work to be of urgent nature, it should have given revised administrative approval immediately and accordingly. Also, execution of

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<sup>82</sup> Retirement: Earthen embankment adjacent to the original dyke linking its breached portion in the country side.

earthwork during monsoon without any palliative measures resulted in wasteful expenditure of Rs.15.84 lakh.

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

### **AGRICULTURE DEPARTMENT**

#### **4.2.1            Excess payment**

**The Director of Agriculture, Assam made excess payment of Rs.1.13 crore to the Assam Seeds Corporation Limited being sales tax on exempted items.**

Sale of goods such as unprocessed cereals including rice and wheat except when sold in sealed containers and pulses in all forms except when sold in cooked, fried, baked or processed form, are exempted from tax under the Assam General Sales Tax (AGST) Act, 1993.

Test-check (December 2005) of records of the Director of Agriculture (DA), revealed that the DA procured various crop seeds of cereals, pulses and oil seeds worth Rs.14.78 crore from Assam Seeds Corporation (ASC) Limited during August and October 2004, for distribution among the small and marginal farmers affected by floods. The entire amount of Rs.14.78 crore was paid to the supplier (ASC Limited) between November 2004 and October 2005.

Further scrutiny of the relevant bills and vouchers revealed that the purchase included seeds of cereals and pulses valued Rs.12.83 crore, which were exempt from tax. The supplier, however, charged AGST on these items also and the DA paid the same to the supplier, which resulted in excess payment of Rs.1.13 crore as detailed in *Appendix-4.1*.

The matter was reported to the Government in May 2006. In reply, the Government stated (August 2006) that on verification of records like approved price list/related bills/vouchers etc., it appeared that sale prices of the seeds of ASC Limited were exclusive of sales tax. The reply is not tenable, as the price fixation formula submitted by the ASC Limited to the Director of Agriculture on 14 October 2004 was clear that the rates charged were inclusive of AGST.

### **EDUCATION DEPARTMENT**

#### **4.2.2            Unfruitful expenditure on idle staff**

**Due to the inaction of the Government in providing requisite funds, training material etc., 13 staff under the Inspector of Schools, Kokrajhar remained idle for long period resulting in unfruitful expenditure of Rs.65.38 lakh on their pay and allowances.**

Sakti-Ashram, a pre-vocational training centre (PVTC) had been functioning under the control of the Inspector of Schools (IS), Kokrajhar since 1968. Three Assistant Teachers, two Instructors and one Workshop Attendant were engaged on regular time scale of pay for imparting training to the trainees in different trades.

Test-check (May 2005 and May 2006) of records of IS, Kokrajhar revealed that the PVTC remained non-functional since 1995 and no training was imparted to the trainees due to non-receipt of funds, training material and raw material, although the employees continued to draw their pay and allowances during the entire period.

Similarly, seven vocational teachers in three Vocational Institutes under the control of the same IS remained idle since the date of their joining due to non-availability of training infrastructure.

The total expenditure incurred on the pay and allowances of the above mentioned staff during the last five years alone was Rs.65.38 lakh<sup>83</sup>.

The Government did not take any steps either to provide the requisite funds to the IS for proper functioning of the PVTC/Vocational Institutes, or to utilise the services of the idle staff alternatively and effectively, although the IS took up the matter with the higher authorities time and again.

Thus, the expenditure incurred on pay and allowances of the idle staff resulted in an unfruitful expenditure of Rs.65.38 lakh. Besides, non-fulfillment of the Government's objectives of imparting training to the trainees of different trades.

The matter was reported to the Government in June 2006; their reply had not been received (October 2006).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 4.2.3 Excess expenditure

**The Superintendent, Assam Medical College Hospital, Dibrugarh incurred excess expenditure of Rs.17.20 lakh between January and November 2004 by purchasing medicines at higher rates.**

The Director of Health Services (DHS), Guwahati communicated (30 January 2004) the list of rates of various medicines (effective from the same date) as approved by the Purchase Committee, to other Directors of the Department including the Director of Medical Education (DME), Guwahati for circulation among the Drawing and Disbursing Officers under their control, for purchase of those medicines from the approved firms at the approved rates. According to the list, the approved rate of Amikacin injection was Rs.19.50 per vial of 500 mg and Rs.17.23 per vial of 250 mg and the particular injection

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Sl. No.	Particulars	Expenditure incurred on pay and allowance during					
		2001-02	2002-03	2003-04	2004-05	2005-06	Total
1	6 teaching staff in one Pre-Vocational Teaching Centre	6.98	7.30	7.70	8.32	7.69	37.99
2	7 vocational teachers in 3 vocational Institutes	4.89	5.09	5.46	5.88	6.07	27.39
<b>Total</b>		<b>11.87</b>	<b>12.39</b>	<b>13.16</b>	<b>14.20</b>	<b>13.76</b>	<b>65.38</b>

was to be purchased from M/S T.D. Agency, Guwahati (500 mg) and M/S New Trade Line, Guwahati (250 mg).

Test-check (June 2005) of records of the Superintendent, Assam Medical College Hospital (AMCH), Dibrugarh revealed that the Superintendent locally purchased 48,365 vials of 500 mg and 52,300 vials of 250 mg Amikacin injection @ Rs.44.90 and Rs.26.64 per vial respectively, between 30 January and 19 November 2004 without the approval of the DME. Moreover, the injections were purchased from firms other than those approved by the Purchase Committee.

Purchase of injections at higher rates than those approved by the Purchase Committee from non-authorised firms thus resulted in excess expenditure of Rs.17.20 lakh<sup>84</sup>.

The matter was reported to the Government in June 2006; their reply had not been received (October 2006).

## IRRIGATION DEPARTMENT

### 4.2.4 Excess payment

**Non-payment of supplier's outstanding dues of Rs.18.58 lakh on time by the Executive Engineer, Guwahati Irrigation Division resulted in excess payment of Rs.1.73 crore as interest.**

The Chief Engineer (CE), Minor Irrigation, Assam had placed (December 1991 to February 1992) five supply orders with a local firm for supply of rigid poly vinyl chloride (PVC) pipes valued at Rs.85.57 lakh. As of August 1999, the firm supplied (June 1992 to December 1993) material worth Rs.66.52 lakh only.

Test-check (August 2004 and March 2006) of records of the Executive Engineer (EE), Guwahati Irrigation Division revealed that against the firm's claim of Rs.66.52 lakh, the division paid only Rs.47.94 lakh to the firm up to August 1999 leaving balance of Rs.18.58 lakh unpaid due to paucity of fund. The aggrieved firm filed (August 1999) a writ in the Gauhati High Court claiming Rs.124.71 lakh (outstanding dues plus interest upto 9 March 1999). The Hon'ble Court directed (April 2001) the Department to examine the claim and pay the admissible amount along with interest as entitled under the Small Scale and Ancillary Industrial Undertakings (SSAIU) Act 1993.

Hence, the division paid (February 2002) Rs.18.60 lakh to the firm being the value of material supplied and Rs.17.33 lakh as interest for the period from 10 August 1998 to 28 February 2002. The firm filed a second writ petition against the order in the Gauhati High Court. The learned single Judge of Hon'ble High Court directed (May 2002) the Department to pay interest with effect from 23 September 1992 in accordance with the

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500 mg 48,365 vials X Rs.25.40 (Rs. 44.90 – Rs.19.50) =	Rs. 12.28 lakh
250 mg 52,300 vials X Rs. 9.41 (Rs. 26.64 – Rs. 17.23) =	Rs. 4.92 lakh
<b>TOTAL:</b>	<b>Rs. 17.20 lakh</b>

SSAIU Act, 1993. The writ appeal filed (June 2002) by the Department was of no avail as the Hon'ble High Court upheld (June 2002) the orders of the learned single Judge.

Consequent upon High Court's direction the Irrigation Department paid (December 2002) Rs.1.45 crore to the firm as interest for the period from 24 October 1992 to 30 June 2002. The division also paid (December 2003) Rs.10.30 lakh as interest for the period from 1 July 2002 to 3 December 2002. The total amount of interest thus aggregated to Rs.1.73 crore (Rs.17.33 lakh + Rs.145.00 lakh + Rs.10.30 lakh).

Thus, avoidable delay in making payment to supplier's outstanding claims of Rs.18.58 lakh resulted in an avoidable payment of Rs.1.73 crore in the form of interest.

The matter was reported to the Government in April 2006. The Government accepted the facts and stated (October 2006) that due to drastic cut in budgetary provision after 1993, flow of fund was restricted and full payment could not be made to the supplier in time.

## MUNICIPAL ADMINISTRATION DEPARTMENT

### 4.2.5 Unproductive expenditure

**Because of poor planning in awarding work and implementation of the Gouripur Town Water Supply Scheme, the Managing Director, Assam Urban Water Supply and Sewerage Board incurred unproductive expenditure of Rs.3.77 crore.**

The 'Gauripur Town Water Supply Scheme' was administratively approved (March 1985) for Rs.1.79 crore to provide safe drinking water to 48,000 people. The contract was awarded (September 1989) to a firm at a tendered cost of Rs.1.74 crore excluding the works on distribution network for completion by March 1991 on turnkey basis. The rates quoted by the contractors were valid for a period of six months only from August 1988. The work however, commenced from January 1990 and remained suspended due to delay in handing over of site, non-arrival of construction material in time, non-payment of contractors' bill in time etc. The firm had requested the Department/Board on several occasions for extension of time and the Chief Engineer (CE), AUWS&SB allowed (April 1998) final extension of time upto December 1998. The firm discontinued the work from September 2001 and ultimately the Managing Director (MD), AUWSSB terminated the work order in September 2004 at the risk and cost of the contractor. The work remained incomplete till March 2006 despite an expenditure of Rs.2.11 crore.

Test-check (February –March 2005) of records of the Executive Engineer (EE), AUWSSB, Dhubri Division and further collection of information revealed as follows:

According to Clauses of the tender, which formed a part of agreement, the rates quoted by the contractors were valid for a period of six months from 20 August 1988. The MD awarded the work after thirteen months from the date of entering into agreement, when the validity of the quoted rates had already expired as a consequence price escalation clause had to be invoked. Nevertheless the Department/Board neither took any initiative to draw a strict calendar to complete the work within the stipulated time nor made any attempt to re-allot the balance work to other firms. Extension of time was granted without any condition resulting in an avoidable expenditure of Rs.45.77 lakh (up to May 2002) as

price escalation.

The AUWS&SB procured (January-August 1996) different material viz., AC pipes, DI pipes etc., worth Rs.1.66 crore of which material worth Rs.1.45 crore were lying in stock/site account from the date of procurement without utilisation resulting in avoidable blocking of fund amounting to Rs.1.45 crore.

Thus, because of poor planning and failure of the MD/Department to get the works executed even after four years from the date of discontinuance the scheme remained incomplete. Further, the entire expenditure of Rs.3.77 crore (Rs.2.11 crore + Rs.1.66 crore) was rendered unproductive. As a consequence, the objective of supplying safe drinking water under the scheme remained unfulfilled for the last 16 years.

In reply, the Executive Engineer stated (April 2006) that the Board had decided to complete the work departmentally by submitting necessary estimates subject to availability of fund. But, this seems impractical as the Board failed to execute and commission the WSS for over 16 years after incurring expenditure beyond approved estimate.

The matter was reported to the Government in May 2006; their reply had not been received (October 2006).

## **PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

### **4.2.6 Avoidable expenditure**

**Panchayat and Rural Development Department incurred avoidable expenditure of Rs.14.11 lakh and extra liability of Rs.13.84 lakh for non-settlement of land acquisition in time.**

Test-check (April 2005) of records of the Director, Panchayat and Rural Development (P&RD) revealed that two plots of land under occupation of the Demoria Development Block in Sonapur and Sonapur Daily Market were requisitioned under Requisition, Acquisition of Immovable Properties (RAIP) Act, 1952, which were subsequently released from the said requisition but possession was not handed over to the pattadar<sup>85</sup>. On a petition filed by the land owner, the Gauhati High Court directed in June 1988 and July 1988 that the land under occupation with building shall be excluded from Assam Fixation of Ceiling on Land Holding (Amendment) Act, 1971 and hence the requisitioned land stood in the name of the land owner only and the petitioner was entitled to get compensation on the requisitioned land. It was further directed that compensation was to be paid within six months of passing the verdict. The landowner also claimed that the land under occupation of the block was either to be legally acquired by the Department or the vacant possession was to be given to the landowner. Accordingly, the Additional Deputy Commissioner (ADC), Kamrup asked (May 1989) the Director, P&RD to intimate the decision of the Department in this regard but no action was taken by the Department till the landowner filed a contempt petition in April 2003. In response to the contempt petition the ADC, Kamrup submitted (April 2003) proposals to the P&RD

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<sup>85</sup> Holder of Patta i.e., the landowner.

Department to deposit Rs.26.76 lakh as total compensation up to 2002 to the Deputy Commissioner (Metro), Kamrup immediately to avoid further complication.

The amount was sanctioned (December 2003) by the Government and payment of Rs.26.76 lakh was made to the landowner in February 2004.

The payment was made as recurring compensation (upto 2002) only and there was nothing on records to show any action taken by the Department for one time settlement of the land with the owner to avoid future liability or recurring compensation.

Had the Department paid the compensation in compliance with the direction of the High Court in 1988, the Department had to pay Rs.12.65 lakh (compensation upto 1988) only instead of Rs.26.76 lakh and therefore, could have saved Rs.14.11 lakh on payment of compensation. Further the Department had paid only the recurring cost of compensation (@ 7.5 per cent of the cost of land per annum) and not the cost of the land. If the land was legally acquired as a one-time settlement with the landowner in 1988, the Department could have settled it at Rs.8.99 lakh (value of land in 1988). Now the Department is burdened with additional liability of Rs.22.83 lakh (present value of the land plus compensation for the period from 2003 to 2006).

Thus, the Department incurred avoidable expenditure of Rs.14.11 lakh and extra liability of Rs.13.84 lakh (Rs.22.83 lakh – Rs.8.99 lakh) for non-settlement of the land acquisition in time.

The matter was reported to Government in March 2006; their reply had not been received (October 2006).

## POLITICAL DEPARTMENT

### 4.2.7 Avoidable expenditure and excess payment

**Due to inaction of the Department in monitoring and supervising the implementation of Special Margin Money Scheme for Rehabilitation of Mis-guided Youths, the Government had to incur an avoidable expenditure of Rs.73.18 crore besides making excess payment of Rs.5.41 crore.**

The Government of Assam had launched “100 % Special Margin Money Scheme for Rehabilitation of ULFA<sup>86</sup> surrenderees” with effect from May 1992 which was subsequently renamed as “100 % Special Margin Money Scheme for Rehabilitation of Mis-guided Youths” w.e.f. January 1994 by extending the rehabilitation facilities to surrendered Bodo militants as well. The scheme continued till 31-3-1997 and covered projects pertaining to industries and allied services including business, transport, agriculture, veterinary and fisheries.

According to the scheme, an individual beneficiary was eligible for financial assistance up to Rs.2 lakh, i.e., Rs.1.50 lakh as bank loan and Rs.0.50 lakh as margin money, to be provided as grant by the State Government. The State Government was the “Guarantor”

<sup>86</sup> United Liberation Front of Asom – a banned organisation of the State.

of the bank loans. The repayment of loan was to start from the fourth year of its drawal and the entire amount was to be recovered within eight years from the drawal of loan.

Test-check (April-May 2005) of records of the Commissioner and Secretary, Secretariat Administration (Accounts 'B') Department, revealed that 4,843 beneficiaries (3,439 ULFA and 1,404 Bodo) were stated to have been covered under the scheme, for which Rs.68.93 crore were provided as bank loan by 17 participating banks and Rs.23.14 crore were released by the State Government as margin money till March 1997. Out of the bank loan of Rs.68.93 crore, an amount of Rs.1.16 crore was recovered from the loanees, leaving Rs.67.77 crore outstanding. On being pursued by the banks, the State Government being the guarantor of the loan, decided to repay the outstanding principal amount of loan to all the 17 banks as one time settlement. Accordingly, Rs.73.18 crore was paid to the banks in six instalments between May 2004 and January 2005.

There was nothing on records to show that the State Government had made any effort to recover the loan from the loanees before making repayment of the same from its own fund.

In this connection the following observations are made:

#### **Avoidable expenditure on repayment of bank loan**

As the guarantor of the loan and disburser of the grants, the implementing authority was required to assess the viability of the projects and ensure eventual repayment of the loan. Para 2 of the 'Deed of Guarantee' provided that the banks would be at liberty to take other securities in respect of loans given to the beneficiaries besides the Government guarantee. The Government did not ensure proper monitoring and supervision of the implementation of the scheme and arbitrarily made repayment of the principal loan, which resulted in avoidable expenditure of Rs.73.18 crore.

#### **Excess payment**

Out of Rs.68.93 crore disbursed by the banks as loan, Rs.1.16 crore was repaid by the beneficiaries. The Government of Assam, however, paid Rs.73.18 crore to the banks as one time settlement of the loan, instead of the outstanding amount of loan of Rs.67.77 crore (Rs.68.93 core – Rs.1.16 crore). Thus, the Government made an excess payment of Rs.5.41 crore to the banks.

The matter was reported to the Government in March 2006; their reply had not been received (October 2006).



## PUBLIC WORKS DEPARTMENT

### 4.2.8 Avoidable excess expenditure

**Injudicious decision of the Chief Engineer, Public Works Department (PWD) (Roads), Assam in awarding the work of construction of Flyover at Ulubari Chariali, Guwahati to a tenderer other than lowest tenderer in violation of the codal provisions led to avoidable excess expenditure of Rs.80 lakh.**

The Central Vigilance Commissioner (CVC) had enjoined (November 1998) upon all officers concerned that no negotiations be resorted to with any tenderer other than the lowest tenderer. The work of construction of Flyover at Ulubari Chariali was administratively approved (December 2001) by Guwahati Metropolitan Development Authority (GMDA) and technically sanctioned (January 2002) by the Chief Engineer (CE), Public Works Department (PWD) (Roads) for Rs.15.42 crore against the estimated cost of Rs.17.95 crore.

Test-check of the records (August 2004) of the Executive Engineer (EE), Guwahati City Division No. I and Chief Engineer (CE), PWD (Roads), Guwahati (January 2006 and May 2006) revealed that before approval of the estimates, the CE invited (March 2000) short notice tender for construction of the Flyover on lump sum basis and for construction of service road, RCC drain cum footpath and RCC footpath without drainage on item rate basis against the approximate estimated cost of Rs.14 crore. Amongst the seven bidders, firm G was the lowest bidder (Rs.10.27 crore) and firm 'A' was the third lowest bidder (Rs.11.61 crore) for lump sum and item rate works. In contravention of codal instructions and CVC guidelines and without recording any reason on file CE negotiated with firms 'G' and 'A' and fixed the bid values at Rs.11.09 crore and Rs.11.07 crore<sup>87</sup> respectively. Evidence on record does not indicate any increase in the scope of work warranting an upward revision of the bid value of firm 'G' and reduction in the bid value of firm 'A'. There was also nothing on record to suggest better work experience or expertise on the part of firm 'A'. Reasons for not inviting second lowest bidder for negotiation were also not on record. The tender committee accordingly recommended (29 July 2000) allotment of the work to firm 'A' at Rs.11.07 crore without any recorded reasons. The CE issued (August 2000) the work order to firm 'A' with a stipulation to complete the work within 16 months (December 2001). The work commenced in August 2000 but could not be completed in time due to bottlenecks such as non-shifting of Assam State Electricity Board (ASEB) power lines, underground pipeline for water supply and delay in land acquisition etc., and the CE extended (March 2004) the time for completion upto July 2004. As of March 2006, an expenditure of Rs.11.02 crore was incurred against the physical progress of 99 per cent of the work.

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<i>Firm</i>	<i>Price before negotiation</i>	<i>Adjustment during negotiation</i>	<i>Price after negotiation</i>
G	Rs.10.27 crore (lowest)	(+) Rs.0.82 crore	Rs.11.09 crore
A	Rs.11.61 crore (third lowest)	(-) Rs.0.54 crore	Rs.11.07 crore

G : M/S Gammon India Limited, Mumbai.

A : M/S Ameya Developers (P) Limited, Pune.

Thus, negotiations with, and award of work to other than the lowest tenderer in contravention of codal provisions and CVC guidelines resulted in avoidable benefit to the third lowest bidder and loss of Rs.80 lakh to the Government.

The matter was reported to the Government in June 2006; their reply had not been received (October 2006).

#### **4.2.9 Avoidable extra expenditure**

**Failure of the Department to comply with the revised schedule of rates 2000-01 while entering into agreement with the contractors resulted in avoidable extra expenditure of Rs.43.22 lakh.**

The Chief Engineer, Public Works Department (PWD), (Roads), Assam had issued (1st October 2001) corrigendum on Schedule of Rates (SOR), 2000-01 reducing the rates for transportation of stone materials, carriage of boulders, sand etc. from quarry to site of work at different kilometers. The rates were to be effective from 28 September 2001.

Test-check (January-February 2004) of records of the Executive Engineer (EE), Kokrajhar Road Division and further information collected revealed that Bodoland Autonomous Council (BAC) administratively approved (September 2001) the work 'Reopening of Phutikibari-Karigaon Road' under BAC for the year 2000-01 for Rs.3.99 crore. The Additional Chief Engineer PWD, Western Zone accorded (September 2001) technical sanction for Rs.3.99 crore SOR (2000-01) and the work was awarded (November 2001 to February 2002) to five contractors after dividing it into six groups at a total tendered value of Rs.3.77 crore. The revised/reduced rate applicable for carriage/transportation of different materials was however not taken into consideration. The work was completed in June 2002 at a total cost of Rs.3.87 crore of which, avoidable extra expenditure of Rs.43.22 lakh resulted from non-adoption of revised rate incorporated in the SOR 2000-01 (detailed in *Appendix-4.2*).

The matter was reported to the Government in March 2006. In reply, the Government stated (August 2006) that the contractors refused to accept the corrigendum as the contractors had submitted the tender quoting the rates of the estimate and threatened to abandon the work if corrigendum was enforced. The Government added further that had the reduced rate been considered, revision of estimate and retendering would have been inevitable and a considerable time would have elapsed.

The reply is not tenable as the division/department after receipt of corrigendum failed to make any attempt to enforce the rates issued under corrigendum before entering into agreement (between November 2001 and February 2002) with the contractors. Moreover, the Government failed to furnish any supporting documents to show that attempt was made to enforce the rates under corrigendum.

#### 4.2.10 Unproductive and extra expenditure

##### **Unproductive expenditure of Rs.1.25 crore on construction of bridge and road coupled with extra expenditure of Rs.32 lakh owing to departmental failure to realise the agreed dues from the Steel Authority of India Limited.**

The work relating to 'Improvement of Dagaon Road' including construction of RCC bridge was administratively approved (February 1998) by the Public Works Department (PWD) for Rs.1.59 crore. The work was to be funded on 50:50 share basis between the State PWD and Steel Authority of India Limited (SAIL). The roadwork was awarded (October-November 1997) to ten contractors at a total tendered cost of Rs.58.98 lakh and the work of RCC bridge was awarded (March 1999) to another contractor at a tendered cost of Rs.57.80 lakh. The contractors executed works worth Rs.57.47 lakh (road work: Rs.27.77 lakh and bridge work: Rs.29.70 lakh) upto December 2000 and thereafter stopped the work due to non receipt of payment on time. Due to increase in the scope of work, the Chief Engineer, PWD National Highway, revised (August 2000) the original estimate to Rs.3.05 crore. Administrative approval was however accorded only for the balance work of R.C.C bridge and bridge approach for Rs.1.09 crore against the estimated cost of Rs.1.12 crore with time extension upto March 2005.

Test-check (April 2005) of records of the Executive Engineer, Rangia NH Division revealed the following:

After completion of 30 *per cent* work as of December 2000, there was no progress in the roadwork. Eight, out of ten contractors executed work worth Rs.27.77 lakh and stopped the work thereafter. The other two contractors did not even start the work and the work order was withdrawn only in March 2005. Administrative approval has not yet been accorded for the balance roadwork revised in August 2000.

As of March 2006, against the physical progress of 30 *per cent* of roadwork and 99 *per cent* of bridge work, a total amount of Rs.1.25 crore was paid to the contractors against the executed work valued at Rs.1.58 crore.

Thus, laxity on the part of the Department to accord timely sanction and also failure to rescind the work orders and re allot the balance road work to other contractors at the risk and cost of the defaulting contractors rendered the entire expenditure of Rs.1.25 crore on the work (road work and bridge work) unproductive.

Moreover, SAIL contributed only Rs.30.66 lakh against its share of Rs.79 lakh (50 *per cent* of Rs.1.58 crore) and failed to pay the balance amount of Rs.48.34 lakh till April 2005. The Department had not pursued the matter with SAIL. This resulted in an extra expenditure of Rs.32 lakh<sup>88</sup> towards contractor's payment from State resources.

88		(Rupees in lakh)
Amount paid till date		125.33
Less amount received from SAIL		30.66
Amount paid by Division		<b>94.67</b>
Amount payable by division (50% of Rs.125.33 lakh)		62.67
<b>Amount diverted towards share of SAIL</b>		<b>32.00</b>

The matter was reported to the Government in May 2006; their reply had not been received (October 2006).

**4.2.11 Undue financial benefit to contractor and avoidable extra expenditure**

**Injudicious decision of the Chief Engineer PWD (Roads) in accepting unrealistic rates of additional items in the construction of bridge work led to undue financial benefit of Rs. 1 crore to the contractor and avoidable extra expenditure of Rs.75.42 lakh.**

The work relating to construction of over bridge at Athgaon railway level crossing was administratively approved (December 1997) for Rs.15 crore. The Chief Engineer (CE), PWD awarded (October 1999) the work to a contractor at a lump sum tendered value of Rs.11.84 crore (bridge proper: Rs.11.40 crore and approach roads: Rs.44 lakh) with the stipulation to complete the work within April 2001, which was extended upto March 2005 and the original tendered value was subsequently revised to Rs.15.28 crore by executing four supplementary tenders. The terms and conditions of the agreement with the contractors inter-alia, provided that the contractor would quote rate against the additional items if there was any deviation by way of addition and alteration during execution. The contract clause further envisaged that suitable extension of time would be granted to cover the delays caused by the Department in removal of trees, shifting of telephone lines, other structure etc., and no escalation would be admissible during the extended period of contract unless there was increase in the scope of the work. The work started in October 1999 and as of March 2005, Rs.16.51 crore (bridge proper: Rs.10.16 crore and approach roads and other ancillary works: Rs.6.35 crore) was paid to the contractor against the physical progress of 99 per cent.

Test-check (March 2005) of records of the Executive Engineer (EE), Division No. IV revealed the following:

(A) According to cost appraisal report, the original length of the bridge proper was 360 running metre (RM) and the cost of the bridge proper was Rs.9 crore (at the rate of Rs.2.50 lakh per RM). The length of the bridge was however, increased to 459 RM and agreement made with the contractor at a tendered cost of Rs.11.40 crore. The reason for such abrupt increase (459 RM – 360 RM) i.e., 99 RM in the length of the bridge proper was not on record. Meanwhile, the CE accepted (date not available) the rates of additional items for the extra length of bridge at the rate of Rs.2.20 lakh per RM and rebate for reduction in length of the bridge at the rate of Rs.1.30 lakh per RM according to clause 30.4 of the agreement. Later on during execution (March 2005) length of the bridge proper was reduced to 351 RM and accordingly the original tender value of bridge proper of Rs.11.40 crore was revised to Rs.10.16 crore.

Depiction of longer length of the bridge proper in the agreement by 99 RM (459 RM-360 RM) and subsequent reduction of length by 108 RM (459 RM-351 RM) during actual

execution resulted in undue financial benefit to the contractor to the tune of Rs.1.00 crore<sup>89</sup>.

(B) Scrutiny further revealed that the CE allowed extension of time up to May 2005 at the request of the contractor as against the agreed time schedule of April 2001 and allowed (November 2001) price escalation up to April 2002 in contravention of clause 46.1 of the agreement as the delay was not attributable to change of scope of work. The delay was due to lapse on the part of the Department in handing over of site and late approval of drawing and design. The division paid a sum of Rs.88.67 lakh<sup>90</sup> to the contractor as price escalation up to May 2004 of which Rs.13.25 lakh was related to the operative period i.e., up to April 2001 and Rs.75.42 lakh related to extended period of contract (May 2001 to May 2004).

Thus, allowance of price escalation beyond the stipulated date of completion without any change in scope of work in violation of contractual agreement resulted in an avoidable extra expenditure of Rs.75.42 lakh.

The matter was reported to the Government in March 2006; their replies had not been received (October 2006).

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99 RM @ Rs.2.20 lakh	=	Rs. 217.80 lakh
9 RM @ Rs.2.50 lakh	=	<u>Rs. 22.50 lakh</u>
		Rs. 240.30 lakh
Less, reduction of cost		<u>Rs. 140.00 lakh</u>
<b>Total</b>		<b>Rs.100.30 lakh</b>

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(Rupees in lakh)				
Sl. No.	Component	Up to April 2001	Beyond April 2001	Total
1	Labour	2.06	15.27	17.33
2	Cement	4.07	13.50	17.57
3	Steel	1.05	18.24	19.29
4	All commodities	4.04	18.93	22.97
5	P.O.L	2.03	9.48	11.51
	<b>Total</b>	<b>13.25</b>	<b>75.42</b>	<b>88.67</b>

**Payment made:**

In February 2003	Rs.22.46 lakh
In February 2004	Rs.18.75 lakh
In September 2004	<u>Rs.47.46 lakh</u>
	<b>Rs.88.67 lakh</b>

## WATER RESOURCES DEPARTMENT

### 4.2.12 Avoidable extra expenditure

**The Executive Engineer, Dibrugarh Embankment and Drainage Division incurred an extra expenditure of Rs.40 lakh and an avoidable expenditure of Rs.18.90 lakh on carriage of boulders.**

To control flood and soil erosion the work “Protection of Nagaghuli Maijan area upstream of Dibrugarh Town along river Brahmaputra” was approved by the Central Water Commission (CWC) for Rs.10.74 crore in March 1991. After a delay of 7 years the Water Resources Department (WRD) accorded administrative approval of Rs.10.74 crore in March 1998. The original sanctioned estimate was revised to Rs.42.34 crore by the Additional Chief Engineer (WRD) due to change in river configuration. Till March 2006, the State Government had not accorded administrative approval to the revised estimate. Meanwhile, the Additional Chief Engineer, Upper Assam Zone, Dibrugarh approved (November 2001) a working estimate for Rs.9.65 crore in accordance with the recommendations of the Monitoring Committee of the Water Resources Department. As of September 2005, the division executed 82 *per cent* of the work valued at Rs.7.91 crore and paid Rs.3.47 crore to the contractors leaving a liability of Rs.4.44 crore.

Test-check (November-December 2005) of records of the Executive Engineer (EE), Dibrugarh Embankment and Drainage Division revealed the following:

(a) The division collected 40,100 cubic metre of blasted boulders during the period from December 2001 to December 2002 from Bihora quarry at a tendered rate of Rs.1,259.02 per cubic metre. The tendered rate of Rs.1,259.02 per cubic metre for collection, supply and stacking of blasted boulders included 10 *per cent* contractor’s profit and was based on a quarry distance of 259 km. But, according to the original approved estimate, the distance of the Bihora quarry was 233 km from the work site. Taking into account the quarry distance as 233 km and allowing 10 *per cent* contractor’s profit, the rate of collection, supply and stacking of blasted boulders worked out to Rs.1,159.26<sup>91</sup> per cubic metre. Thus, fixing of rate on increased quarry distance led to an extra expenditure of Rs.40 lakh  $\{(1,259.02 - 1,159.26) \times 40,100\}$ .

<sup>91</sup> Quarry distance and carriage cost per cubic metre

Quarry road	: 2 km	@ Rs.86.86 for 1 <sup>st</sup> km	=	Rs. 86.86
		@ Rs.8.24 for 2 <sup>nd</sup> km	=	Rs. 8.24
Gravel road:	8 km	@ Rs.5.19	=	Rs. 41.52
Block topped road:	215 km	@ Rs.3.82 for 1 <sup>st</sup> 10 km	=	Rs. 38.20
		@ Rs.3.72 for next 80 km	=	Rs.297.60
		@ Rs.3.51 for next 125 km	=	Rs.438.75
Gravel road:	8 km	@ Rs.5.19	=	Rs. 41.52
Carriage rate including 20% contractor’s profit			=	Rs.952.69 per cubic metre
Thus, carriage rate including 10% contractor’s profit			=	Rs.873.29 per cubic metre
Thus, rate of collection supply and stacking per cubic metre:				
Collection		Rs. 233.17 (with 10% contractor’s profit)		
Carriage		Rs. 873.29 (with 10% contractor’s profit)		
Labour for stacking		Rs. 52.80 (Rs.48.00 + 10% contractor’s profit)		
<b>Total</b>		<b>Rs.1159.26 per cubic metre.</b>		

(b) Moreover, out of 40,100 cubic metres, 28,100 cubic metres of blasted boulders were stacked at a distance of 5 km from the work site, which were subsequently locally carried by 10-ton capacity truck at the rate of Rs.93.21 per cubic metre. As the site of the work was approachable by a 10-ton truck, there was no justification for stacking the boulder at a distance of 5 km and re-transporting the material by local carriage, which resulted in an avoidable expenditure of Rs.18.90 lakh<sup>92</sup>.

The matter was reported to the Government in May 2006. In reply, the Government stated (October 2006) that due to severe bank erosion in the original approach road, an alternative road via Dikom was considered in the working estimate thereby increasing the total carriage distance by 26 km from 233 km to 259 km. The Government added further that due to non-availability of open space in the construction site, separate open stackyard within a reasonable distance of 5 km was arranged for speedy unloading and stacking of boulders.

The reason attributed for adopting longer route was not supported by road closure certificate of the shorter route or any other supporting records. Regarding re-transporting of boulders, the site accounts disclosed that the transportation was done over a protracted period of more than six years (September 1999 to November 2005). This indicates that speed was not imperative and boulders could have been taken direct to the work site instead of stacking and thus, the expenditure of Rs.18.90 lakh on local carriage also could be avoided.

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

#### **ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT**

##### **4.3.1 Blocking of funds**

**The Director, Animal Husbandry and Veterinary Department failed to utilise 52 per cent of Central funds even after two years of release by the Government of India resulting in non-achievement of the objective and blocking of Government funds to the tune of Rs.44.23 lakh.**

GOI had sanctioned and released (February 2003) Rs.85 lakh to the State Government for implementation of 100 per cent Centrally Sponsored Scheme "Assistance for Poultry Development" at the Government Duck and Poultry Farm, Silcoorie in Cachar district. The scheme was to be implemented by the Animal Husbandry and Veterinary Department during 2002-03. The scheme guidelines provided that a technical Monitoring Committee was to be set up to oversee the operations of the Farm under the scheme and draw up an action plan calendar.

Test-check (April 2005) of records of the Director, Animal Husbandry and Veterinary Department revealed that the State Government did not release the amount within the

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<sup>92</sup> Total cost of local carriage of 28100 cubic metre of boulder @ Rs.93.21 per cum = Rs.26,19,201  
Less, extra lead for 5 km of gravel road @ Rs.5.19 per cubic metre/km (5 X 28100 X 5.19) Rs. 7,29,195  
**Rs.18,90,006**

financial year 2002-03 and got the sanction revalidated by the GOI for use in the year 2003-04. Though the State Government released the entire amount of Rs.85 lakh in December 2003, the Director drew the same only in March 2004 without setting up any technical Monitoring Committee or preparing any action plan as envisaged in the scheme guidelines. Out of Rs.85 lakh, as of March 2006, the Department could utilise only Rs.40.77 lakh leaving a balance of Rs.44.23 lakh lying in Deposit-at-Call Receipts. The component-wise utilisation of fund was as under:

Sl. No.	Component	Allocation	Expenditure	Percentage of expenditure
		Rupees in lakh		
1.	Strengthening of infrastructure	52.35	40.13	77
2.	Feed mixing plant and equipment for Feed Analytical Laboratory	7.19	--	--
3.	In-house disease diagnosis Laboratory	2.33	--	--
4.	Revolving Fund	15.00	0.64	4
5.	Extension and training	3.25	--	--
6.	Marketing	4.50	--	--
7.	Consultancy	0.38	--	--
<b>Total</b>		<b>85.00</b>	<b>40.77</b>	<b>48</b>

Against seven components of the scheme, achievement was partial for two and nil in respect of five components. Non-achievement of the physical and financial target in time not only delayed the benefit derivable from the scheme with the liability of cost overrun but also resulted in blocking of Government funds of Rs.44.23 lakh.

Thus, due to lack of initiative and improper financial management, the Department failed to utilise 52 per cent of the Central funds even after two years of release by the Government of India resulting in blocking of Government funds of Rs.44.23 lakh.

The matter was reported to Government in March 2006; their reply had not been received (October 2006).

## ENVIRONMENT AND FOREST DEPARTMENT

### 4.3.2 Unproductive expenditure on pay and allowances

**Forest Department incurred an unproductive expenditure of Rs.1.73 crore towards pay and allowances during the last four years due to injudicious creation of the Logging Division, Guwahati.**

The Logging Division, Guwahati was created in 1990 with the objective of providing supervision during departmental operation of timber and its dragging to the depot. Test-check (July 2005) of records of the Divisional Forest Officer (DFO) Logging Division, Guwahati revealed that there was no collection of revenue during the period from its inception (1990) to the date of audit (July 2005) except for a paltry amount of Rs.13,509 during 2000-01, whereas more than Rs.3 crore was spent on pay and allowances of 36 staff deployed under different categories since inception of the Division.

The matter was pointed out in the last two Inspection Reports, but neither the Principal Chief Conservator of Forests nor the Government (Forest Department) took any step to



gainfully utilise the services of the idle staff during the last 15/16 years, though the DFO assured (July 2005) that the matter would be brought to the notice of the higher authority. In reply to a query, the DFO intimated (March 2006) that the Logging Division, Guwahati had been re-named by the Government as Guwahati Wild Life Division in January 2006, but did not intimate the services, if any, being rendered by the existing idle staff. Mere renaming of the Division by the Government did not entail gainful utilisation of the staff.

Thus, due to injudicious creation of Logging Division, Guwahati, which remained idle since its creation, the Government had to incur an unproductive expenditure of Rs.1.73 crore<sup>93</sup> during the last five years (2001-2006).

The matter was reported to Government in March 2006; their replies had not been received (October 2006).

## HANDLOOM AND TEXTILE DEPARTMENT

### 4.3.3 Unproductive expenditure

**The Managing Director, Assam Apex Weavers and Artisans Co-operative Federation Limited incurred unproductive expenditure of Rs.90.37 lakh towards salaries and wages of 39 idle staff.**

Test-check (July-August 2005) of records of the Managing Director, Assam Apex Weavers and Artisans Co-operative Federation Limited (ARTFED), Guwahati and subsequent collection (June 2006) of information revealed that the Powerloom Production Centre and its preparatory plant at Bamunimaidan, Guwahati stopped functioning from April 2001 as all the powerlooms and accessories became unserviceable. Though the Project remained non-functional, the Federation continued to entertain 39 staff (10 regular + 29 casual) without utilising their services. During 2001-02 to 2005-06 the Federation incurred expenditure amounting to Rs.90.37 lakh<sup>94</sup> towards salaries and wages of those idle staff, which proved to be unproductive.

The Senior Manager (Finance and Accounts), ARTFED stated (August 2005) that the services of these staff were utilised in other works, such as exhibition, expo, stores etc.

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<sup>93</sup> 2001-02	=Rs.28.65 lakh
2002-03	=Rs.33.38 lakh
2003-04	=Rs.35.81 lakh
2004-05	=Rs.32.62 lakh
2005-06	= <u>Rs.42.81 lakh</u>
<b>Total</b>	<b>=Rs.173.27 lakh</b>

<sup>94</sup> 2001-02	: Rs. 19.81 lakh,
2002-03	: Rs. 20.21 lakh,
2003-04	: Rs. 18.01 lakh
2004-05	: Rs. 16.08 lakh
2005-06	: <u>Rs. 16.26 lakh</u>
<b>Total</b>	<b>Rs. 90.37 lakh</b>

The reply is not tenable, as the Federation could not produce any documentary evidence in support of their actual engagement.

The matter was reported to the Government in April 2006. In reply, the Government stated (October 2006) that two establishments of ARTFED at Bamunimaidan were currently running. The reply is not acceptable as same is not supported by production figures. Fact is that all power looms and accessories had become unserviceable.

## **HEATH AND FAMILY WELFARE DEPARTMENT**

### **4.3.4 Blocking of Government funds**

**The Director of Medical Education, Assam procured equipments worth Rs.14.11 lakh in advance of requirement, which remained idle resulting in blocking of Government funds.**

The North Eastern Council (NEC) under Ninth Plan Scheme provided (February 2001) Rs.5 crore as 100 *per cent* grants-in-aid for establishment of “Institute of Tuberculosis and Respiratory Diseases” under the Assam Medical College (AMC), Dibrugarh. The breakup of the sanction was Rs.3.90 crore for expenditure on capital component (viz., three-storied main institute building, construction of quarters and hostels etc.) and Rs.1.10 crore on revenue component (viz., equipments, furniture, minibus etc.). The work was to be executed by the Public Works Department (Building Division), Dibrugarh as capital component for completion within the Ninth Plan period (March 2002).

Test-check (January 2006 and August 2006) of records of the Director Medical Education (DME), Assam, Guwahati revealed that against the DME’s proposal (December 2003) for Rs.81.45 lakh, the State Government sanctioned (March 2004) Rs.49.72 lakh for purchase of equipment, furniture, minibus etc., under revenue component of Rs.1.10 crore. The sanction was revised to Rs.49.76 lakh and revalidated in July 2004 (Rs.16.67 lakh) and November 2004 (Rs.33.09 lakh) which was released to the DME in September 2004 (Rs.16.67 lakh) and January 2005 (Rs.33.09 lakh). The DME procured equipment and furniture (details in *Appendix-4.3*) worth Rs.31.60 lakh between April 2004 and February 2005 though the construction of building of the proposed Institute was not completed till July 2006.

In reply, the Government stated (July 2006) that the equipment were procured considering the 80 *per cent* progress of civil works and it was being utilised in the existing set up of the hospital and would be subsequently shifted to the new building. But in the Annexure to the same reply, it was shown that equipment worth Rs.17.49 lakh only (Details in *Appendix-4.3*) were being utilised and the balance equipment and furniture valued at Rs.14.11 lakh were lying idle in stock.

It was, therefore, evident that the DME procured the equipment and furniture in advance of requirement, which remained idle resulting in blocking of Government funds of Rs.14.11 lakh.

**PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

**4.3.5 Idle expenditure**

**Fruit Processing Unit constructed during 2003-04 by District Rural Development Agency, North Cachar Hills at a cost of Rs.16.21 lakh remained idle due to non-availability of water and power supply.**

Test-check (March 2006) of records of the Project Director (PD), District Rural Development Agency (DRDA), North Cachar Hills revealed that the PD took up (2003-04) the scheme of setting up a Fruit Processing (Preservation) Unit as a small-scale unit at Harengajao Block Campus under Swarnjayanti Gram Swarozgar Yojana (SGSY) Scheme, 2003-04.

The PD incurred Rs.16.21 lakh towards construction of the building (Rs.5.91 lakh) of the Fruit Processing Unit (completed in March 2004) and procurement (April 2005) of plant & machinery (Rs.10.30 lakh) without obtaining approval of the Governing Body of the DRDA. The Principal Secretary and Executive Director of the DRDA, however, accorded ex-post facto administrative approval for Rs.17.50 lakh in February 2005.

Though the construction of building and procurement of plant & machinery was completed in March 2004 and April 2005 respectively, the plant could not be made operational till the date of audit (March 2006) due to non-availability of water and power supply. The PD stated (March 2006) that water supply and electricity arrangements were in progress but could not state when the works would be completed.

Thus, due to non-ascertaining of water and power requirements before starting construction and purchase of plant and machinery, the entire expenditure of Rs.16.21 lakh incurred proved to be idle.

The matter was reported to Government in May 2006. In reply, the Deputy Secretary to the Government of Assam, Panchayat & Rural Development Department stated (August 2006) that the Governing Body of the DRDA in its meeting held on 23-06-2006 approved unanimously the proposal for setting up of the Fruit Processing Unit, Harengajaon with financial allotment of Rs.26.77 lakh under SGSY. It was also stated that all arrangements regarding water supply and electrification have been made and only service connection to the unit was required which would be provided soon and the trial run of the machineries would be done very shortly. The plant was, however, not made operational till August 2006.

#### **4.4 Diversion/misutilisation of funds**

### **PUBLIC WORKS DEPARTMENT**

#### **4.4.1 Diversion of calamity relief fund**

**The Executive Engineer, PWD, City Division No. IV Guwahati incurred an expenditure of Rs.4.12 crore on special repairs to nine city roads by diversion of funds provided under Calamity Relief Fund.**

Calamity Relief Fund (CRF) constituted according to recommendation of the Eleventh Finance Commission (EFC) is the only source of fund available with the State Government to provide relief caused by natural calamities. The relief fund was to be utilised for immediate repair/restoration work as a consequence of cyclone, drought, earthquake, fire, flood and hail storm relating to communication, power, public health, drinking water supply, primary education and community owned assets in Social Sector. The Special Secretary and Central Relief Commissioner, GOI intimated (September 2001) the Chief Secretary, Assam that the EFC had considered and categorically rejected the proposal to meet expenditure on restoration and reconstruction from the Relief funds.

Test-check (March 2005) of records of the Executive Engineer (EE), PWD, City Division No. IV, Guwahati revealed that the Government of Assam Revenue (General) Department sanctioned Rs.4.12 crore (Rs.1.92 crore in March 2004 and Rs.2.20 crore in June 2004) to the division against nine flood damage repair works and directed that the expenditure be debited to the major head of account 2245-Relief on account of natural calamities. The division drew the sanctioned amount and deposited (May 2004 and August 2004) the same in 8782-Cash remittance and thereafter with the concurrence of the Government (April 2004) spent (May 2004 and August 2004) the whole amount on special repair works by changing the nomenclature irregularly to flood damage repair works. The work orders for special repair works were issued (between December 2002 and May 2004) by the Chief Engineer, PWD (Roads) prior to sanction of expenditure under CRF. There was nothing on record to show that the nine works for which the amount was sanctioned were in the nature of immediate repair/restoration of damages caused by natural calamity.

As CRF was exclusively meant to provide immediate relief in the wake of natural calamities, debiting expenditure of special repair works to the head Relief on natural calamities was violative of the guidelines issued by the GOI and therefore, resulted in diversion of central funds to the tune of Rs.4.12 crore (Rs.1.92 crore + Rs.2.20 crore).

The matter was reported to the Government in March 2006. The Government in its reply admitted (August 2006) that the works were taken up under special repair due to scarcity of fund under CRF.

## RELIEF AND REHABILITATION DEPARTMENT

### 4.4.2 Diversion and blocking of funds

**The Deputy Commissioner, Karbi Anglong diverted Rs.8.45 lakh from one Major Head under a Grant to another Major Head under a separate Grant and retained unutilised funds of Rs.14.97 lakh in hand resulting in blocking of funds.**

The Head of Department is authorised to appropriate funds from one Major Head of Account to another within the same Grant under his control through Re-appropriation, whereas diversion of funds from one Grant to another is not permissible in any situation.

The Relief and Rehabilitation Department, Assam had sanctioned (April 2004) Rs.30 lakh under the Major Head “2235 – Social Security and Welfare” against Grant No. 72 (Relief and Rehabilitation) for payment of outstanding liabilities and Gratuitous Relief (GR) to all inmates taking shelter in the relief camp following ethnic clashes occurred during November 2003 to January 2004 in Karbi Anglong district. The Deputy Commissioner (DC), Karbi Anglong kept the amount in his current account with State Bank of India, Diphu after drawal (June 2004). Of this, Rs.6.58 lakh was expended upto October 2004 leaving a balance of Rs.23.42 lakh in the bank account.

Test-check (September 2005) of records of the DC, Karbi Anglong revealed that out of the undisbursed amount of Rs.23.42 lakh, the DC unauthorisedly utilised (June, July and October 2004) Rs.8.45 lakh for payment of GR to the people affected by flood etc., for which separate provision existed in the budget in Grant No. 41 (Natural Calamities) under “2245 - Relief on account of Natural Calamities”. Thus, the DC, Karbi Anglong diverted Rs.8.45 lakh from one grant to another violating the cardinal principle of appropriation and expenditure from grants as passed by the Legislature.

Further, the DC had not refunded the unutilised fund of Rs.14.97 lakh lying in his bank account to the Government account till the date of audit (September 2005) as required under financial rules resulting in blocking of government funds.

The matter was reported to Government in April 2006. In reply Government admitted (October 2006) the diversion of Rs.8.45 lakh for GR to the people affected by flood and stated that the balance Rs.14.97 lakh was spent (October 2005) for clearing pending GR bills of another ethnic clash (Karbi-Kuki clash).

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

**4.4.3 Diversion of money for payment of salaries to teachers appointed irregularly**

**The Bodoland Autonomous Council, Kokrajhar diverted Rs.45.22 lakh allotted for Water Supply and Sanitation besides incurring an additional liability of Rs.14.18 crore for payment of salaries of 4,522 Mother Teachers appointed without any sanctioned posts.**

The Bodoland Autonomous Council (BAC), Kokrajhar in its Executive Council Meeting (November 1996) launched its own education policy and decided to appoint teaching and non-teaching employees in Lower Primary (LP), Middle English (ME) and High/Higher Secondary Schools of BAC area which inter-alia included appointment of Mother Teachers for all provincialised/recognised LP schools of BAC areas w.e.f. 1-1-1997 at a fixed pay of Rs.500 per month.

Accordingly, the BAC authority during the year 1997 appointed 4,522 Mother Teachers without obtaining any clarification from the Government of Assam regarding sanction of posts and availability of required funds for the purpose. The appointments so made did not have the approval of the State Level Empowered Committee (SLEC) also. Subsequently, the Bodoland Territorial Council (BTC)<sup>95</sup> authority terminated (November 2004) the services of the Mother Teachers as the new education policy of the BAC was not matching with the Education Policy of the Central or State Government and also because the posts were not sanctioned by the State Government.

Test-check (October - December 2005) of records of the Principal Secretary, erstwhile BAC revealed that Rs.45.22 lakh was incurred for payment of salary for two months (December 1997 and January 1998) at fixed rate of Rs.500 per month to 4,522 Mother Teachers from the plan fund (Rs.1 crore) allotted for Water Supply and Sanitation for the year 1996-97. Details of payment to the Mother Teachers with names and schools, period of payment, date of appointment and APRs were not made available to audit. Records further revealed that the Director of Education, BTC sent (November 2005) a fund requirement proposal of Rs.14.18 crore to the State Government for payment of arrear salary to the Mother Teachers in response to the order of the Gauhati High Court. Sanction for the same was awaited (December 2005).

Thus, irregular appointment of Mother Teachers without getting the posts sanctioned by the State Government and making payment of salary by diverting the funds meant for Water Supply and Sanitation not only hampered the water supply scheme but also burdened the BAC with an additional liability of Rs.14.18 crore.

The matter was reported to Government in May 2006; their reply had not been received (October 2006).

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<sup>95</sup> Bodoland Territorial Council was formed under 6<sup>th</sup> Schedule of the Constitution of India after the repeal of BAC (June 2003).

## 4.5 *Regulatory issues and other points*

### DAIRY DEVELOPMENT DEPARTMENT

#### 4.5.1 **Unauthorised utilisation of departmental receipts**

**The Superintendent, Town Milk Supply Scheme, Khanapara, in violation of Constitutional and Codal provision, irregularly incurred an expenditure of Rs.2.29 crore out of departmental receipts.**

Rule 7 (1) of the Assam Treasury Rules envisaged that money received by or tendered by Government servants on account of the revenue of the province shall not be appropriated to meet departmental expenditure or otherwise kept apart from the Consolidated Fund or the Public Account of the Government. Article 266 of the Constitution of India also 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 money out of the said Fund shall be appropriated except in accordance with law and in the manner provided under the Constitution.

Test-check (April - May 2005) of records of the Superintendent, Town Milk Supply Scheme (TMSS), Khanapara revealed that during 2003-04 and 2004-05, the Superintendent, TMSS earned total revenue of Rs.2.30 crore from sale proceeds of double toned milk. Of this, the Superintendent deposited only Rs.0.78 lakh into his Personal Ledger (PL) Account and in violation of the Constitutional and codal provisions, spent the balance Rs.2.29 crore for meeting various departmental expenditure viz., purchase of raw milk, skimmed milk powder, polythene, detergent, hiring vehicles etc., though there were savings of Rs.32.04 lakh against the budgetary allotment under non-salary component during the corresponding period.

In reply, the Superintendent, TMSS stated (July 2006) that by virtue of operation of PL Account he was authorised to utilise the sale proceeds for meeting departmental expenditure. The contention of the Superintendent is not tenable because in 1992 the State Government imposed restriction on utilisation of sale proceeds from PL Account without approval of the Finance Department and the Superintendent failed to show any evidence that the Finance Department had accorded sanction for utilisation of sale proceeds of Rs.2.29 crore.

Thus, failure of the Superintendent, TMSS to comply with the constitutional and codal provisions led to unauthorised expenditure of Rs.2.29 crore.

The matter was reported to the Government in February 2006; their replies had not been received (October 2006).

## EDUCATION DEPARTMENT

### 4.5.2 Unauthorised expenditure and injudicious procurement

**The Director of Secondary Education, Assam diverted Central funds of Rs.1.28 crore and injudiciously procured 409 steel almirahs worth Rs.19.54 lakh beyond the scope of grant.**

The Union Ministry of Human Resource Development sanctioned and released (March 2003) an amount of Rs.5.84 crore for setting up new laboratories in the schools of five<sup>96</sup> districts in Assam under 100 *per cent* centrally sponsored scheme “Improvement of Science Education in School” during 2002-03. The sanction order specifically stipulated that the amount should be utilised for the purpose for which it was sanctioned.

Test-check (January 2006) of records of the Director of Secondary Education (DSE), Assam, revealed that the DSE on receipt of sanction (November 2003) from the State Government procured library books in place of science equipments worth Rs.1.28 crore and distributed the same to 713 schools in eight districts<sup>97</sup> in violation of the GOI conditions. As a result of this irregular diversion, 142 schools<sup>98</sup> were deprived of the benefits that would accrue from development of science laboratories and funds were not used for the purpose they were sanctioned.

The balance Rs.4.56 crore (Rs.5.84 crore – Rs.1.28 crore) was sanctioned (August 2004) for setting up new science laboratories in 507 schools @ Rs.90,000 for each school with the break up of Rs.84,000 towards cost of scientific equipments and Rs.6,000 towards cost of Steel almirahs to be supplied to the schools for storing the equipments.

The DSE, however, procured 900 Steel almirahs for 900 schools incurring an expenditure of Rs.43 lakh (Rs.4777.50 x 900), whereas science equipments worth Rs.4.12 crore (@ Rs.84,000 each) were supplied to 491 schools only. As a result, expenditure of Rs.19.54 lakh incurred on purchase of 409 (900 – 491) Steel almirahs without supply of science equipments turned injudicious and unnecessary.

Thus, it was evident that the Department not only diverted Rs.1.28 crore from the funds earmarked for upgradation of science laboratories but also incurred an injudicious expenditure of Rs.19.54 lakh on purchase of Steel almirahs.

The matter was reported to Government in May 2006; their reply had not been received (October 2006).

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<sup>96</sup> Nalbari, Nagaon, Sonitpur, Barpeta and Dhemaji.

<sup>97</sup> Nalbari, Nagaon, Sonitpur, Barpeta, Dhemaji, Lakhimpur, Dibrugarh and Jorhat.

<sup>98</sup> Rs.1.28 crore/Rs.90,000 = 142



## HANDLOOM AND TEXTILE DEPARTMENT

### 4.5.3 Non-realisation of value of yarn

**Due to laxity in management in Assam Apex Weavers and Artisans Co-operative Federation Limited, value of yarn worth Rs.2.04 crore was not realised from the affiliated societies for one to eight years.**

To organise handloom weaving and other cottage industries in the State on Co-operative basis, the Assam Apex Weavers and Artisans Co-operative Federation Limited (ARTFED) procures raw material such as yarn, chemicals etc., and sell them to the affiliated societies. Again the finished products are purchased from the affiliated societies and sold at the highest possible price.

Test-check (July-August 2005) of records of the Managing Director, ARTFED revealed that without entering into any formal agreement, ARTFED had issued yarn valued Rs.3.51 crore to 284 Primary Weavers Co-operative Societies (PWCS) for production of finished goods like Dhoti, Chadar, Mekhela etc., on payment of wages to artisans/societies at the item rate of finished products during 1997-2004. Of these, 70 PWCS supplied finished products containing yarn valued at Rs.22 lakh leaving a balance of yarn valued Rs.3.29 crore with 214 PWCS as of August 2005. ARTFED did not take any initiative either to obtain the finished goods from the societies concerned or to realise the value of yarn, which was outstanding for periods ranging from one to eight years with the societies as of August 2005. In reply to the audit objection, ARTFED stated (August 2005) that steps would be taken to recover the value of yarn from the societies.

The matter was reported to the Government in April 2006. In reply, the Government stated (October 2006) that out of Rs.3.29 crore, Rs.1.25 crore was realised till March 2006. Thus, Rs.2.04 crore is yet to be realised from the affiliated societies.

## PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

### 4.5.4 Irregular contingency expenditure

**The Project Director, DRDA, Kokrajhar incurred Rs.1.02 crore towards contingency expenditure under SGRY in excess of permissible limit.**

The guidelines of Sampoorna Gramin Rozgar Yojana (SGRY) laid down the following parameters for contingency expenditure.

- Upto 2 *per cent* of the funds released during the year under SGRY-Stream-I can be spent by the Zilla Parishads on contingency for strengthening monitoring/co-ordination.
- The entire resources released under Stream-II would be distributed among the Gram Panchayats (GPs) directly by the District Rural Development Agency/Zilla Parishad.

- The Village Panchayats may spend under the SGRY Stream-II upto a maximum of 7.5 per cent of the annual allocation of funds or Rs.7,500 whichever is less during a year on administration/contingencies and for technical consultancy.

Test-check (September-October 2005) of records of the Project Director (PD), DRDA, Kokrajhar revealed that though the entire schemes were to be implemented by GPs/Zilla Parishads according to the guidelines of SGRY, the schemes under SGRY stream-II had been implemented by six blocks instead of 88 Gram Panchayats under DRDA, Kokrajhar. Test-check further revealed that the PD spent a sum of Rs.1.83 crore as contingency charges<sup>99</sup> under SGRY Stream-I & II and SGRY during 2003-04 and 2004-05 against the admissible limit of Rs.81.12 lakh as detailed in **Appendix-4.4**.

Thus, the PD had incurred an irregular expenditure of Rs.1.02 crore as contingency charges beyond the permissible limit under SGRY Stream I & II and SGRY.

The matter was reported to Government in March 2006; their reply had not been received (October 2006).

#### **4.5.5 Unauthorised disbursement of advances and non-execution of works**

**Out of Rs.2.39 crore disbursed unauthorisedly to the officers and staff of the DRDA, Cachar during 2001-05 under SGRY and Inland Watershed Development Project, Rs.1.80 crore remained unadjusted/unrecovered resulting in non-execution of works to the tune of Rs.1.80 crore.**

With a view to provide greater thrust to additional wage employment in all rural areas by creation of durable community, social and economic assets and infrastructure development in rural areas the SGRY was launched in September 2001.

Scrutiny (December 2005) of the Annual Accounts of the Project Director (PD), DRDA, Cachar revealed that Rs.1.84 crore<sup>100</sup> was disbursed during 2001-05 as advances to nine of its officers and staff for execution of works under SGRY by obtaining hand receipts from them in violation of the scheme guidelines. The DRDA, however, adjusted/recovered Rs.0.68 crore during 2001-05 from the persons concerned, leaving a balance of Rs.1.16 crore (Rs.1.84 crore – Rs.0.68 crore) outstanding with four officials as

<sup>99</sup> Carriage of rice, erection of sign boards on schemes, monitoring expenses and purchase of empty gunny bags used for protection of bundhs.

(In Rupees)						
Year	OB	Disbursed	Recovered	CB	Interest involved (@ 5 per cent)	Remarks
2001-02	15,04,292	74,60,120	59,835	89,04,577	75,215	Interest calculated on OB only.
2002-03	89,04,577	49,70,000	4,30,000	1,34,44,577	4,45,229	
2003-04	1,34,44,577	15,90,000	60,000	1,49,74,577	6,72,229	
2004-05	1,49,74,577	44,00,000	64,47,503	1,29,27,074	6,46,354	Interest calculated on CB only.
<b>Total</b>		<b>1,84,20,120</b>			<b>18,39,027</b>	

of March 2005, of which, Rs.61.30 lakh and Rs.49.60 lakh were outstanding with two Assistant Project Officers of the Agency since 2001-02 and 2002-03 respectively.

In addition, prior to 2001-02 an advance of Rs.15.04 lakh was disbursed against which the name of payees were neither on record nor stated to audit. Out of Rs.15.04 lakh, only Rs.2.31 lakh was adjusted/recovered during 2002-05. Thus, the total outstanding advances under SGRY aggregated Rs.1.29 crore (Rs.1.16 crore + Rs.15.04 lakh – Rs.2.31 lakh).

Similarly, Rs.54.89 lakh<sup>101</sup> was disbursed during 2001-05 to 12 officials of the Agency for execution of different works under Inland Watershed Development Project. Out of these, only Rs.3.41 lakh was adjusted/recovered leaving Rs.51.48 lakh outstanding with nine officials due to non-submission of accounts of works by the officials concerned.

The PD could not furnish any details of the advances e.g., name of the officials to whom the advances were given, date of sanction, name of the works, estimated cost of the works, status of execution, amount adjusted against each work etc. In the absence of such details, the misappropriation of the advances cannot be ruled out.

Thus, due to lack of responsibility on the part of the PD, DRDA, Cachar in sanctioning the advances and blatant negligence in monitoring the progress of the works, a huge amount of Rs.1.80 crore (Rs.1.29 crore + Rs.51.48 lakh) remained outstanding against the officials resulting in non-execution of works worth the said amount under both the schemes. It has also resulted in loss of interest of at least Rs.24.85 lakh (Rs.18.39 lakh + Rs.6.46 lakh) calculated at 5 per cent simple interest. The entire transaction was tantamount to temporary misappropriation of public funds.

The matter was reported to the Government in May 2006; their reply had not been received (October 2006).

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Year	OB	Disbursed	Recovered	CB	Interest involved (@ 5 per cent taken as lowest prevailing interest rate)	Remarks
2001-02	NIL	29,85,000	15,000	29,70,000	--	
2002-03	29,70,000	22,43,624	3,06,000	49,07,624	1,48,500	Interest calculated on OB only.
2003-04	49,07,624	1,40,000	--	50,47,624	2,45,381	
2004-05	50,47,624	1,19,944	20,000	<b>51,47,568</b>	2,52,381	
<b>Total</b>		<b>54,88,568</b>	<b>3,41,000</b>		<b>6,46,262</b>	

## PUBLIC WORKS DEPARTMENT

### 4.5.6 Substandard work

**Due to non-execution of Water Bound Macadam, Grade-II in consonance with the Ministry of Surface Transport's specifications, execution of work of Barpeta-Doulasal road costing Rs.2.22 crore proved substandard.**

The work "Improvement of North Guwahati-Amingaon-Hajo-Kalitakuchi-Doulasal-Barpeta Howly Road", portion from Barpeta to Doulasal (length 26.80 KM) was administratively approved (June 2002) by the Public Works Department (PWD), for Rs.11.12 crore against the estimated cost of Rs.12.36 crore for completion by March 2003. The said road is one of the six roads sanctioned (October 2000) by the National Bank for Agriculture and Rural Development (NABARD) as loan assistance under Rural Infrastructure Development Fund-VI. The work was allotted to 14 contractors (in seven groups) by the Chief Engineer, PWD (Roads) between April 2000 and April 2002 before obtaining administrative approval at a total tendered cost of Rs.9.55 crore. Subsequently, a working estimate for Rs.11.96 crore was prepared on the basis of the accepted tender rate of each group and also on the basis of actual measurement at site. The contractors completed the work between March 2002 and March 2004 with actual measurement of 25.36 KM and the division paid Rs.8.98 crore to the contractors against billed amount of Rs.9.58 crore as of December 2005.

Test-check (January-February 2006) of records of the Executive Engineer (EE), Barpeta Rural Road Division revealed that in some stretches<sup>102</sup> of five groups, cracks had developed soon after the completion of bituminous works due to defective execution as stated (2003) by the Assistant Executive Engineer (AEE). The General Manager, NABARD visited the site of one group (chainage 7,000 metre to chainage 10,600 metre) in January 2003 and expressed dissatisfaction at this defective portion of roadwork.

Scrutiny further revealed that in all the five groups the works of Water Bound Macadam (WBM) Grade (Gr) -II worth Rs.26.08 lakh were executed with thickness ranging from 24 mm to 35 mm against the Ministry of Surface Transport (MOST)'s specification of 75 mm (detailed in *Appendix-4.5*).

The reduction of thickness in WBM Gr.-II in violation of MOST's specification had resulted in failure of base course and disintegration of hard crust, which finally led to cracks on the bituminous surface. The defective execution of WBM works worth Rs.26.08 lakh had rendered the entire work worth Rs.2.22 crore (from base course to bitumenous layer) substandard. Thus the casual approach by the concerned officials resulted in substandard execution of work.

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1.	BD-4, Part-I	5000m to 6000m
2.	BD-5, Part-I	7000m to 10,600m
3.	BD-5, Part-II	10,600m to 14,000m
4.	BD-6, Part-I	14,000m to 17,076m
5.	BD-7, Part-I	20,000m to 22,676m

In reply, the division stated (February 2006) that the matter would be investigated under intimation to audit.

The matter was reported to Government in June 2006; their reply had not been received (October 2006).

## SOCIAL WELFARE DEPARTMENT

### 4.5.7 Irregular expenditure

**The Director of Social Welfare incurred irregular expenditure of Rs.26.89 lakh for payment of outstanding bills of 1993-94 and 1994-95 by withdrawing funds from Revenue Deposit.**

State Government had accorded (March 1992) sanction for Rs.40 lakh for implementation of the scheme “Wheat Based Supplementary Nutrition for Pre-school Children and Nursing Expectant Mothers” during 1991-92. The amount was meant to cover the cost of fuel, condiment, transportation etc., at nominal cost of Re.0.30 per beneficiary per day for 73 days covering 1,82,966 beneficiaries in 18 Community Development Projects. According to the original sanction, the amount was to be utilised for clearing bills those were outstanding prior to the date of sanction i.e., 30 March 1992. The entire amount of Rs.40 lakh was drawn and kept (March 1992) in Revenue Deposit (RD). Of these, Rs.10 lakh was withdrawn and spent towards implementation of the programme during November 1996. The balance Rs.30 lakh was withdrawn in January 2001 and kept in hand as Deposit-at-call Receipts (DCRs) till March 2004.

Test-check (July 2005) of records of the Director, Social Welfare (SW), revealed that out of Rs.30 lakh, an expenditure of Rs.3.07 lakh was incurred (May-July 2004) for clearing outstanding bills for the year 1991-92 and Rs.26.89 lakh was utilised for payment of outstanding bills of 1993-94 and 1994-95 violating Government instruction of June 2003 for surrendering the balance fund.

Thus, expenditure of Rs.26.89 lakh incurred towards clearance of outstanding liabilities of subsequent years was irregular and violative of Government orders. Also it is evident that the scheme was not implemented in 1991-92 in accordance with the target fixed by the Government as only Rs.13.07 lakh (out of Rs.40 lakh) could be utilised for the year 1991-92.

Further, the Public Accounts Committee (PAC) in its Seventy Third Report placed before the Legislature on 15 May 1998 observed that the Departments committed gross irregularities by drawal of funds from Consolidated Fund and transfer thereof to Public Account (Revenue Deposit). The PAC vide Para 2.13 of the said Report recommended early release of all diverted funds by the Finance Department for utilisation by Departments on intended purpose. The Finance Department too in its order of February 1999 instructed all the Drawing and Disbursing officers to deposit by end of February 1999 all forms of unutilised money out of drawal made upto 1997-98 to Government exchequer under the relevant heads of accounts.

Thus, while the Finance Department had ignored the PAC recommendations and their own instructions by not releasing Rs.30 lakh from RD to the SW Department for utilisation or for refund to Government exchequer by end of February 1999, the Director, SW also flouted the Government instruction by not depositing the entire

unutilised amount to the Government account. The irregularities were further compounded by irregular release of Rs.30 lakh from RD in December 2000 by the Finance Department.

The matter was reported to the Government in April 2006; their reply had not been received (October 2006).

## **TRANSPORT DEPARTMENT**

### **4.5.8 Loss due to sinking of vessels**

#### **Failure of the Director, Inland Water Transport to enforce contractual obligations in respect of three vessels under construction, led to loss of Rs.50.12 lakh.**

Test-check (January 2006) of records of the Director, Inland Water Transport (IWT), Guwahati revealed that the work of construction of three vessels (two 22 metre long steel RPL passenger cum ferry vessels and one 20 metre long steel hulled wooden superstructure single boat on river Brahmaputra) was awarded (March-June 1992) to a local firm at a total tendered cost of Rs.58.58 lakh with the stipulation to complete and deliver the boats by June-September 1993. According to the terms of the agreement, the Department could inspect the vessels under construction at its will at any stage.

Between 1992 and 1994 despite Rs.50.12 lakh being paid to the firm in eight installments against the physical progress of 70 *per cent* of the work, no progress was intimated by the firm since 1995 nor did the Department on its own pursue or check progress with the firm. Records also do not show that any spot verification was done after instalments were released. It was only on 28 January 2005 that the Deputy Director (DD), IWT informed the Director, that all the three vessels while still under construction with the firm had sunk on 26 January 2005 near Gopinath Ferry Service, Fancy Bazar, Guwahati. The reasons for sinking as stated by the DD were improper placement and absence of monitoring by the ship builder. A First Information Report (FIR), was also lodged (28 January 2005) by the Department with the local police station.

Thus, failure of the Department to ensure periodical inspection, and expedite completion of construction and delivery within the stipulated period (June– September 1993) resulted in loss of Rs.50.12 lakh to the Department. The purpose of providing inexpensive ferry service to the people of the area was also defeated.

The matter was reported to the Government in May 2006; their reply had not been received (October 2006).

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

**4.5.9 Irregular expenditure on entertainment of staff without sanctioned posts**

**The erstwhile Bodoland Autonomous Council, Kokrajhar incurred irregular and unauthorised expenditure of Rs.57.57 lakh being salaries paid to 21 employees appointed without any sanctioned post.**

Test-check (October - December 2005) of records of the Principal Secretary, erstwhile Bodoland Autonomous Council (BAC), Kokrajhar revealed that 21 officers and staff between January 1994 and December 2003 were in position without any sanctioned posts, as detailed below:

<b>No. of staff</b>	<b>Appointed during</b>	<b>Category</b>
10	April 1994 to March 1999	On regular pay scale
9	December 2002 to May 2003	On fixed pay
2	January 1994 and February 1994	On deputation from State Government departments on payment of deputation allowances

The BAC authority while appointing these staff had not asked the State Government to sanction these posts and provide funds for payment of their salaries etc. Instead, the expenditure towards salaries of these staff was met by diverting other non-Plan funds received from the State Government from time to time.

Thus, the expenditure of Rs.57.57 lakh incurred during January 1994 to December 2003 towards salaries of these 21 employees appointed against non-sanctioned posts was irregular and unauthorised.

The matter was reported to the Government in May 2006; their reply had not been received (October 2006).

**4.6 Stores and stock**

**FOOD AND CIVIL SUPPLIES/EDUCATION DEPARTMENT**

**4.6.1 Loss due to prolonged storage of rice**

**Due to inaction of Food and Civil Supplies and Education Department in implementing Mid-day meal scheme, 2,600 quintals of rice was damaged resulting in a loss of Rs.15.24 lakh.**

GOI launched (August 1995) mid-day meal scheme under National Programme of Nutritional Support to primary level students. For implementation of the scheme, the Assam State Co-operative Marketing and Consumers' Federation Limited (STATFED) was authorised to lift the allotted quantity of rice under the scheme from FCI godown and

the District Elementary Education Officer (DEEO) concerned was entrusted with distributing the same to different schools in the districts.

Test-check (July-August 2005) of records of the Assistant Director, Food and Civil Supplies, Tinsukia revealed that 2,600 quintals of super fine rice lifted by STATFED, Tinsukia between 1995-96 and 1997-98 remained undistributed due to non-lifting of the same by the distributing authorities. Reasons for non-lifting of the rice by the distributing authorities were neither on record nor stated. Due to prolonged storage for more than four years, the quality of the rice was reported (by the Deputy Commissioner, Tinsukia in September 2002) to have deteriorated and become unfit for human consumption. Out of 2,600 quintals of rice, only 1,420 quintals could be sold as cattle feed for Rs.4.26 lakh (at Rs.300 per quintal) and the sale proceeds were kept (October 2005) under 8443 – Civil Deposit (Revenue Deposit). The balance 1,180 quintals of severely damaged rice were dumped/burnt in the presence of the Executive Magistrate, Tinsukia.

Thus, due to inaction of the departments in implementing the scheme, 2,600 quintals of rice worth Rs.19.50 lakh (at Rs.750 per quintal) was damaged which resulted in an ultimate loss of Rs.15.24 lakh (Rs.19.50 lakh – Rs.4.26 lakh). The matter was neither investigated nor any responsibility fixed for the loss.

Further, retention of Rs.4.26 lakh being sale proceeds of the damaged rice, procured under Mid-day meal scheme, in Revenue Deposit was also irregular.

The matter was reported to the Government in April 2006. In reply, the Department stated (July 2006) that the F&CS Department was entrusted with the responsibility of issuing certificate on quantity, quality and price of the rice only and that the Education Department being the nodal department, was entrusted with proper distribution of the rice. Hence, the Education Department and not the F&CS Department was responsible for non-distribution of the rice and resultant loss of Rs.15.24 lakh. Reply from the Education Department had not been received (October 2006).

## **PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

### **4.6.2 Loss of store material**

**District Rural Development Agency, Cachar could not recover 4,667 pieces GCI sheets valued at Rs.15.85 lakh from the loanees and failed to account for 5,406 pieces of GCI sheets valued at Rs.18.02 lakh.**

Test-check (December 2005) of records of the Project Director (PD), DRDA, Cachar revealed that as it had no godown of its own, material purchased by it for utilisation under various schemes were kept in the godown of the Assam State Warehousing Corporation (ASWC) Silchar on rental basis. Material at stock was being looked after by the Manager, ASWC and an Assistant Project Officer (Technical) of the Agency was deployed as store-in-charge.

Cross verification of annual statement of material account of the DRDA prepared on the basis of actual receipt and utilisation for the year 2004-05 with the report of ASWC



regarding actual stock balance in the godown (as on March 2005) revealed that there was shortage of 10,073 pieces GCI sheets (8 feet long 3,578 pieces and 10 feet long 6,495 pieces) valued at Rs.33.87 lakh<sup>103</sup>.

It was observed that DRDA had neither obtained any periodical return from ASWC showing the actual stock balance nor conducted any physical verification of store material alongwith ASWC personnel at regular intervals to satisfy itself that there was no discrepancy between book and ground balance. Further, the PD, DRDA had not taken any action to reconcile the discrepancy between the book balance (10,174 pieces) and ground balance (101 pieces) even after a lapse of nine months from the date of detection (March 2005) as of the date of audit (December 2005).

Further scrutiny of relevant records revealed that out of 10,073 pieces GCI sheets, while 4,667 pieces (8 feet long 1,421 pieces and 10 feet long 3,246 pieces) valued at Rs.15.85 lakh were issued by the DRDA to 34 individuals/agencies between January 1999 and December 2004 on loan basis, the balance 5,406 pieces (8 feet long 2,157 pieces and 10 feet long 3,249 pieces) valued at Rs.18.02 lakh were not accounted for. Of the 4,667 pieces issued to the individuals/agencies, not a single piece had so far been returned inspite of repeated reminders.

Thus, due to laxity in supervision of stores, the Agency incurred a loss of store materials worth Rs.33.87 lakh.

The matter was reported to the Government in May 2006; their reply had not been received (October 2006).

## 4.7 General

### 4.7.1 Follow-up on Audit Reports

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

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative departments are required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to the 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.

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Type of GCI sheets	Book balance as on March 2005 as per annual statement of materials account of the DRDA	Actual stock balance in the godown as on March 2005 as per report of ASWC	Shortage	Value (In Rupees)
	(Quantity in pieces)			
8 feet long	3665	87	3578	1048354
10 feet long	6509	14	6495	2338200
<b>Total</b>	<b>10174</b>	<b>101</b>	<b>10073</b>	<b>3386554</b>

It was, however, noticed that in respect of 42 departments no *suo-moto* ATNs, pertaining to 580 paragraphs/reviews for the years 1983-2006 were received either from the departments or through the PAC (details in **Appendix-4.6**). Consequently, the audit observations/comments included in these paras/reviews remained undiscussed/unsettled by PAC as of March 2006.

**4.7.2 Action not taken on recommendations of the Public Accounts Committee**

Two hundred and Seventy one (271) recommendations of the PAC, made in its Fifty Fifth to Hundred and Seventh Report with regard to 35 departments, were pending settlement (details in **Appendix-4.7**) due to non-receipt of ATNs as at the end of March 2006.

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

The Accountant General 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. The authorities of the offices and departments concerned are required to examine the observations contained in the IRs in the light of the given rules and regulations and prescribed procedures and rectify the defects and omissions promptly wherever called for and report their compliance to the AG. A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments concerned to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2005 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/ Irrigation and Inland Water Transport Department disclosed that 25,468 paragraphs relating to 5,015 IRs remained outstanding at the end of June 2006 (**Appendix-4.8**). Of these, 776 IRs containing 2,463 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 41 departments in respect of 1,633 IRs issued between 1994-95 and 2005-06. As a result, the following serious irregularities, commented upon in 2,222 paragraphs involving Rs.17,40.63 crore, had not been settled as of June 2006.

(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.	236	195.10
2	Securities from persons holding cash and stores not obtained.	4	0.46
3	Stores not maintained properly, etc.	77	36.61
4	Improper maintenance of log book of departmental vehicles.	46	2.91
5	Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction.	73	3.58
6	Delay in recovery of receipts, advances and other charges.	728	317.50
7	Payment of grants in excess of actual requirement	47	4.46
8	Want of sanction to write off loan, losses, etc.	69	9.04
9	Over-payments of amount disallowed in Audit not recovered.	426	202.37
10	Wanting utilisation certificates and audited accounts in respect of grants-in-aid.	366	938.04
11	Actual payee's receipts wanting	150	30.56
	<b>Total</b>	<b>2,222</b>	<b>1740.63</b>

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 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 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 2005-2006, 275 meetings (Civil: 213; Works: 62) of the Committees were held, in which 2,157 IRs and 8,085 Paragraphs were discussed and 162 IRs and 5,050 Paragraphs settled.

It is recommended that Government should review the matter and ensure that effective system exists for (a) action against defaulting 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 to ensure prompt and timely response to the audit observations.

#### **4.7.4 Delay in submission of Accounts by State Autonomous Bodies**

All the six Autonomous Bodies of the State, audited under Section 19(2), 19(3) and 20(1) are persistent defaulters in submission of annual accounts to Audit as would be evident from **Appendix-4.9**. It may be seen from the appendix that none of the Bodies has submitted the annual accounts for the year 2005-06 as yet (September 2006) though the due date of submission was 30 June 2006. Assam Khadi and Village Industries Board, Guwahati has not submitted any annual accounts during the last five years, without indicating any reasons. Three Bodies<sup>104</sup> have submitted their accounts up to 2004-05 and two Bodies<sup>105</sup> up to 2003-04 only. Delay in submission of accounts by these five Autonomous Bodies ranged from five to 35 months. The reasons for such inordinate delay were non-receipt of approval of annual accounts from the competent authority, non-finalisation of format of accounts etc.

Further, out of seven Audit Reports issued (in respect of last five years) to four Bodies, intimation regarding laying of these Reports before the Legislature was received in respect of only two<sup>106</sup> and information regarding placement of balance five Audit Reports, which were issued between December 2002 and February 2006 to four Autonomous Bodies, before the Legislature had not been received (September 2006).

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<sup>104</sup> Assam Agricultural University, Jorhat, Assam Human Rights Commission, Guwahati and Assam Rural Infrastructure and Agricultural Service Project, Guwahati

<sup>105</sup> Bodoland Autonomous Council, Kokrajhar and Guwahati Metropolitan Development Authority.

<sup>106</sup> Audit Reports in respect of Assam Rural Infrastructure and Agricultural Service Project, Guwahati and Assam Human Rights Commission, Guwahati for the year 2001-02.