

OVERVIEW

This Report contains 30 paragraphs (including three general paragraphs), five performance reviews (including one integrated audit) and comments on the Finance and Appropriation Accounts. The draft audit paragraphs and draft performance reviews were sent to the Commissioner/Secretary to the State Government of the Departments concerned by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. However, in respect of the performance reviews and 28 paragraphs (including three general paragraphs) included in the Report, no replies were received from the Commissioners/Secretaries concerned. The audit findings relating to the draft performance reviews were discussed with the Commissioners/Secretaries to the State Government and the views of the Government were incorporated wherever appropriate. A synopsis of the important findings contained in the Report is presented in the overview.

1. *Finances of the State Government*

The fiscal position of the State viewed in terms of key fiscal parameters showed a significant improvement, as the State has been able to maintain revenue, fiscal and primary surpluses during 2005-06, 2006-07 and 2007-08. The State has achieved the targets for revenue and fiscal deficits as well as with regard to other variables laid down in State FRBM Act/Rules, TFC as well as in FYFP and FCP for the year 2007-08. Moreover, the State has achieved these fiscal targets earlier than the timeline indicated in them with the current year ending in revenue surplus of Rs.2,581 crore and fiscal surplus of Rs.790 crore. The improvement in fiscal position of the State was on account of mandatory Central transfers comprising State share in Central taxes and grants-in-aid from the GOI. Of the incremental revenue receipts during 2005-06, 2006-07 and 2007-08, these two sources contributed 57 *per cent* in 2005-06, 60 *per cent* in 2006-07 and 91 *per cent* in 2007-08 indicating Central transfers being the key in improving the revenue surplus during the years. The NPRE at Rs. 10,677 crore during 2007-08 was significantly higher than the normative projection of TFC at Rs 9,141 crore for the year. Moreover, within the NPRE, three components viz. salary expenditure, pension payments, and interest payment constituted 76 *per cent* during 2007-08. These trends in expenditure indicate the need for changing allocative priorities. TFC recommended specific grants to improve the educational and health indicators in the State during its award period (2005-10). However, the State Government could receive only Rs.205.30 crore (Education Sector: Rs.109.83 crore and Health Sector: Rs.95.47 crore) out of the recommended grants of Rs.410.59 crore (Education Sector: Rs.219.66 crore and Health Sector: Rs.190.93 crore) during 2007-08, thereby delaying the process of improvement in educational and health indicators. The huge accumulated losses by Statutory corporations, especially in financial and transport sectors, resulted in negligible rate of return on Government's investment. This, coupled with inadequate interest cost recovery, continues to be a cause for concern and needs the attention of the State Government.

(Paragraphs-1.1 to 1.11)

2. Allocative priorities and appropriation

Against the total provision of Rs.23,567.10 crore during 2007-08, the actual expenditure aggregated Rs.15,151.39 crore resulting in net savings of Rs.8,415.71 crore. The net savings of Rs.8,415.71 crore during 2007-08 was due to the net effect of overall savings of Rs.8,528.95 crore and excess of Rs.113.24 crore in 74 Grants and 11 Appropriations and nine Grants and two Appropriations respectively. Anticipated savings exceeding Rs.1 crore in each case of 60 grants remained un-surrendered at the end of 2007-08.

(Paragraphs-2.1 to 2.3.10)

Performance Reviews of Schemes/Departments

3. Accelerated Rural Water Supply Programme

The Accelerated Rural Water Supply Programme aimed at accelerating the coverage of uncovered habitations in rural areas with provision of safe and adequate drinking water, besides revival of traditional water sources. While the installation of hand pumps and provision of drinking water to rural primary schools was satisfactory, the review revealed that 54 per cent habitations were yet to be provided adequate drinking water as of March 2008. The major audit findings are:

- Government was deprived of Central assistance of Rs.92.77 crore due to short release of State matching share and late submission of proposal.
- Due to the non-release of allocated funds amounting to Rs.6.31 crore by the N.C. Hills ADC, 152 PC habitations in the ADC could not be upgraded to FC status.
- Inadmissible expenditure of Rs.22.32 crore was charged to the ARWSP in violation of the scheme guidelines.
- Out of 5,920 quality effected habitations to be covered during the year 2007-08, only 1,113 habitations were covered.
- Despite the availability of Field testing kits and Bacteriological vials for testing water samples, no water quality tests were carried out as of March 2008.

(Paragraph-3.1)

4. Modernisation of Police Force in Assam

The Government of India, Ministry of Home Affairs (MHA) revamped the scheme of Modernisation of Police Force (MPF) introduced during 1969 with enhanced allocation from 2000-01 to augment the operational efficiency and striking capability of the State Police Force to face the challenges of internal security, extremist activities and law and order situation in the State. In the area of construction of residential quarters, the Department had exceeded the target. But other areas suffered due to inadequate planning and poor monitoring both at the Department/Government level. The scheme was unable to bridge the gap of

deficiencies in respect of mobility and weaponry. The position regarding procurement and installation of various equipments, communication system and computerisation in the Department was not up to the desired level. Salient points are mentioned below:

- Rupees 12.65 crore were parked in the form of DCR, due to drawal of money in excess of requirement during 2001-08.
- The State Government incurred an extra expenditure of Rs.3.26 crore for allowance of higher agency charges.
- Injudicious allotment and subsequent withdrawal of INSAS rifles from 24 district offices resulted in idling of weaponry worth Rs.4.13 crore.
- Expenditure of Rs.5.83 crore on POLNET in 34 Police Stations proved infructuous as the system has become obsolete.

(Paragraph-3.2)

5. National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)

The National Programme of Nutritional Support to Primary Education, a Centrally Sponsored Scheme, commonly known as 'Mid Day Meal' (MDM) scheme was launched in August 1995 with the principal objective of boosting the universalisation of primary education by increasing enrolment, retention and learning levels of children and simultaneously improving nutritional status of primary school children of 6-10 years age group. Performance audit of the scheme revealed that the Department had covered all the Government primary schools (30,068), EGS (5,822) and AIE (11,726) centres in the State under the scheme. There were, however, deficiencies like inadequate financial management, short lifting of foodgrains, delay in release of funds for meeting cooking cost to schools, inadequate infrastructural facilities in schools and lack of monitoring and evaluation in the Department. Some of the important audit findings are as follows:

- At the end of March 2008 there was an accumulated balance of Rs.99.73 crore with the State Government, Rs.79.44 crore with the State Nodal Officer and Rs.12.27 crore with the District Nodal Officers.
- The District Nodal Officers did not lift 86,403.12 MT of foodgrains during 2003-08 leading to denial of MDM to enrolled students for 238 days.
- The State Government failed to seek re-imburement of transportation cost amounting to Rs.22.64 crore from the GOI.
- In the test checked schools, pucca kitchen sheds were not available in 70 per cent schools, drinking water facilities were not available in 24 per cent schools and gas based chulhahs were not available in 81 per cent schools.

(Paragraph-3.3)

6. Accelerated Irrigation Benefits Programme

Accelerated Irrigation Benefits Programme (AIBP) was launched (1996-97) with the main objective of accelerating the completion of on-going irrigation/multi-purpose projects on which substantial investment had already been made and were beyond the resource capability of the State Governments. Subsequently Minor Irrigation Projects were included for implementation under AIBP in 1999-2000. Ten major/medium and 289 minor irrigation projects were included under AIBP in the State, (2007-08) of which, 4 major/medium and 114 minor irrigation projects were completed upto March 2008. Significant points noticed are as under:

- Apart from short release of the GOI share and non-release of State share the State Government delayed release of funds to the implementing agencies for periods ranging from 10 to 367 days resulting in delay in completion of projects.
- Not a single major/medium project was completed within the stipulated period. Delay in completion of projects ranged from 7 to 30 years.
- Against the targeted irrigation potential of 359.23 thousand hectare (March 2008) the achievement was only 122.32 thousand hectare.
- Against the demand for water rates of Rs. 38.94 crore, the realisation was only Rs.22 lakh (0.56 per cent).

(Paragraph-3.4)

7. Integrated Audit of Industries and Commerce Department

The main function of the Industries and Commerce Department is to create adequate infrastructure for promotion of large and medium industrial enterprises in the State. Integrated audit of the Department revealed absence of adequate planning, poor programme management and lack of internal control mechanism. A review of the functioning of the Department brought out the following major points:

- The Department drew (November 2001 - March 2008) funds amounting to Rs.13.87 crore in advance of actual requirement, out of which, Rs.5.73 crore were parked out of Government account and the rest retained in Deposit accounts.
- Government efforts to promote large and medium industries through infrastructure development did not materialise even after spending Rs.72.66 crore.
- As against 14,000 unemployed youth to undergo training under Chief Ministers' Swa Nyojan Yojana, the actual coverage was only 1,512.

(Paragraph-5.1)

Audit of Transactions

8. *Cases of fraud/misappropriation/losses*

Failure of internal controls resulted in misappropriation of Government money amounting to Rs.1.21 crore by fraudulent drawal of funds by the Commandant, 10th Assam Police Battalion, Guwahati.

(Paragraph-4.1.1)

The Block Development Officer, Dhemaji did not produce any record of accountal and utilisation of Rs.15 lakh received from the Project Director, District Rural Development Agency as Central Grant for natural calamities.

(Paragraph-4.1.2)

The Project Director, DRDA, Dhemaji incurred an extra expenditure of Rs.27.71 lakh on procurement of chulhas and signboards and there was short receipt/non accountal of these at the Block level.

(Paragraph-4.1.3)

9. *Excess Payment/wasteful/infructuous expenditure*

The Environment and Forest Department incurred a wasteful expenditure of Rs.73 lakh towards construction of Forest Interpretation Centre in violation of the Building Byelaws of the Guwahati Metropolitan Development Authority.

(Paragraph-4.2.1)

The Director of Medical Education, Assam incurred a wasteful expenditure of Rs.62.56 lakh on procurement and installation of defective and substandard incinerators in three Medical Colleges & Hospitals.

(Paragraph-4.2.2)

The Director, Social Welfare paid Rs.1.93 crore as income tax from the scheme funds for construction of Anganwadi Centres, instead of deducting the amount from the contractors' bills.

(Paragraph-4.2.3)

The Executive Engineer, Guwahati West E&D Division incurred an extra expenditure of Rs.41.71 lakh towards local carriage of boulders and procurement of wire netting sheets and boulders.

(Paragraph-4.2.4)

10. *Avoidable/unfruitful expenditure/undue favour to contractors*

Non procurement of Hand pumps at lower available rates by the Executive Engineer, Stores and Workshop Division, PHE resulted in extra expenditure of Rs.68.13 lakh.

(Paragraph-4.3.1)

Failure of the Public Works Department to restrict mobilisation advance as per rules resulted in undue temporary financial aid of Rs.2.69 crore to the contractor, besides, an extra expenditure of Rs.99.09 lakh in the execution of the work.

(Paragraph-4.3.3)

11. *Idle investment/blocking of funds/delays in commissioning of equipment/ diversion/misutilisation of funds etc.*

Retention of money in Banker's cheque/Bank Draft/Deposit at Call Receipts out of funds drawn during February 2002 to May 2008 resulted in blocking of funds of Rs.15.46 crore.

(Paragraph-4.4.2)

The Project Directors, DRDAs Dhemaji and Sibsagar diverted scheme funds of Rs.2 crore towards transportation cost.

(Paragraph-4.4.4)

Advance payment of Rs.5.33 crore was made to the Assam State Electricity Board for construction of Sub-stations without AA, ES and TS and without any work order/agreement.

(Paragraph-4.4.6)

12. *Regularity issues and others*

The Agriculture Department failed to utilise the funds of Rs.1.55 crore to extend benefits to flood affected small and marginal farmers.

(Paragraph-4.5.1)

Rupees 209.91 crore was drawn by four DDOs through AC bills during 2001-07 but the corresponding DCC bills were not submitted.

(Paragraph-4.5.5)

The Project Director, District Rural Development Agency, Dhemaji unauthorisedly incurred an expenditure of Rs.49.30 lakh for Construction of godown at Block Headquarters including unproductive expenditure of Rs.16.10 lakh.

(Paragraph-4.5.6)

The Director, Social Welfare incurred Rs.1.11 crore on procurement of utensils, after discontinuation of supply of cooked meal to the beneficiaries enrolled under Anganwadi Centres.

(Paragraph-4.5.9)