

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 *General*

Autonomous Bodies and Authorities are set up to discharge generally non-commercial functions of public utility services. These Bodies/Authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants were intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

6.2 *Financial assistance to local bodies and others*

The financial assistance provided to autonomous bodies and other institutions during 1999-2000 to 2001-2002 was as under:

(Rupees in crore)

Sl. No.	Category of Institutions	Amount of assistance paid					
		1999-2000		2000-2001		2001-2002	
		Loans	Grants	Loans	Grants	Loans	Grants
1.	Universities and educational institutions	-	120.60	-	253.54	-	199.24
2.	Municipal Corporations/Urban sewerage Board	10.43	2.00	1.70	14.89	5.08	2.29
3.	Cultural Institutions	-	2.48	-	3.64	-	1.00
4.	Assam State Housing Board	-	-	0.38	0.41	-	0.59
5.	Animal Husbandry	-	-	-	0.47	-	-
6.	Assam State Electricity Board	-	-	89.80	-	-	-
7.	Assam Livestock and Poultry Corporation Ltd.	-	-	2.19	-	-	-
8.	Assam Khadi and Village Industries Board	-	-	-	-	-	4.10
9.	Guwahati Metropolitan Development Authority	-	-	-	-	0.10	-
10.	Panchayat Institutions	-	-	-	-	-	14.82
11.	Co-operative Societies and Co-operative Institutions	-	-	-	-	8.09	-
12.	Other Institutions	-	2.65	5.30	8.94	34.85	16.93
13.	Autonomous Councils						
	(a) General area	-	19.31	-	18.65	-	10.78
	(b) Sixth Schedule area	-	25.61	0.02	12.98	0.34	2.00
	Total	10.43	172.65	99.39	313.52	48.46	251.75

Source: Detailed Appropriation Accounts.

6.3 Department-wise abstracts of performance of the autonomous bodies

The details of department-wise abstract of performance of the autonomous bodies in the State are given below:

Departments	Total number of Bodies	Did not render accounts/ year of accounts	Did not render accounts in prescribed format	Did not utilise 50 per cent grants given in a year/amount remaining	Which diverted/misutilised the funds (including grants released by (GOI)/amount diverted/unutilised	Which did not maintain Cash book/maintain irregularly	Any other interesting point noticed from audit of account
Agriculture	2	-	-	-	1	1	(i) ARIASP did not release Rs.9.94 crore during 1999-2001 to the implementing agencies and incurred avoidable expenditure/loss to Government Rs.0.76 crore in procurement of Jersey Bulls/Heifers.
Finance	1	1	-	-	-	-	-
Health and Family Welfare	3	2	-	-	-	-	-
Municipal Administration	1	1	-	-	-	-	-
Education	1	1	-	-	-	-	Entertainment of staff members without sanction: Rs.0.46 crore.
Panchayat and Rural Development	1	1	-	-	-	-	Unutilised balance of Rs.8.43 crore parked in bank account.

6.4 Audit of financial assistance to local bodies and others

6.4.1 Audit under Sections 14 and 15

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (as amended from time to time), receipts and expenditure of bodies and authorities substantially financed by grants and/or loans from the Consolidated Fund of the State are audited by the Comptroller and Auditor General of India (CAG).

In order to identify the institutions which attract audit under Section 14 and 15 of the Act *ibid*, Government/heads of departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions.

Despite requests the Finance Department did not furnish complete list of the various bodies/authorities to whom financial assistance was provided during 2001-2002. As a result, neither could the amount of assistance given to each body/authority during the year be ascertained (September 2002) nor could a complete list of bodies/authorities to be audited under Section 14 of the Act *ibid* be drawn up in audit.

As per information collected by audit 42 bodies/authorities were to be audited under Section 14 of the Act *ibid*. The status of submission of accounts by these bodies and completion of their audit as of September 2002 are given in Appendix-XXII.

According to the revised accounting procedure for District Rural Development Agencies (DRDAs) issued by the Government of India in 1984 the DRDAs were

required to submit their certified accounts to audit not later than 30 September each year. The submission of accounts by all the 23 DRDAs were in arrears for period ranging from one to four years as of September 2002. Thus, the annual financial assistance received by these DRDAs from the State/Central Government during the period of three years ending 2001-2002 and utilisation thereof could not be ascertained.

The modalities for audit of the accounts of the following bodies/authorities other than DRDAs to whom financial assistance of Rs.23.05 crore, Rs.25.87crore and Rs.15.28 crore were given during 1999-2000 to 2001-2002 had not yet been finalised (September 2002) by the Government. The matter is under correspondence with the Government.

Sl.No.	Name of body	Year of establishment	(Rupees in crore)		
			Assistance given by Government		
			1999-2000	2000-2001	2001-2002
1.	Bodoland Autonomous Council	May 1993	14.20	14.97	6.22
2	Mishing Autonomous Council	October 1995	2.78	1.78	1.11
3	Rabha Hasang Autonomous Council	July 1995	1.23	1.28	3.07
4	Lalung (Tiwa) Autonomous Council	July 1995	1.10	0.65	0.38
5	Assam Urban Water Supply and Sewerage Board, Guwahati	January 1987	3.44	6.97	4.50
6	Board of Sports, Assam, Guwahati	May 1977	-	0.22	NA
7	Assam Tea Employees Welfare Board, Guwahati	Since 1960	0.30	NA	NA
	Total:		23.05	25.87	15.28

Source: Detailed Appropriation Accounts.

6.4.2 *Audit under Section 19 (3)*

Audit of accounts of the following bodies/authorities had been entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act *ibid*. The status of submission of accounts by the bodies/authorities and submission of Audit Reports thereon to the State Legislature is given below:

Sl No.	Name of Body	Period of entrustment	Date of entrustment	Year upto which accounts were due	Year upto which accounts submitted (as of September 2002)	Year upto which Audit Reports issued	Year upto which Audit Report had been laid before the Legislature	Reasons for non-finalization of Audit Report
1	Assam Khadi and Village Industries Board, Guwahati	2000-01 to 2004-05	4-12-2000	2001-2002	1997-98	1997-98	Information awaited	Delay in submission of approved accounts
2	Assam Agricultural University, Jorhat	1997-98 to 2001-2002	20-2-1997	2000-2001	1999-2000	1999-2000	-Do-	-Do-
3.	Guwahati Metropolitan Development Authority, Guwahati	1992-93 to 1996-97	10-8-1999	2000-2001	1996-97	1996-97	1996-97	Non-submission of approved accounts
4.	Bodoland Autonomous Council	1993-94 to 1997-98	12-6-2001	2001-02	No accounts submitted	-	-	-

6.4.3 Audit under Section 20 (1)

The audit of accounts of the following bodies has been entrusted under Section 20(1) of CAG's DPC Act, 1971 for a period of five years as detailed below:

Sl. No.	Name of Body	Period of entrustment	Date of entrustment	Year up to which audit completed	Remarks
1	Assam Institute of Management, Guwahati	1992-93	01.12.1995	1992-93	Further entrustment beyond 1992-93 was awaited.
2	Society for Implementation of Assam Area Project, IPP-IX, Guwahati (World Bank project)	2001-2002 Upto December 2001	29-01-2001	2001-2002 Upto December 2001	The project was closed in December 2001.
3.	Regional Engineering College, Silchar	2002-2003	02.09.1998	2000-2001	SAR held up for want of approved accounts
4.	Assam Rural Infrastructure and Agricultural Services Project.	2002-2003	25-01-2000	2000-2001	-Do-

6.4.4 Audit of bodies under Proviso to Sixth Schedule of the Constitution

Besides, the accounts of two Autonomous Councils viz., North Cachar Hills Autonomous Council, Haflong and Karbi-Anglong Autonomous Council, Diphu set up in April 1952 and June 1952 respectively are audited by the CAG under the proviso to the Sixth Schedule of the Constitution of India. The Audit Reports on the accounts of these councils are submitted separately to the Governor for causing them to be laid before the Councils.

MUNICIPAL ADMINISTRATION DEPARTMENT

6.5 Avoidable payment on price escalation for Goalpara Town Water Supply Scheme

The Executive Engineer, Assam Urban Water Supply and Sewerage Board, Dhubri division made avoidable payment of Rs.0.87 crore on price escalation due to delay in construction of water treatment plant of Goalpara Town Water Supply Scheme for non-selection of site etc.

The Goalpara Town Water Supply Scheme (WSS) administratively approved (June 1986) for Rs.2.49 crore was awarded (September 1989) to a contractor at a negotiated cost of Rs.1.49 crore excluding the works on distribution network for completion by March 1991 on turn key basis. The price quoted by the firm was subject to price variation clauses as per various price escalation formulae submitted to the Board.

Test-check (March-April 2002) of records of the Executive Engineer (EE), Assam Urban Water Supply and Sewerage Board (AUWS&SB), Dhubri Division revealed that the work commenced only in November 1990 due to non-selection of site. The progress of the work was very slow because there was no approach road to the treatment plant site which was located in a hilly area. There was also no power supply at site. The water treatment plant was completed in March 1996. The contractor left the site before the completion of roof treatment of underground sumps and chemical house etc., as of June 1996 without conducting trial run of treatment plant for a period of 45 days as required under the agreement. Moreover, there was frequent leakage of raw water pumping mains and failure of pumping sets. The Managing Director of the Board had also asked (September 1997) the contractor to complete the work in all respects including rectification of leakages and defects etc. The EE could not furnish the date of completion of work by the contractor in all respects. The EE had paid the contractor Rs.2.88 crore in 35th running account and final bill upto September 2000, which included Rs.0.87 crore as price escalation.

Thus, delay in commencement of work because of non-selection and handing over site, slow progress of work due to non-availability of approach roads etc., resulted in avoidable payment of Rs.0.87 crore out of Rs.2.88 crore as price escalation.

The objective of supplying safe drinking water remained largely unfulfilled even after 16 years due to non-completion of distribution network.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

6.6 Idle and unproductive expenditure on Pathsala Town Water Supply Scheme

Managing Director, Assam Urban Water Supply and Sewerage Board failed to commission the Pathsala Town Water Supply Scheme rendering the expenditure aggregating Rs.0.78 crore idle and unproductive for 11 years.

The work of Pathsala Town Water Supply Scheme (WSS) administratively approved (February 1991) for Rs.1.23 crore was awarded (March 1991) to a contractor at a cost of Rs.1.30 crore for completion by November 1992. Contrary to agreement, the contractor was paid (January 1992) mobilisation advance of Rs.2.60 lakh. No work was done by the contractor till December 1996 for reasons not on record. The Managing Director (MD), Assam Urban Water Supply and Sewerage Board (AUWS&SB) cancelled (December 1996) the work order and asked the contractor to refund the mobilisation advance. Recovery of Rs.2.60 lakh from the contractor was awaited (April 2002).

Test-check (March-April 2002) of the records of the Executive Engineer (EE) AUWS&SB, Dhubri division revealed that the MD issued (December 1996) a fresh notice inviting tender for execution of works without any provision of distribution network under the scheme. Between March 1998 and April 1999 the EE had spent Rs.13.82 lakh* on execution of various works under the scheme. Although, work on water treatment plant was awarded (December 2000) to a contractor at a cost of Rs.0.66 crore, however, records on commencement and progress of work could not be shown to audit as of April 2002. The records on award, commencement and progress of work on distribution network were also not produced to audit.

Further, to accommodate the directions (May 1999) of the Chairman of the Board on submissions by two firms and as per requirement furnished (June 1999) by the EE, the MD placed (June 1999) orders with two Guwahati based firms for supply of 13,100 metres of Asbestos Cement (AC) pressure pipes of different diameters@ at approved rates of the Board. Between September 1999 and September 2000 the EE received and paid for 13,100 metres AC pipes valued at Rs.0.61 crore and the pipes remained unutilised till April 2002 because of non-execution of distribution network.

* (Rupees in lakh)

Soil investigation	1.15
Drawing and design	1.81
Installation of 2 Deep Tube Wells	10.62
Contingency	0.24
Total	13.82

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Diameter of AC pipes (mm)	Length in running metre procured	Rate per RM (Rs.)
80	6200	220
100	3200	315
150	1200	620
200	2500	1100
Total	13100	

Despite spending Rs.0.78 crore including mobilisation advance of Rs.2.60 lakh awaiting recovery, the WSS could not be commissioned for over 11 years rendering the expenditure of Rs.0.78 crore on the scheme idle and unproductive.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

6.7 Locking up of funds due to injudicious payment of mobilisation advance in the Kokrajhar Town Water Supply Scheme

Rupees 0.62 crore was locked up due to injudicious and hasty payment of mobilisation advance to a Calcutta based firm without obtaining bank guarantee and confirming the financial integrity of the firm.

Municipal Administration Department accorded (February 1991) administrative approval for Rs.6.02 crore for Kokrajhar Town Water Supply Scheme (KTWSS) to the Managing Director (MD) Assam Urban Water Supply and Sewerage Board (AUWSSB). The work was awarded by AUWSSB (March 1991) to a Calcutta based firm 'X' at a tendered cost of Rs.7.43 crore for its completion by November 1992 on turnkey basis. Executive Engineer (EE) AUWSSB, Dhubri division was the immediate supervisor of the work. The firm had furnished (March 1991) security deposit of Rs.15 lakh in the form of a bank guarantee, valid upto 20 March 1992.

Under the tender agreement the firm was to be paid 10 percent mobilisation advance on total value of work order against bank/insurance guarantee of the equivalent amount. Test check (March-April 2002) of the records of the EE, Dhubri division and MD, AUWSSB, Guwahati revealed that the firm 'X' submitted (March 1992) a bill for mobilisation advance of Rs.22 lakh. The bank guarantee for Rs.22 lakh (valid till 30 March 1993) furnished with the claim indicated that it would be valid only after the release of the equivalent amount in favour of the firm's account kept in the bank. The MD, however, paid (April 1992) mobilisation advance of Rs.22 lakh direct to the firm without routing it through the firm's account with the banker and therefore, the validity of the guarantee remained in doubt.

Another Calcutta based firm 'Y' introducing themselves as formerly firm 'X' requested (16 January 1993) the MD to release balance mobilisation advance of Rs.0.52 crore. On 30 January 1993 firm 'X' had also submitted claims for release of above mentioned Rs.0.52 crore to them. The firm 'X' had not furnished bank guarantee for the equivalent amount alongwith the claim. Out of Rs.0.52 crore the MD paid (2 February 1993) mobilisation advance of Rs.40 lakh to firm 'X' but bank guarantee in support of the payment could not be shown to audit. Since two firms 'X' and 'Y' had raised claims for mobilisation advance of Rs.0.52 crore simultaneously the MD should have investigated the financial soundness and integrity of firm 'X' before making payment of Rs.40 lakh in haste.

In August 1996, firm 'Z' informed the MD, that with the permission from a court of law, firm 'X' was amalgamated with firm 'Z' in 1993-94 and the contractual responsibilities for execution of Kokrajhar WSS devolved on firm 'Z'. The MD called for (August 1996) a copy of court's order, which was awaited (April 2002).

MD cancelled (August 1997) the work order, as the work had not commenced. Although the board was to recover the mobilisation advance of Rs.0.62 crore from the firm 'X' with interest, there was no record to indicate that the department had initiated any process of recovery. The bank guarantee in lieu of security deposit of Rs.15 lakh became time barred (March 1992) even before payment of Rs.22 lakh to the firm. No valid bank guarantees subsisted for the recovery of Rs.0.62 crore advanced to the firm.

Thus, injudicious and hasty payment of mobilisation advance of Rs.0.62 crore without bank guarantee and investigating the financial status of firm 'X' in January 1993 when firm 'Y' had also raised the claim, resulted, in locking up of Rs.0.62 crore since 1992-93 which is fraught with eventual loss to Government. Also, the department had not fixed responsibility on the erring officer(s)/official(s) as of April 2002. The scheme remained unimplemented for last over 11 years.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

6.8 Locking up of inadmissible and excess mobilisation advance in the Tinsukia Town Water Supply Scheme

Due to payment of mobilisation advance to a firm during 1993-94 by the Managing Director, Assam Urban Water Supply and Sewerage Board for works of Tinsukia Town Water Supply Scheme in gross violation of agreement and without bank guarantee, non-recovery of mobilisation advance of Rs.0.78 crore out of Rs.0.80 crore for last 8 years was fraught with loss to Government.

Tinsukia Town Water Supply Scheme was administratively approved (February 1991) at a cost of Rs.11.49 crore. Managing Director Assam Urban Water Supply and Sewerage Board (MD, AUWSSB) awarded (June 1992) the work to a firm at tendered value of Rs.14.64 crore for completion by June 1994 on turnkey basis. Under the agreement with the firm mobilisation advance at 10 *per cent* of the value of the Deep Tube Wells (DTWs) was payable against bank guarantee of equivalent amount from any nationalised bank. Also the firm was to furnish two *per cent* security deposit on the tendered value of work. The firm was to install 28 DTWs at Rs.4.30 lakh each and construct five treatment plants, under ground sumps, RCC service reservoir and other ancillary works.

Scrutiny (February-March 2002) of records of the Executive Engineer (EE), AUWSSB, Jorhat division revealed that the firm had furnished (June 1992) security deposit of Rs.29.29 lakh in the form of a bank guarantee valid upto June 1994. Of the firm's claims for 10 *per cent* mobilisation advance aggregating Rs.1.46 crore on the total ordered value, the MD with the approval of Chairman had paid to the firm Rs.0.80 crore (in March 1993: Rs.30 lakh and August 1993: Rs.50 lakh) against the advance of Rs.12 lakh* admissible to the firm and thus raising the limit of advance to

* Cost of 28 DTWs at Rs.4.30 lakh each: Rs.1.20 crore and 10 *per cent* of Rs.1.20 crore = Rs.12 lakh.

10 *per cent* of total contract value on their own volition in gross violation of the contract agreement. While the firm did not furnish any bank guarantee against payment of Rs.30 lakh, the bank guarantee for Rs.50 lakh furnished by the firm in August 1993 lapsed in December 1993.

Between June 1993 and June 1994 the division could acquire and hand over the site for installation of 15 of the 28 DTWs and four of the five treatment plants of which the firm had installed only five DTWs till April 1995. Since then the firm did not execute any further work as of March 2002. The MD had not initiated any penal action as per agreement to get the work done at risk and cost of the firm and rescinded the work since 1995-96. The inadmissible and excess payment of mobilisation advance of Rs.0.78 crore[@] out of Rs.0.80 crore which remained locked up with the firm had not also been recovered for last over eight years. The cost of funds the Government had incurred worked out to Rs.0.69 crore[§] at the average rate of 11 *per cent* of market borrowing by the State Government during 1994-95 to 2001-2002. As no security deposit and bank guarantee subsisted against the payment of mobilisation advance, non-recovery from the firm leading to loss of Rs.0.78 crore to Government could not be ruled out. Also, the objective of supplying safe drinking water remained unfulfilled for last 11 years.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

6.9 Irregularities in procurement of polythene films for construction of low cost green houses

Arbitrary and irregular procurement of polythene films worth Rs.1.45 crore by five Project Directors of DRDAs for construction of 692 low cost green houses led to purchase of sub-standard plastic films valued at Rs.1.01 crore besides extra expenditure of Rs.0.95 crore for payment at rates higher than the approved rate.

For augmenting income of the small and marginal farmers living below the poverty line, the Government launched (March 1999) a programme “Low cost green house-cum-rain shelter for raising off season vegetables and flowers”. The Director, Panchayat and Rural Development (P&RD) Department was to implement the programme through the District Rural Development Agencies (DRDAs). The

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10 <i>per cent</i> of cost of 5 DTWs (Rs.21.50 lakh).	Rs.2.15 lakh
Mobilisation advance paid.	Rs.80.00 lakh
Less mobilisation advance to be adjusted against value of work done.	Rs.2.15 lakh
Inadmissible and excess mobilisation advance.	Rs.77.85 lakh

[§] Rs77.85 lakh X 11 *per cent* X 8 years= 68.51 lakh say Rs.0.69 crore

expenditure under the programme was to be met from the allocation of funds under EAS/IRDP/JRY during 1999-2000.

The programme was to primarily enable small and marginal farmers to grow crops under adverse climatic condition round the year for generating higher income.

For successful implementation of the programme, model estimates prepared for this purpose by the Assam Agriculture University (AAU), Jorhat were to be adopted and materials as per approved specification assessed and procured for construction of green houses.

According to the technical bulletin published in March 1997 by AAU, Jorhat the low cost green houses were to be constructed with locally available bamboo or timber and ultra-violet (UV) stabilised polythene plastic film of 200 micron thickness having durability of three to four years. The plastic films were to be procured from the Indian Petrochemicals Corporation Ltd. (IPCL)—a Government of India Undertaking or their authorised dealer.

Scrutiny (August 2001 to March 2002) of records of five PDs of DRDAs viz., Karimganj, Cachar, Dibrugarh, Barpeta and Golaghat revealed that the DRDAs had procured 33,942.53 kg. polythene films of 120/200 micron from the local suppliers for construction of 692 green houses at a total cost of Rs.1.45 crore at the rates ranging from Rs.358.85 to Rs.596.40 per kg. (excluding sales tax) against Rs.140 per kg. of 200 micron film as per model estimate of the AAU, Jorhat (as shown in Appendix-XXIII). Irregularities noticed in the procurement and utilisation thereof were as under:

(a) None of the above DRDAs had floated tenders before procurement of the materials. The supplying firms were selected on the basis of quotations submitted voluntarily by them. Neither the IPCL nor its authorised dealers at Guwahati were contacted for ascertaining the reasonableness of rates and quality. Thus, procurement of UV stabilised plastic films at rates substantially higher than the approved estimated rates resulted in an extra expenditure of Rs.0.95 crore.

(b) Against the approved specification of UV films of 200 micron thickness the PDs had purchased 20,131 kg. films of 120 micron thickness which resulted in sub-standard procurement of films to the extent of Rs.1.01 crore* out of Rs.1.45 crore

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

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Name of DRDA	Quantity in kg.	Value (Rs. In crore)
Karimganj	3298	0.20
Golaghat	2342	0.14
Cachar	6596	0.39
Dibrugarh	7895	0.28
Total	20131	1.01

6.10 Extra avoidable expenditure on purchase of GCI sheets

Project Director, DRDA, North Lakhimpur purchased GCI sheets worth Rs.1.12 crore without considering the competitive lowest rates which led to an avoidable expenditure of Rs.0.18 crore.

The Project Director (PD), District Rural Development Agency (DRDA), North Lakhimpur invited (February 1997) tenders for purchase of galvanized corrugated iron (GCI) sheet of 8, 9 and 10 feet length (0.50 mm thickness) for construction of houses under Indira Awaas Yojana during 1996-97. In response to the tender notice 58 tenderer quoted their rates either in piece, bundle or MT. In March 1997, the purchase board of the DRDA accepted the offer of M/s Tident Traders, North Lakhimpur who had quoted Rs.2,480 per bundle of 8 feet sheets and Rs.2,490 per bundle of 9 and 10 feet sheets.

Scrutiny (March 2001) of records of the PD, DRDA, North Lakhimpur for the years 1996-97 to 1998-99 revealed that between April 1997 and July 1997 the PD had purchased 4,541.30 bundles of GCI sheets (8 feet length: 2,318.80 bundles and 10 feet length: 2,222.50 bundles) at a total cost of Rs.1.12 crore from 53 suppliers at the rates mentioned above.

Audit scrutiny revealed that the rates of GCI sheets for 8 and 10 feet length offered by M/s Biraj Kumar Dutta, North Lakhimpur (one of the tenderer among 58 tenderers mentioned above) was lowest. The rate quoted were Rs.2,097* and Rs.2,100** per bundle for 8 and 10 feet sheets respectively.

Thus, the purchase of GCI sheets by the PD at rates higher than the lowest quoted rate resulted in extra avoidable expenditure of Rs.0.18 crore[^].

The PD stated (April 2001) that the lowest rates could not be accepted due to non-fulfillment of certain conditions by the tenderer. The reply of the PD is not tenable as no reasons were recorded for rejection of the lowest offer and the purchase board had not analysed the comparative statement.

The matter was reported to Government in April 2002; their reply had not been received (October 2002).

* 8' length @ Rs.233 per piece x 9 pieces in a bundle = Rs.2,097.00.

** 10' length @ Rs.300 per piece x 7 pieces in a bundle = Rs.2,100.00

[^] Rs.2,480 per bdl. – Rs.2,097 per bdl. = Rs.383 per bdl x 2,318.80 bdl = Rs.0.09 crore

Rs.2,490 per bdl – Rs.2,100 per bdl = Rs.390 per bdl x 2,222.50 bdl = Rs.0.09 crore

Total = Rs.0.18 crore

6.11 Diversion of Central funds

Rupees 0.50 crore was spent out of rural development funds for repairing of polling stations without the approval of Government of India.

The three centrally sponsored schemes, Jawahar Rojgar Yojana (JRY), Indira Awaas Yojana (IAY) and Employment Assurance Scheme (EAS) do not provide for incurring expenditure in connection with holding of Parliamentary and Assembly elections.

Scrutiny (November-December 2001) of records of the Project Director (PD), District Rural Development Agency, Cachar revealed that during the period 1999-2001 the PD had incurred an expenditure of Rs.0.50 crore* on repair of 1018 school buildings and 52 foot bridges which were approaches to the school buildings. These schools were to be used as polling stations for the Parliamentary election in 1999 and Assembly election in 2001. The entire amount was diverted from the funds meant for rural development schemes viz., EAS, JRY and IAY*. The records produced to audit did not show that the diversion of funds from poverty alleviation schemes for rural people had the prior approval of the Government of India. Also, the PD had not moved the Government of Assam to obtain reimbursement of expenditure till October 2002.

Thus, diversion of Rs.0.50 crore resulted in denial of intended benefits to the target group of rural population.

The matter was reported to Government in April 2002; their reply had not been received (October 2002).

6.12 Non-accountal of stock materials

Construction materials worth Rs.0.53 crore was not accounted for by the eight BDOs in their books of accounts for two to five years.

Between 1996-97 and 1998-99 the Project Director (PD), District Rural Development Agency (DRDA), North Lakhimpur procured and issued construction materials (viz., M.S. rod, GCI sheets, cement etc.) to eight Block Development Officers (BDOs) for utilisation in the works taken up under Indira Awaas Yojana, Jawahar Razgar Yojana etc.

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(Rupees in crore)						
Year		No. of school buildings	Expenditure Rs.	No. of foot bridges	Expenditure Rs.	Total
1999-2000	Parliamentary election 1999	296	0.22	38	0.09	0.31
2000-2001	Assembly election 2001	722	0.18	14	0.01	0.19
	Total	1018	0.40	52	0.10	0.50

* 1999-2000: JRY: Rs.0.23 crore; EAS: Rs.0.08 crore.

2000-2001: JRY: Rs.0.06 crore; EAS: Rs.0.06 crore; IAY: Rs.0.07 crore.

A comparison of records (March-April 2001) of the PD, DRDA, North Lakhimpur for the years 1996-97 to 1998-99 with those of the eight BDOs revealed that construction materials worth Rs.0.53 crore (as shown in Appendix-XXIV) issued by PD to the BDOs during July 1996 to March 1999 were not accounted for in the books of the BDOs as of April 2001. Records in support of utilisation of materials for any work were not produced to audit. Further, physical verification of stock had not been conducted in the Agency/Blocks as required under rules.

The PD stated (April 2001) that the matter would be investigated; further development in the matter was awaited (March 2002).

The matter was reported to Government in June 2002; their reply had not been received (October 2002).

6.13 Denial of minimum wages to rural poor workers

Non-payment of revised minimum wages to workers living below the poverty line under EAS and JRY schemes led to denial of due wages amounting to Rs.4.09 crore in respect of 33.35 lakh mandays during April 1997 to March 2000.

Jawahar Rozgar Yojana (JRY) and Employment Assurance Scheme (EAS) envisages wage employment to the rural poor living below the poverty line by providing minimum wages prescribed for unskilled workers by the State Government from time to time.

Government of Assam had revised the minimum wages of unskilled workers from Rs.33 to Rs.38 per day with effect from January 1996 and from Rs.38 to Rs.48 per day with effect from March 1998.

Scrutiny (May-June 2001) of records of the Project Director (PD), District Rural Development Agency, Sivasagar for the year 1997-98 to 1999-2000 revealed that the PD had paid minimum wages to the unskilled workers under the above mentioned two schemes at pre-revised rate of Rs.33 per day during the entire period from 1997-98 to 1999-2000 for reasons not on record.

Non-payment of wages at revised higher rates to unskilled workers belonging to rural population living below the poverty line resulted in denial of minimum wages aggregating Rs.4.09 crore in respect of 33.35 lakh mandays during the period of 3 years ending March 2000 as detailed in Appendix-XXV.

The matter was reported to Government in April 2002; their reply had not been received (October 2002).

6.14 Extra avoidable expenditure on procurement of Cement and GCI sheet at higher rate

The PD, DRDA, Morigaon purchased cement and GCI sheets from private parties at rates higher than the rates of the Cement Corporation of India and those fixed by the State Government Purchase Board entailing extra avoidable expenditure of Rs.17.08 lakh.

(a) Scrutiny (May-June 2001) of records of the Project Director (PD), District Rural Development Agency (DRDA), Morigaon for the years 1998-99 and 1999-2000 revealed that between June 1998 and December 2000 the PD purchased 3,888.25 tonne cement at a total cost of Rs.1.39 crore for utilisation in Indira Awaas Yojana, Employment Assurance Scheme and Jawahar Rozgar Yojana etc. Though the Cement Corporation of India (CCI) had assured (November 1998) that the demand for cement could be met by them, only 1849 tonne (value: Rs.0.60 crore) was purchased from the CCI whereas 2,039.25 tonne (value: Rs.0.79 crore) was purchased from five private suppliers at much higher rates. There were no reasons on record to indicate why purchase from the private suppliers was resorted to. Thus, compared to the rates of CCI the purchase from private suppliers led to an extra avoidable expenditure of Rs.11.64 lakh as shown in Appendix-XXVI.

(b) As per provision of Section 7(I) (b) of the Assam Preferential Stores Purchase Act 1989, the items under Schedule-II (including GCI sheets) shall be purchased by the indenting departments from registered industries at a price fixed by the Technical Committee constituted by the Assam State Store Purchase Board under the Act *ibid*. Accordingly, the Technical Committee finalised (29 December 1999) the rates of GCI sheets at Rs.26,730 per tonne (0.50 mm thickness) and Rs.26,135 per tonne (0.63 mm thickness).

The PD purchased 286.71 tonne GCI sheets of 0.50 mm and 0.63 mm thickness valued at Rs.0.82 crore between 5 February 2000 and 20 May 2000 at rates which were much higher than the rates approved by the Technical Committee. This has resulted in an extra expenditure of Rs.5.44 lakh as per details given in Appendix-XXVI. Reasons for purchase of GCI sheets at rates higher than the approved rates of the Technical Committee were not on record.

The matter was reported to Government in May 2002; their reply had not been received (October 2002).

6.15 Irregularities in purchase and distribution of tool kits

PD, DRDA, Cachar purchased 3402 tool kits at a total cost of Rs.0.68 crore. Against the issue of 3011 tool kits by PD to 13 BDOs there was short receipt of 520 tool kits (value: Rs.10.40 lakh) by BDOs. The blocks distributed 1104 tool kits (value: Rs.22.08 lakh) to artisans who were not trained under TRYSEM. 562 tool kits (value: Rs.11.24 lakh) remained undistributed with the BDOs for their being damaged, unwillingness of artisans to take the tool kits, non-selection of beneficiaries etc.

In July 1992, the Government of India introduced under, Integrated Rural Development Programme, a scheme for providing improved tool kits to rural artisans living below the poverty line. Each artisan was to receive a tool kit worth Rs.2,000 of which the District Rural Development Agency (DRDA) would provide Rs.1,800 (90 per cent) and the beneficiary's contribution would be Rs.200 (10 per cent) of the cost of the tool kits. As per Government of India order (August 1994) tool kits were to be distributed to artisans who had received training under TRYSEM.

The Project Director, (PD), DRDA, Cachar, purchased 3,402* tool kits at a total cost of Rs.0.68 crore during 1998-99 to 2000-2001 for distribution to 3,402 beneficiaries. Records relating to assessment of actual requirement of tool kits could not be shown to audit. Of the 3,402 tool kits, 3,365 tool kits were issued by the PD to all the 15 Block Development Officers (BDOs) and 37 tool kits (value: Rs.0.74 lakh) were retained by the PD for reasons not on record. Test-check (November-December 2001) of records of the PD, and information furnished by 13 of the 15 BDOs as per details indicated in Appendix-XXVII revealed the following irregularities in procurement and distribution of tool kits. Two BDOs (Lakhipur and Tapang) did not furnish the required information.

(i) Against 3,011 tool kits issued by the PD to these 13 BDOs, 2,491 tool kits were received by them which resulted in short receipt/accountal of 520 tool kits worth Rs.10.40 lakh

(ii) Of the 2,491 tool kits received by the BDOs, 1,929 tool kits were distributed among the beneficiaries of which 1,104 tool kits (value: Rs.22.08 lakh) were issued to artisans who were not trained under TRYSEM. The distribution of these tool kits therefore, violated Government of India's order. Of the balance 562 tool kits, 257 tool kits worth Rs.5.14 lakh were in damaged condition and balance 305 tool kits (value: Rs.6.10 lakh) remained unutilised with BDOs due to unwillingness on the part of the artisans to accept/lift the tool kits, non-selection of beneficiaries etc.

(iii) Against Rs.3.86 lakh due from the 1,929 beneficiaries, Rs.2.76 lakh was actually realised of which the BDOs remitted Rs.1.01 lakh to the PD. The PD did not furnish any reason for non-receipt of Rs.1.75 lakh from the BDOs and non-realisation of Rs.1.10 lakh from the beneficiaries by the blocks.

* 1998-99: 1363 tool kits; 1999-2000: 1050 tool kits and 2000-2001: 989 tool kits.

The matter was reported to Government in May 2002; their reply had not been received (October 2002).

6.16 Irregularities in implementation of Ganga Kalyan Yojana scheme

Non-implementation of GKY scheme in a district resulted in unfruitful investment of Rs.16.60 lakh.

Ganga Kalyan Yojana (GKY), a Centrally sponsored scheme, was launched in February 1997 to provide irrigation facilities through exploitation of available ground water (bore wells and tube wells) to individuals and groups of small and marginal farmers living below the poverty line (BPL). The scheme was to be implemented after ascertaining the availability of ground water from Central Ground Water Board (CGWB) for uplifting socio-economic condition of the rural poor by increasing their agricultural yield through irrigation.

The individuals/groups were to be assisted through subsidy from Government and term credit from financial institutions. In case of group schemes, subsidy was 75 *per cent* for beneficiaries belonging to SC and ST and 50 *per cent* for others. In case of individual beneficiaries, subsidy was at the rate of Rs.5,000 per acre of land subject to a ceiling of Rs.12,500 per beneficiary.

Between March 1998 and July 1999 the PD, District Rural Development Agency (DRDA), NC Hills, Haflong procured 71 pump sets and accessories for implementation of the scheme at a total cost of Rs.16.60 lakh (pump set: Rs.8.80 lakh and accessories: Rs.7.80 lakh). The pump sets and accessories were issued to five blocks* between September 1999 and March 2000.

Scrutiny (November-December 2001) of records of the PD, DRDA, NC Hills revealed the following:

(i) The Executive Engineer, South NC Hills division (Irrigation) informed (May 1997) the PD that bore wells and tube wells under GKY were not feasible in the hills district. Also, no information was obtained from the CGWB regarding availability of ground water in the district. Despite this, the PD procured the pump sets and accessories under the scheme.

(ii) Although 71 pump sets were distributed to the beneficiaries through the blocks, the accessories worth Rs.7.80 lakh were lying unused in the store of the DRDA/blocks as the beneficiaries were reluctant to lift the accessories due to non-feasibility of bore wells and tube wells.

(iii) No follow up action was taken by the PD to ascertain the purpose for which the pump sets were utilised by the beneficiaries.

* Harengajao: 16 pump sets; Mahur: 10 pump sets; Maibong: 16 pump sets; Diyanbra: 22 pump sets and New Snagbra: 7 pump sets.

Thus, injudicious purchase of the pump sets and accessories by the PD and their non-installation at bore wells and tube wells resulted in unfruitful expenditure of Rs.16.60 lakh besides, defeating the objectives of the programme.

The matter was reported to Government in May 2002; their reply had not been received (October 2002).

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