

## CHAPTER-III CIVIL DEPARTMENTS

### SECTION 'A'-REVIEWS

#### HEALTH AND FAMILY WELFARE DEPARTMENT

##### 3.1 NATIONAL AIDS CONTROL PROGRAMME

*National AIDS Control Programme a 100 per cent Centrally sponsored scheme was launched in Assam since 1997-98 to reduce and prevent spread of HIV infections, strengthen the measures to control sexually transmitted diseases (STD) and for building capacity to respond to HIV/AIDS on a long term basis. A review of the programme through test-check of records indicated that funds were utilized in excess of approved allocation in violation of guidelines of National AIDS Control Organisation (NACO). Deficiencies in perspective planning of targeted Intervention Projects, lack of modernised treatment facilities for patients with STD, non-assessment of impact of Information Education and Communication (IEC) campaign and social mobilisation, poor management of available blood banks in the districts, insignificant achievement of voluntary blood testing and counselling due to weak infrastructural base, lack of proper monitoring and poor financial discipline were the main reasons for which the objectives of the programme remained largely unattained.*

#### *Highlights*

➤ Out of Rs.1.50 crore released by Government of India during 1997-98 the State Government did not release Rs.64.13 lakh to Assam State AIDS Control Society (ASACS) till May 2003 and thus implementation of the programme was retarded.

(Para 3.2.4(b))

➤ ASACS spent Rs.78.48 lakh during 2000-2001 and 2002-2003 under the "Preventive Intervention for General Communities" in excess of approved allocation in violation of National AIDS Control Organisation's (NACO's) guidelines.

(Para 3.2.4(c))

➤ Due to non-availability of modernised treatment facilities in 16 of the 23 districts, post detection treatment of sexually transmitted diseases and containment of HIV infection was insignificant.

(3.2.5.1)

➤ As against 100 per cent achievement of awareness target by March 2003 the ASACS even after spending Rs.2.55 crore during five years ending March 2003 had not assessed the impact of awareness and social mobilisation generated by IEC campaigns.

(Para 3.2.5.2(a))

➤ **Poor management of 16 blood banks out of 23 districts and weak infrastructure base of blood testing centres led to insignificant achievement of counselling (367 numbers) and voluntary blood testing (109 numbers) during 1998-2003.**

**(Para 3.2.5.2(c)(ii))**

➤ **Non-adherence to the norms prescribed by NACO for implementation of target intervention project on Commercial Sex Workers (CSW), resulted in excess expenditure of Rs.23.01 lakh on seven targeted intervention Projects during 1999-2003.**

**(Para 3.2.5.4 (iv))**

### **3.1.1 Introduction**

AIDS (Acquired Immune Deficiency Syndrome) is a severe life threatening disease caused by HIV (Human Immune Deficiency Virus) which is transmitted through sexual contact, contaminated injection needles and syringes, transfusion of infected person's blood, transmission from infected mother to child before, during or shortly after birth. So far no effective vaccine/medicine has been found to cure AIDS. The disease is not curable but preventable.

Screening of blood samples for HIV infections started in the country in the year 1985. This was followed by the launching of National AIDS Control Programme (NACP) in the year 1987. Subsequently NACP-I spanning seven<sup>8</sup> years period was implemented between 1992-1999. The programme broadly aimed to prevent spread of HIV infections by ensuring safe transfusion of blood free from HIV, Hepatitis-B and VDRL and malaria parasite, strengthen measures to control sexually transmitted diseases (STD), create awareness by providing IEC (information, education and communication) activities and social mobilisation.

The programme NACP-II was launched in October 1999 and has been under implementation in all the States/UTs. Two key objectives of NACP-II are (i) to reduce spread of HIV infection in India and (ii) to strengthen India's capacity to respond to HIV/AIDS on a long-term basis.

### **3.1.2 Organisational set up**

Since 1997-98 the programme in Assam was implemented by 'AIDS Cell' attached to the Directorate of Health Services, Assam upto December 1998. The Assam State AIDS Control Society (ASACS) was registered (October 1998) as a society under the Societies Registration Act, 1860 and it became operational from January 1999 with Commissioner and Secretary, Health and Family Welfare department as the Chairman of the Society. Since then the ASACS was responsible for implementation of NACP in the State. The Project Director (PD), ASACS is the state level nodal officer.

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<sup>8</sup> Originally for five years from September 1992 to September 1997. Subsequently extended upto March 1999

He is assisted by eleven programme officers<sup>9</sup> and one NGO Adviser in the planning and programme implementation at State level and by Jt. Directors of Health Services (Jt. DHS) at district level.

### **3.1.3 Audit coverage**

Implementation of the programme between 1998-99 and 2002-2003 was reviewed by test-check of records of the PD, ASACS, Guwahati and Jt. DHSs of six<sup>10</sup> out of 23 districts during February 2003 to May 2003. Information was also collected from three Medical College Hospitals<sup>11</sup>. Against total population of 2.66 crore in the State, population coverage of six test-checked districts was 98.91 lakh (37 per cent). Expenditure checked in audit comprised 80 per cent (Rs.14.43 crore out of Rs.17.99 crore) of the total expenditure incurred.

Accounts of the ASACS were audited by Chartered Accountants, appointed by National AIDS Control Organisation (NACO) from the panel selected by C&AG. The Society's accounts were also audited by C&AG under section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

### **3.1.4 Financial Management**

NACP is a 100 per cent Centrally sponsored scheme funded from World Bank sources. Upto December 1998, the Government of India had released funds to Government of Assam and thereafter (January 1999) funds were directly released to ASACS on the basis of detailed and approved annual action plan. Position of release of funds and expenditure during 1998-2003 was as under.

(Rupees in crore)			
Year	Amount of grant released	Expenditure as per annual accounts	Balance of grant released (+) Excess /(-) Saving
1998-1999	1.00	0.53	(-)0.47
1999-2000	3.22	3.06	(-)0.16
2000-2001	3.55	3.46	(-)0.09
2001-2002	4.35	4.54	(+)0.19
2002-2003	7.38	6.40	(-)0.99
<b>Total</b>	<b>19.51</b>	<b>17.99</b>	<b>(-)1.52</b>

Source: Annual Accounts of the Society.

(a) Of the total expenditure of Rs.17.99 crore the highest expenditure of Rs 9.64 crore constituting 54 per cent was incurred under the component-'Preventive Intervention for the General Communities' followed by Rs.4.55 crore (25 per cent) under 'Priority Targeted Intervention for Groups at High Risk', and

<sup>9</sup> Additional project Director	1
Joint Directors	2
Deputy Directors	4
Assistant Directors	4
<b>Total</b>	<b>11</b>

<sup>10</sup> Dibrugarh, Nagaon, Cachar, Kamrup, Dhubri, Karbi Anglong

<sup>11</sup> Guwahati, Dibrugarh, Silchar.

Rs.3.52 crore (20 per cent) under 'Institutional Strengthening'. Expenditure on 'Low cost AIDS Care' and Inter Sectoral collaboration was significantly low and together aggregated to Rs.27.81 lakh (two per cent).

(b) Test-check revealed that in 1997-98 the Government of India had released Rs.1.50 crore<sup>12</sup> to Government of Assam under NACP-I. Against this the State Government released only Rs.85.87 lakh<sup>13</sup> to AIDS cell and did not release Rs.64.13 lakh to ASACS till May 2003 for reasons not on record. Thus AIDS fund of Rs.64.13 lakh remained locked up with Government of Assam and implementation of the programme was retarded to that extent. The PD had not made any effort so far (May 2003) to secure release of the funds from Government.

(c) Expenditure under different components of NACP-II was to be made within the limits of the approved allocation. Unilateral change of allocation among different components by the ASACS was not permissible. Test-check revealed that the ASACS incurred unilaterally an excess expenditure to the tune of Rs.78.48 lakh over Government of India approved allocation under the component, 'Preventive Intervention for General Communities' during 2000-2001 and 2002-2003 as under:

(Rupees in crore)			
Year	Amount allocated	Amount spent	Expenditure in excess of allocation
2000-2001	1.83	2.16	(+) 0.33
2002-2003	2.90	3.35	(+) 0.45
<b>Total</b>	<b>4.73</b>	<b>5.51</b>	<b>(+) 0.78</b>

The Project Director incurred the excess expenditure of Rs.0.78 crore by unauthorised diversion from other components<sup>14</sup> violating NACO's guidelines. This indicated violation of financial discipline, inadequate internal control and deficient cash management.

### 3.1.5 Components/Activities

#### 3.1.5.1 Priority Targeted Intervention for Groups at High Risk.

(a) The project aimed to reduce the spread of HIV in groups at high risk by identifying target population and providing peer counselling, condom promotion, treatment of sexually transmitted infections (STIs) and client programmes.

Examination of records revealed that 29 Targeted Intervention (TI) projects were conducted during 1999-2003 at a cost of Rs.2.44 crore through NGOs. Details of TI

<sup>12</sup> July 1997 : Rs. 0.50 crore, December 1997 : Rupees one crore.

<sup>13</sup> August 1998 : Rs.43.37 lakh, December 1998 : Rs.42.50 lakh.

<sup>14</sup> Low cost AIDS care, Inter Sectoral Collaboration etc.

projects were as given below:

(Rupees in lakh)

Group	Period	Targeted Interventions				Amount		
		No. of projects planned	No. of projects done	No. of beneficiaries targeted to be covered	No. of beneficiaries actually covered	Allocated	Utilised	Excess(+)/ Saving(-)
Commercial Sex Worker (CSW)	1999-2000 to 2002-2003	8	7	1750	500	47.40	47.40	--
Truckers	2001-02 to 2002-03	11	8	99000	70000	77.02	77.02	--
Injecting Drug Users	1999-2000 to 2002-2003	1	1	1000	495	15.45	13.98	(-) 1.47
Others	-Do-	17	13	23950	17129	105.16	105.16	--
<b>Total</b>		<b>37</b>	<b>29</b>			<b>245.03</b>	<b>243.56</b>	<b>(-) 1.47</b>

Source: Information furnished by ASACS.

Targets in terms of number of projects to be done annually were not fixed during 1999-2000 and 2000-01. During 2001-03, 37 projects were targeted, of which 22<sup>15</sup> projects (59 per cent) were taken up. Absence of targets in 1999-2000 and 2000-01 denoted deficiencies in perspective planning. The reasons for shortfall in achieving targets by 41 per cent during 2001-03 and non-utilisation of unspent balance of Rs.1.47 lakh under Injecting Drug Users during 1999-2000 were not furnished.

**(b) Condom promotion**

The programme stressed the need for condom promotion/distribution as protection against spread of HIV due to unprotected multi partner sexual activities.

There was no organised red light area in the State and no survey was conducted to assess the number of Commercial Sex Workers (CSWs). Condom promotion was not done during 1998-99 and 1999-2000. The ASACS had not so far (May 2003) evolved strategies for social marketing of condoms through a network of retail outlets of its own and through community based organisations. Thus, condom distribution programme lacked thrust and concerted effort.

However, all the 1,950 CSWs identified through base line survey conducted by the NGOs were given condom coverage upto 2002-2003 and 10.39 lakh condoms were distributed through the outlets of the NGOs. Year-wise position of distribution of condoms were as under:

(In Numbers)

Scheme	1998-99	1999-2000	2000-01	2001-02	2002-03	Total
1. Free Distribution	NIL	NIL	30000	66,000	1,46,500	2,42,500
2. Social Marketing	NIL	NIL	NIL	2,84,000	5,12,000	7,96,000
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>30,000</b>	<b>3,50,000</b>	<b>6,58,500</b>	<b>10,38,500</b>

Source: Information furnished by ASACS.

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Group	Year	Number of projects
CSW	2001-02	1
	2002-03	4
Truckers	2001-02	5
	2002-03	3
IDU	2001-02	-
Others	2001-02	5
	2002-03	3
<b>Total</b>		<b>22</b>

**(c) Sexually Transmitted Disease (STD)**

STD patients are more vulnerable to acquire and prone to transmit HIV. Treatment of STD generally reduces the risk of transmitting HIV. Availability of STD clinical facilities in every district and medical college hospitals was, therefore, the primary requirement for treatment of STD and thereby controlling the HIV. As of March 2003, only 15 out of 23 districts of the State had 15 STD clinics of which only seven were modernised. Besides, the concerned staff were not given requisite training for quality control of Venereal Disease Research Laboratory (VDRL) tests. No reason could be furnished for non-imparting of VDRL training.

Thus, primary infrastructural facilities for treatment of STD continued to be sporadic and inadequate in the absence of clinics in eight districts, lack of modernised treatment facilities in 16 out of the 23 districts and non-imparting of training to the medical and para-medical staff during 1998-2003 for quality control of VDRL tests.

**(d) Performance of STD Clinics**

During 1999-2003 only 5,804 patients attended STD Clinics in the State. The year-wise position of performance of STD clinics was as under:

Year	No. of cases attended STD Clinics	Nos. referred	Nos. treated
1998	NA	NA	NA
1999	1,059	NIL	1,059
2000	1,156	NIL	1,156
2001	1,337	NIL	1,337
2002	2,002	NIL	2,002
2003	250	NIL	250
<b>Total</b>	<b>5,804</b>	<b>NIL</b>	<b>5,804</b>

Source: Information furnished by ASACS.

Family Health Awareness Campaigns (FHAC) were conducted to provide services for reproductive tract infection (RTI) sexually transmitted infection (STI). The Project Director reported that during 1999-2003 five FHACs were organised where 10.37 lakh STD patients attended of which 4.72 lakh patients were treated and the balance 5.65 lakh cases were referred to STD clinics.

The information furnished by ASACS, however, made no mention of referred cases at all during the period and only gave 5,804 as the figure of patients treated at STD clinics.

Thus, the number of 5.65 lakh referred cases from FHACs appeared to be contradictory and unrealistic and also indicated that STD clinics had done little in post detection treatment of STD vis-à-vis containment of HIV infection. The ASACS had not analysed the reasons for the contradictory position of STD attendance as projected in STD clinics and FHACs.

**3.1.5.2 Preventive Intervention for General Community****(a) Information Education and Communication (IEC)**

ASACS controlled all the activities by receiving grants directly from NACO as there was no district level society. At the district level Jt. DsHS conducted training,

workshops/seminars etc., under IEC.

The aim of IEC is to make people aware about HIV/AIDS/STD through different channels and to achieve 100 *per cent* awareness target by March 2003. Under IEC, the ASCAS spent Rs.2.55 crore<sup>16</sup> during 1998-2003 against allocation of Rs.3.36 crore.

IEC activities during 1998-2002, assigned to two Asstt. Directors remained confined to publicity through posters, leaflets, stickers, calendars, electronic display board, Tele film etc. IEC activities during 2002-2003 were entrusted to one Dy. Director, (IEC) appointed during 2002. In the year 2002-2003, the IEC Campaign was done by advertising through hoardings, wall paintings, publicity through press, theatre and street drama, songs, sensitisation workshops etc., cable TV Channel. However, in two<sup>17</sup> of the six test-checked districts no hoardings were on display as of May 2003.

IEC activities were also taken up by involving Government departments, NGOs, peoples representatives, tea gardens and through State and district level advocacy workshops and follow up workshops in schools for awareness among youth and college students.

The ASACS however, had not made any assessment as to the level of awareness and social mobilisation generated as a result of the IEC campaigns. No evaluation report from any independent organisation was also available. Thus, the extent of achievement of awareness target by ASACS even after spending Rs.2.55 crore<sup>18</sup> during five years ending March 2003 was not ascertainable in audit as of May 2003.

**(b) Voluntary testing and counselling**

(i) According to the programme, voluntary counselling and testing centres (VCTCs) were to be established in each district. But these centres were established only in 15 of the 23 districts of the State. As of May 2003, eight<sup>19</sup> districts of the State were devoid of blood testing and counselling facilities. This indicated weak infrastructural base, which impeded campaign against HIV/AIDS.

<sup>16</sup>

**Rupees in lakh**

Year	Allocation	Expenditure
1998-1999	56.00	0.39
1999-2000	32.80	31.27
2000-2001	42.00	59.64
2001-2002	100.00	39.31
2002-2003	105.10	124.00
<b>Total</b>	<b>335.90</b>	<b>254.61</b>

<sup>17</sup> Karbi-Anglong and Dhubri

<sup>18</sup> Print Media	Rs.109.65 lakh
Electronic Media	Rs. 30.35 lakh
Outdoor Publicity	Rs.60.01 lakh
Folk Media Programme	Rs.14.99 lakh
Workshop	Rs.20.40 lakh
Mobile Theatre	Rs.19.21 lakh
	<b>Rs.254.61 lakh</b>

<sup>19</sup> Bongaigaon , Kokrajhar, Morigaon, Tinsukia, NC hills, Darramg, Karimganj, Hailakandi.

(ii) In the VCTC attached to Civil Hospital, Diphu one Elisa Reader (Approx. cost 1.90 lakh) received in August 2002 could not be put to use as of May 2003 due to non-supply of kits by ASACS. This obviously stalled/impeded HIV testing of blood. In the absence of infrastructural facilities (e.g., absence of ELISA kits) the district lacked the arrangement to detect HIV positive/AIDS patient. No counselling was done in Karbi-Anglong although two counsellors were posted from September 2002 and salary expenditure of Rs.0.90 lakh at Rs.5000 per month was incurred till May 2003.

(iii) In the VCTC, Silchar Medical College Hospital (SMCH) equipments remained to be installed even after eight months of receipt (August 2002).

(iv) One FACS<sup>20</sup> machine (CD-4, CD-8 cell counter) costing Rs.33.00 lakh received in the Guwahati Medical College Hospital (GMCH) from NACO during 1999 was put to use only in August 2002 keeping it idle for over 31 months. The equipment considered vital in the detection of HIV/AIDS infection of patients could not be put to operational use in time due to non-availability of trained personnel.

(v) There was no attendance in the VCTC, Civil Hospital, Dhubri. Neither was there any HIV positive/AIDS patient on official records, nor was any counselling done till May 2003 inspite of appointing two counsellors in VCTC Dhubri from March 2003 for whom salary expenditure of Rs.0.30 lakh was incurred till May 2003.

(c) ***Blood Transfusion and occupational exposure***

(i) NACP project implementation plan envisaged that every district in the country would have at least one modernised blood bank by 2002. But in Assam there were only 16 Government blood banks in 15 of the 23 districts upto March 2003 of which 11 blood banks were established during 1998-2003 against 19 targeted during the period.

(ii) No targets were fixed for establishment of Blood Testing Centres (BTCs) for reasons neither on record nor furnished. Fifteen BTCs were established between 1998-2003 in which number of counselling done and number of voluntary testing conducted were only 367 and 109 respectively during the period.

(iii) Mandatory tests for five diseases viz., HIV, Hepatitis B, Hepatitis C, Syphilis and Malarial Parasite was required to be conducted for every unit of donated blood in all the licensed blood banks. The units of blood found infected with any of the above diseases should be discarded and not prescribed for transfusion.

Between 1998 and March 2003, 1,68,588 units of blood were screened of which 185 units tested HIV reactive. No system existed either for further investigation/examination of the HIV reactive units or to correlate the units with the donors.

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<sup>20</sup> Fluorescent Activated Cell Sorter.

(iv) There were no Metro/Zonal screening centres in the State. Blood component separation devices were also not available. Resultantly, whole blood had to be transfused signifying that rationality in use of blood was absent in the State.

(v) All the 16 existing blood banks in the State were modernised with equipments from NACO/ASACS and they were manned by trained medical and paramedical staff. These blood banks received chemicals, reagents, blood bags etc., from the ASACS besides cash grant of Rs.6.50 lakh<sup>21</sup> given to five blood banks. Test-check revealed the following shortfalls in the management/utilisation of blood bank equipments.

(a) NACO, New Delhi delivered 15 refrigerators to ASACS in March 2002 for modernisation of district blood banks. Three of the 15 refrigerators costing Rs.1.93 lakh each issued to three<sup>22</sup> district hospitals remained unused (March 2003) since blood banks in these hospitals could not be made operational due to non-receipt of requisite license. Similarly, 16 of the 30 needle destroyers and six blood transport boxes delivered by NACO in September 2001 were also lying idle in store of ASACS for over one year as of March 2003.

(b) The Superintendent, Nagaon Civil Hospital (CH) received one air conditioner from NACO in September 1998. The air conditioner was initially put to use in the OT of the hospital and it continued to remain there without installation in the blood bank till April 2003.

(c) M/s PD Distributor (Supplier) delivered (June 1998) one blood bank refrigerator, to CH, Nagaon as per order of the Director of Health service (DHS) Assam, Guwahati. The equipment remained defective since delivery. On reporting about the defects, the DHS ordered (June 1998) the supplier to replace the defective refrigerator. As of April 2003 the refrigerator was neither replaced nor repaired. No fresh initiative was made by the Superintendent of the hospital in this regard.

(d) One deep freezer (Approx. cost Rupees one lakh) and one Blood Bank refrigerator (Approx. cost Rs.1.35 lakh) were lying unused in the GMCH blood bank since March 1999 and December 2000 respectively as they could not be repaired for want of funds. Two other deep freezers received in March 2001 could not be installed initially due to lack of space. Subsequently the supplier did not comply with the request to install these as of March 2003.

(e) One blood bank refrigerator (Jewat, USA made) was lying idle for over three years in AMCH Dibrugarh as it could not be repaired for want of funds. Thus, the available

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	<b>(Rupees in lakh)</b>	
Nalbari	-	1.50
Barpeta	-	1.00
Golaghat	-	2.0
Hailakandi	-	1.00
Karimganj	-	<u>1.00</u>
<b>Total</b>	-	<b>6.50</b>

<sup>22</sup> Halflong, Hailakandi and Karimganj.

blood bank infrastructure could not be put to best possible use indicating weak material management.

(vi) The ASACS was supposed to closely monitor the activities of the private sector blood banks. But the society so far did not make any concerted effort to constantly monitor the activities of the 16 private sector blood banks operating in the State. The PD made no supervisory visits. The society received only optional monthly reports rendered by 60 per cent of the blood banks. They had no control over the remaining 40 per cent of the blood banks. Thus, the blood safety measures in the State still had loose ends.

### 3.1.5.3 Low cost AIDS care

Care and support is a key component of NACP-II, but the effort made by ASACS for providing care and support to patients with HIV/AIDS was inadequate. Against an approved allocation of Rs.56.35 lakh during 1999-2003 only Rs.14.79 lakh were spent. The Society only provided medicines for opportunistic infections to the district and medical college hospitals.

The department stated that there were 171 AIDS patients upto March 2003<sup>23</sup>. The Society could not state how many of them were under care and support in hospitals, community care centres, managed by Trusts or whether they were under home based care.

The ASACS also did not have any action plan for setting of community care centres although NACO stressed the importance of such centres. Status of community care centres in the State was as under (March 2003):

Year	No. of centres proposed	No. of centres established	No. of infected cases (progressive)	Norms/rates fixed for providing drugs for treatment
1998	Nil	Nil	37	No norms fixed for providing drugs.
1999	Nil	Nil	58	
2000	Nil	Nil	99	
2001	Nil	Nil	146	
2002	Nil	Nil	162	
2003	Nil	Nil	171	

Source: Information furnished by ASACS.

Only two centres viz., Ila Trust and Santidan under two social organisations existed in the State where AIDS patients were taken care of. 15 AIDS patients attended OPD of Ila Trust and 25 in Santidan. Out of these, four patients were admitted for treatment in the hospitals. The Society did not have any information of the remaining patients who had not been admitted in the hospitals. Existence of only two community care centres

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Period	No. of patients
1990-1997	23
1998-2003	148
<b>Total</b>	<b>171</b>

and failure to utilise 74 per cent of the allocated fund indicated poor implementation of low cost AIDS care in Assam.

### **3.1.5.4 Implementation Arrangement—NGO participation**

(i) The works of implementation of TI projects and school AIDS education programme were done through NGO's participation. The works assigned to the NGOs were monitored through periodic reports/returns. However, submission of the prescribed reports/returns was not regular and delayed for periods extending upto two months. This indicated laxity in control system.

(ii) Utilisation of grants released to NGOs was monitored through utilisation certificates (UCs). As of May 2003, UCs for Rs.55.17 lakh were pending of which five UCs involving Rs.13.19 lakh became overdue and 12 UCs for Rs.41.98 lakh was not yet due for submission.

(iii) According to the norm prescribed by NACO a target intervention project on CSW with a population size of 1000 was to cost Rs.12,08,500 and thus the average cost is Rs.1,208.50 per person per year.

Test-check revealed that ASACS implemented seven CSW targeted intervention projects between 1999-2000 and 2002-2003 and covered 1,150 beneficiaries at an expense of Rs.36.91 lakh at an average cost of Rs.3,209.57 per person. The cost of the project applying NACO's norm for 1,150 beneficiaries worked out at Rs.13.90 lakh (1,150xRs.1,208.50). The expenditure was thus almost three times of the NACOs norm. Non-adherence to NACOs costing norm in the projects by the PD resulted in an excess expenditure to the tune of Rs.23.01 lakh.

### **3.1.5.5 STI/HIV/AIDS sentinel survey**

Activities like sentinel survey in every state, STI surveillance through specific surveys, behavior surveillance and AIDS cases surveillance were required to be conducted according to the guidelines of the project.

STI/HIV/AIDS surveillance was done in the State through 15 Voluntary Counselling and Testing Centres (VCTCs). There were no category-wise surveillances. In the VCTCs all category of individuals were tested for HIV. During 1998-2003, a total of 10,398 cases were tested in the VCTCs of which 231 had tested sero-positive and 148 were confirmed AIDS cases as detailed below:

<b>Year</b>	<b>Cases screened</b>	<b>Sero-positive</b>	<b>Sero-positive rate per 1,000</b>	<b>AIDS cases</b>
1998-1999	1,854	25	13.48	14
1999-2000	1,580	38	24.05	21
2000-2001	2,369	44	18.57	41
2001-2002	2,427	57	23.49	47
2002-2003	2,168	67	30.90	25
<b>Total</b>	<b>10,398</b>	<b>231</b>		<b>148</b>

Source: Information furnished by ASACS.

It would be seen from the above that sero-positivity was constantly on the rise. Against 25 cases tested sero-positive @ 13.48 per 1,000 during 1998-99, sero-positive

cases rose to 67 @ 30.90 per 1000 during 2002-2003 despite campaign against HIV/AIDS.

Non-establishment of category-wise surveillance centers and non-conducting of category-wise surveillance indicated that the programme was being implemented without adequate and reliable information.

### 3.1.5.6 Training

(i) Planning and implementation of training programme were stressed under NACP-II. Before the implementation of the actual training programme, completion of certain training related tasks was pre-requisite. The specified pre-training tasks were completed in time but no targets were fixed for training. However, between 1999-2003 training was imparted to 9,797<sup>24</sup> personnel (52 per cent) out of 18,702 medical and paramedical health care providers on roll.

Implementation of training without any pre-set target indicated absence of perspective planning.

(ii) According to NACO's guidelines, each doctor and nurse participants of training course were to be provided with a training module. The module is also to be provided one each to four resource persons in a batch of 30 trainees.

Test-check revealed that between 2000-2003 the ASACS procured 23,000 training modules against actual requirement of 9,348 copies resulting in an avoidable expenditure to the tune of Rs.9.59 lakh as under:

Category of Trainee	Name of module	Qty printed	Qty. required (Participants + Resource Persons)	Excess printed	Rate (Rs.)	Value of excess printing (Rupees in lakh)
1. Specialist	Training & Reference Module	8,000	3,040	4,960	79.00	3.92
2. M.O.	Training Module for M.O.					
3. Nurse	Training Module for Nurse	15,000	6,308	8,692	65.30	5.67
<b>Total</b>		<b>23,000</b>	<b>9348</b>	<b>13,652</b>		<b>9.59</b>

The excess expenditure of Rs.9.59 lakh was due to procurement without realistic assessment.

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Govt. Doctors	2,743
Doctors Pvt/TE	220
Nurses	5,564
Lab Tech	426
Field Worker	475
Others	369
<b>Total (excluding 80 NGOs)</b>	<b>9,797</b>

### **3.1.6 Procurement of stores**

Costly equipments were generally supplied by NACO. The ASACS procured drugs/medicines, chemicals, re-agents, etc. Observations on procurement are given in the succeeding paragraphs.

#### **(i) Avoidable expenditure on procurement of medicines**

The PD, ASACS procured substantial quantity of ciprofloxacin tabs (500 mg) and norfloxacin tabs (400 mg) respectively from M/s Rajhans Chemical Concern and M/s Guwahati Surgical Mart (Local suppliers) between January 1999 and July 2002. The procurements were made by direct contracting method by adopting the rate of Director of Medical Education (DME) Assam. The rate of ciprofloxacin tablets was Rs.860 (Rs.935.68 with tax) and that of norfloxacin Rs.185.00 (Rs.201.28 with tax) per 100. The PD procured the medicines at those rates from the same suppliers for over four years and procured 13.25 lakh ciprofloxacin and 17.54 lakh norfloxacin tabs in the process.

In August 2002, the PD, however, invited tenders and on the basis of competitive bidding approved a much cheaper rate of Rs.295.00 (Rs.320.96 with tax) and Rs.179.00 (Rs.194.75 with tax) respectively for 100 tablets of ciprofloxacin and norfloxacin tabs. This indicated that the PD had procured the medicines at higher rates during the preceding four years. This resulted in an avoidable expenditure to the tune of Rs.81.48 lakh as under:

(Rupees in lakh)							
Name of Supplier	Name of medicine	Qty. procured (in lakh)	Rate per 100 (including tax) Rs.	Total expenditure	New rate per 100 with tax Rs.	Projected expenditure at new rates	Avoidable expenditure
M/s Rajhans Chemical Concern	Ciprofloxacin tabs (500 mg)	13.25	935.68	122.33	320.96	42.53	79.80
M/s Guwahati Surgical Mart	Norfloxacin tabs (400 mg)	17.54	201.28	35.84	194.75	34.16	1.68
<b>Total</b>							<b>81.48</b>

The excess expenditure of Rs.81.48 lakh was because of procurement without competitive bidding contrary to NACO's guidelines.

#### **(ii) Procurement of medicines/consumables without competitive bidding**

According to NACO's guidelines procurement of stores/medicines of a value between Rs.15 lakh and Rs.1.50 crore in each contract was to be regulated under National Competitive Bidding (NCB) method by wide publicity in every regions of the country through press.

Test-check revealed that the PD procured drugs/medicines/ consumables involving value in excess of Rs.15 lakh both in terms of yearly and contract-wise procurement from the same contractor without competitive bidding violating NACO's guidelines. Value involved in such irregular procurement made between 1998-99 and 2002-03 was Rs.1.52 crore as under:

<b>(Rupees in lakh)</b>				
Name of supplier	Name of medicine	Value involved in procurement		Total value of procurement
		Year	Value	
M/s Rajhans Chemical Concern, Guwahati	Ciprofloxacin tabs (500 mg)	1999-2000	59.27	110.73
		2000-2001	51.46	
M/s Guwahati Surgical Mart.	Norfloxacin (400 mg)	1999-2000	15.61	15.61
M/s ASOMI Enterprise, Guwahati	Reagents, Spot Test Kits, Blood Bags	1999-2000	25.99	25.99
<b>Total</b>				<b>152.33</b>

### **3.1.7 Monitoring and Evaluation**

Monitoring and evaluation were done through one Monitoring and Evaluation (M&E) Officer. According to provisions M&E were to be conducted by an outside agency at baseline, interim and final year of the projects. But as of May 2003, M&E were not entrusted to any independent organisation barring the case of seven<sup>25</sup> TI Projects. No arrangement was done for conducting baseline evaluation of the projects being implemented by NGOs. Final year evaluation was also not done.

### **3.1.8 Reporting system**

Progress of implementation was to be reported to NACO through periodical (monthly, quarterly, annual) reports. Monthly progress reports on TI projects, blood banks, STD clinics, VCTCs were submitted through computerised management information system (CMIS) from January 2002. Other forms of reports included AIDS cases report (monthly), HIV screening sentinel report (quarterly) and financial reports (quarterly and annual) were never sent by ASACS on a regular basis. Rendition of monthly reports were kept pending every month and sent together for several months at a time.

**3.1.9** The matter was referred to Government in July 2003; their reply had not been received (September 2003).

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<sup>25</sup> Evaluation of 7 TI projects was entrusted to one independent organisation. Reports not yet rendered by the organization.

**3.1.10            *Recommendation***

In the light of the irregularities and shortcomings noticed, the following recommendations are made:

- (a) Funds for implementation of the programme should be properly utilised and must not be retained in any form or diverted.
- (b) STD clinics need to be set up and modernised according to norm. Efficient management and strengthening of blood banks and blood testing centres have to be ensured.
- (c) Public awareness and social mobilisation of the programme has to be built up and strengthened in a planned manner and the implementation of the programme needs to be properly supervised and monitored.

## SECTION 'B'-PARAGRAPHS

## DAIRY DEVELOPMENT DEPARTMENT

## 3.2 Working of Dairy Development Department including Manpower Management

Dairy Development activities in the State were aimed at the economic upliftment of rural dairy farmers through enhanced milk production and to help the urban consumers to get hygienic milk at reasonable price by implementing State/Central sector schemes/project.

**3.2.1** The working of the department for implementation of two<sup>26</sup> State schemes, one<sup>27</sup> Centrally sponsored scheme and cash management of the department for the period 1998-99 to 2002-03 was reviewed during February-May 2003 by test-check of records of the Director, Dairy Development, Assam, three out of four Zonal Deputy Directors (Jorhat, Tezpur, Nalbari), one out of two Dairy Development Officers (Goalpara) and five<sup>28</sup> out of eight Assistant Dairy Development Officers/Superintendent, Town Milk Supply Scheme.

**3.2.2 Budget provisions and expenditure**

Budget provisions and expenditure during 1998-99 to 2002-03 were as under:

(Rupees in crore)

Year	Provisions			Expenditure			Excess (+)/ Savings (-) (Percentage in brackets)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1998-1999	6.73	5.59	12.32	1.89	4.03	5.92	(-) 4.84	(-) 1.56	(-) 6.40(52)
1999-2000	6.73	4.97	11.70	2.60	4.47	7.07	(-) 4.13	(-) 0.50	(-) 4.63(40)
2000-2001	12.83	4.85	17.68	5.23	4.63	9.86	(-) 7.60	(-) 0.22	(-) 7.82(44)
2001-2002	11.83	5.43	17.26	1.93	4.12	6.05	(-) 9.90	(-) 1.31	(-) 11.21(65)
2002-2003	12.47	5.96	18.43	1.97	5.99	7.96	(-)10.50	(+) 0.03	(-) 10.47(57)
<b>Total</b>	<b>50.59</b>	<b>26.80</b>	<b>77.39</b>	<b>13.62</b>	<b>23.24</b>	<b>36.86</b>	<b>(-)36.97</b>	<b>(-) 3.56</b>	<b>(-) 40.53(52)</b>

Source: Detailed Appropriation Accounts.

The department did not furnish any reason for savings ranging from 40 to 65 per cent during 1998-2003.

**3.2.2.1 Drawal of funds in advance of requirement in AC bills and non-submission of DCC bills**

In violation of the prescribed codal provisions, the Director, Dairy Development drew Rs.7.01 crore between March 1996 and March 2003, for implementation of IDDP (Rs.6.89 crore) and Flood Damage Repair (FDR) works (Rs.0.12.crore) in 13 Abstract Contingent (AC) bills without preparation and submission of Detailed Countersigned

<sup>26</sup> (i) Milk Village Scheme; (ii) Milk Supply Scheme.

<sup>27</sup> Integrated Dairy Development Project.

<sup>28</sup> Sonitpur (Tezpur), Jorhat, Dibrugarh, Manja (Karbi Anglong) and Guwahati.

Contingent (DCC) bills for the previous drawals. Besides, as required under the provisions of General Financial Rules and the Assam Contingency Manual, the Director had also not submitted DCC bills to the controlling officer (Government) within one month of drawal of AC bill for onward transmission to the A.G. (A&E). Non-submission of DCC bills was largely because of non-utilisation of Rs.4.28 crore (IDDP) as of March 2003. The Director stated (October 2001) that DCC bills for Rs.1.10 crore (IDDP: Rs.0.98 crore and FDR: Rs.0.12 crore) had been submitted (September 2000) to the Government, but countersigned copies of the DCC bills or confirmation of these bills having been countersigned and transmitted to the AG (A&E) could not be produced to audit (May 2003).

### **3.2.2.2 Parking of funds outside Government account**

The Director retained Rs.5.33 crore<sup>29</sup> out of Rs.7.44 crore<sup>29</sup> drawn in 28 bills between March 1997 and March 2003 in the form of Deposit at Call Receipts (DCRs) with State Bank of India. The amount remaining unutilised was meant for implementation of IDDP (Rs.4.59 crore), Milk Village Scheme (Rs.0.68 crore), Civil works etc. (Rs.0.06 crore). Director could not furnish any reason for non-utilisation of these funds. Out of Rs.5.33 crore, Rs. 3.17 crore drawn upto 2001-02 remained unutilised for periods ranging from one year to five years or more and the cost of such retention calculated at the average rate of Government borrowing of 11 *per cent* over the period amounted to Rs.1.14 crore<sup>29</sup>.

### **3.2.3 Cash management**

Overall cash management in the department was quite poor. The Director neither insisted on regular writing and closing of cashbook nor recorded bill-wise and programme-wise detailed cash analysis at the end of each month. The drawing and disbursing officer (DDO) of the Directorate had also not attested the individual entries of cashbook with proper vouching of receipts/payments and actual payees' receipts (APRs). Besides, there was no surprise physical verification of cash balance either at the Directorate or the offices under the department either by the head of the department or by his nominated officers other than the DDOs to ensure the correctness and authenticity of closing balance. Thus, due to non-enforcement of

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(Rupees in crore)						
Year	No. of bills	Amount drawn	Amount unspent as on 31.3.2003 (percentage)	Period of retention till March 2003	Interest @ average borrowing rate of 11%	
Upto 1997-98	8	2.19	1.34(61)	5 years or more*	0.74 (Interest calculated for 5 years)	
1998-1999	1	0.05	0.02(40)	4 years	0.01	
1999-2000	3	0.31	0.13(42)	3 years	0.04	
2000-2001	2	2.50	1.51(60)	2 years	0.33	
2001-2002	2	0.17	0.17(100)*	1 year	0.02	
	<b>16</b>	<b>5.22</b>	<b>3.17</b>			<b>1.14</b>
2002-2003	12	2.22	2.16(97)			
<b>Total</b>	<b>28</b>	<b>7.44</b>	<b>5.33(72)</b>			

2001-02 figures exclude Rs.4.19 lakh retained in DCR No.DH-30969 dated 16.11.01 against which actual amount drawn was not available

\* Five years period from 1998-99 to 2002-03. As the unspent amount partially pertains to the period prior to 1997-98, for the purpose of calculation of interest the period of retention was taken as five years or more.

proper control mechanism, there was an overall system failure in the department which led to fraud, misappropriation or embezzlement of Rs.6.08 crore<sup>30</sup> out of holding cash balance and/or disbursements made there from in the following five cases:

(a) While taking over charge of DDO of the Directorate on 28 February 2002 from the outgoing drawing and disbursing officer (DDO), the Director noticed certain anomalies<sup>31</sup> in the contents of the cash chest which the outgoing DDO failed to clarify and also could not authenticate the existing closing balance of Rs.3.30 crore<sup>32</sup>. The police registered (28 March 2002)<sup>33</sup> a case followed by seizure of connected records and arrests of four prime suspects.

State Bank of India, Dispur at an official enquiry (June 2002) clarified that 13 DCRS for Rs. 3.01 crore (IDDP: Rs.2.76 crore, MVS: Rs.0.15 crore and Others: Rs.0.10 crore) out of Rs.3.23 crore were not issued by the Bank which was recorded against closing balance of the cash book since July 2002. Thus, the 13 DCRs projected in the closing balance proved to be fake and Rs.3.01 crore involved therein was misappropriated.

The department could not produce (May 2003) records showing the progress of police investigation and reports of the investigating agency/departmental inquiry, conducted to fix accountability for the fraud and the embezzled amount or the steps taken towards recovery of Rs. 3.01 crore.

(b) The Assam Livestock and Poultry Corporation Limited (ALPCO) refunded (1992-2001) Rs.2.81 crore to the Directorate out of Rs.6.40 crore for implementation of milk village scheme. Scrutiny of cashbook of the Director showed that during 16.1.92 to 31.1.2003 the Director had accounted for Rs.0.69 crore only. The Director could not produce records showing receipts and utilisation of the balance Rs.2.12 crore which stands embezzled.

(c) The Deputy Director, Dairy Development, Tezpur and Dairy Development Officer Goalpara refunded to the Directorate Rs.18.83 lakh (May 2000 to January 2001) and Rs.3.02 lakh (January 2001) respectively being utilised funds under Milk Village scheme. The Directorate's cashbook and other records did not show the account of receipt and utilisation of the amounts, indicating that Rs.21.85 lakh was defrauded.

<sup>30</sup> Rs.(3.01+2.12+0.22+0.62+0.11) crore =Rs.6.08 crore

<sup>31</sup> An unauthorised SB A/C No.10573 operated under the official designation of the Director /Jt Director and an undated letter from the DDO (Jt. Director) to the Senior Branch Manager, UCO Bank, Silpukhuri Branch, Guwahati advising the later to collect a DCR bearing No. J 853785 dated 7.2.2001 for Rs. 2.50 crore and credit the proceeds to SB A/C No.10573.

<sup>32</sup> A. Out of treasury drawals

15 DCRs on SBI, Dispur	=Rs.3,23,43,048.13
1 Bankers' cheques	5,65,840.00
Liquid cash	<u>38,425.00</u>
<b>Total</b>	<b><u>3,29,47,313.13</u></b>

B Receipt from other sources

7 cheques/drafts	42,098.00
<b>Total</b>	<b><u>Rs. 3,29,89,411.13</u></b>

<sup>33</sup> The matter was reported to A.G.( A & E), Assam on 27.3.2002 and the Pr. AG (Audit), Assam on 15.5.2002.

(d) For implementation of Milk Village Scheme the Director remitted Rs.61.90 lakh<sup>34</sup> to four of the test-checked DDOs between October 1995 and August 2000, but these amounts were not accounted for by the concerned DDOs as they did not receive any such funds. The Directorate could not produce the details of remittances (viz., APRs/acknowledgement for cash/bank drafts and the letter forwarding the remittance) to support disbursements as recorded in cashbook. Thus, Rs.61.90 lakh was a case of embezzlement.

(e) Cashbook of the Directorate recorded (20 November 2001) payment of Rs.36.15 lakh to a supplier of plant & machinery. The supplier acknowledged (31 January 2003) receipt of only Rs.25.15 lakh through three bank drafts. As the Director could not produce records (Viz., draft forwarding letter, APR) to support payment of balance Rs.11 lakh, the amount thus, stands misappropriated.

Non-investigation of all these cases to fix responsibility since 2001 indicated laxity and failure of the department to take appropriate action against the delinquent/errant officers/officials and thereby nurturing an environment where serious financial irregularities and loss to Government are common.

### **3.2.4 Internal control mechanism**

Internal control mechanism was virtually non-existent in the department as noticed from the records of 10 DDOs test-checked. The following deficiencies were noticed:

(a) Various control registers for Revenue deposit, Deposit at Call receipts, bank draft/cheques, advances/recovery registers, broadsheets for loans and advances, assets and inventory registers were not properly maintained by any of the 10 test-checked units including Directorate.

(b) Though the field offices test-checked were submitting all required reports/returns including monthly expenditure statements, the same were not compiled, consolidated at the Directorate for submission to the Government.

(c) The Directorate also failed to comply with the requirement of reconciling their departmental expenditure with those booked by AG (A&E) from 1999-2000 onwards for reasons not furnished to audit. Consequently, discrepancy of Rs. 20.63 lakh under central sector IDDP (departmental expenditure Rs.29.10 lakh–Appropriation A/cs figure Rs.8.47 lakh) during 1999-2000 escaped detection and rectification.

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(Rupees in lakh)

To whom remitted	Period of remittance	Amount
Deputy Director, Dairy Development, Jorhat	from 8/98 to 12/98	5.00
Deputy Director, Dairy Development, Nalbari	from 10/95 to 12/96	15.70
Dairy Development Officer, Goalpara	from 7/95 to 8/2000	15.00
Asstt. Dairy Development Officer, TMSS, Dibrugarh	from 11/95 to 4/96	26.20
	<b>Total</b>	<b>61.90</b>

### 3.2.5 *Internal audit*

Though there is an internal audit system in existence in the department, details showing the standards of auditing, audit planning and offices inspected by the internal audit wing and the relevant inspection reports could not be produced to audit. Records of the Directorate and the nine field offices test-checked showed that the internal auditor had not checked their records. Thus, having an internal audit wing with an Assistant Audit Officer and an Auditor proved ineffective.

### 3.2.6 *Programme Management*

#### 3.2.6.1 *Milk Village Scheme*

Under the scheme, two cross bred Jersey (CBJ) milch cows with calves on heel were to be distributed to each of the beneficiary farmers selected from cluster of 2/3 villages with the aim of forming milk village. The scheme was to be implemented with Government grants and bank loans.

#### (i) *Targets and Achievements*

During 1998-99 to 2002-03, against the target of 1,730 beneficiaries<sup>35</sup> to be covered under the scheme at a cost of Rs.2.28 crore, 195 beneficiaries (11 *per cent*) were covered at Rs.26.10 lakh (11 *per cent*). Reasons for shortfall in achievement were neither on records nor stated.

In support of the achievement, the Director could not produce any records like selection of beneficiaries and distribution of cows as also the feed back from the participating banks, four Zonal Deputy Directors, two Dairy Development officers, ADDO/Superintendent of three TMSS. Expenditure of Rs.26.10 lakh under the scheme could not, therefore be vouchsafed in audit. Quantum of milk produced and supplied by the beneficiary farmers to the TMSS through the milk collection centres were neither on records of the Directorate nor with the units test-checked. Thus, the department failed to deliver the intended benefits under the scheme to the rural dairy farmers during 5 years ending 31 March 2003 and investment of Rs.26.10 lakh rendered unfruitful.

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(Rupees in lakh)

Category of beneficiaries	Targets		Achievement	
	Physical (No.)	Financial	Physical (No.)	Financial
SC	875	64.00	75	10.00
ST	855	164.00	120	16.10
EBC	-	-	-	-
<b>Total</b>	<b>1,730</b>	<b>228.00</b>	<b>195</b>	<b>26.10</b>

**(ii) Irregular and doubtful utilisation of funds**

The Dairy Development Officer (DDO), Goalpara and the accredited banks violated the norms of scheme guidelines and irregularly utilised Rs.17 lakh as indicated in the following table.

Source of receipt of funds and purpose	Period	Amount (Rs. in lakh)	Particulars of utilisation of funds	Observations
(a) Refund from Pragjyotish Gaolia Bank, Sapatgram for implementation of Milk Village Scheme amongst 41 TSP beneficiaries.	July 1998	7.00	The entire amount of <u>Rupees seven lakh</u> was utilised during 1999 on procurement and distribution of cows and inputs amongst 21 beneficiaries.	Approved list of beneficiaries, evidence in support of procurement and distribution of cows and inputs, insurance documents for cows, details of bank finance and benefits of production and marketing of milk accrued to the beneficiaries after receipt of Government assistance and bank loan could not be shown to audit.
(b) Director, Dairy Development for implementation of Milk Village Scheme for 45 TSP beneficiaries (Rupees eight lakh) and 16 SCCP beneficiaries (Rupees three lakh)	May 2000 and July 2000	11.00	Disbursed <u>Rupees seven lakh</u> to 40 beneficiaries during 2000-01. Out of the balance amount of Rupees four lakh, Rupees three lakh was refunded (February 2001) to Director and Rupees one lakh was retained in hand.	The amount of bank loan disbursed along with subsidy of Rupees three lakh and evidence for procurement and distribution of cows and extent of benefit actually accrued to the beneficiaries were not on record.
(c) UCO Bank Kokrajhar for implementation of milk village scheme amongst 15 TSP beneficiaries.	1998-99	3.00	The bank disbursed <u>Rupees three lakh</u> to 15 TSP beneficiaries without participation of departmental offices.	

Thus, the expenditure of Rs.17 lakh (under the column 'Particulars of utilisation of funds') was irregular and also could not be vouchsafed in audit.

**3.2.6.2 Milk Supply**

**(a) Chilling and Pasteurisation plants under Town Milk Supply Scheme (TMSS)**

With the objective of supplying hygienic milk at reasonable price to urban population, Town Milk Supply Scheme (TMSS) was launched under Dairy Development since 1966-67 by setting up of pasteurisation plants (PP) and chilling plants (CP). Against the 39 PPs/CPs mentioned in 9<sup>th</sup> Five Year Plan documents, the Director furnished information on only 26 plants (two PPs & 24 CPs) and reasons for not furnishing information for the remaining 13 CPs was not stated. Installed capacity of 23 out of 26 plants (information on three CPs not furnished) was 72,500 litres of milk per day (LPD). In seven out of nine field units test-checked there were 20 plants of which

only five CPs with installed capacity of 15500 LPD<sup>36</sup> were functional during 1998-99 to 2002-03. Capacity utilisation and shortfalls in respect of these five plants during 1998-2003 were as under:

Year	Installed Capacity in LPD	Capacity utilised (LPD)	Shortfalls (In per cent)
1998-1999	15,500	1,441	91
1999-2000	15,500	1,574	90
2000-2001	15,500	1,652	89
2001-2002	15,500	1,743	89
2002-2003	15,500	3,158	80

The ADDOs/Superintendent, TMSS attributed the shortfalls in capacity utilisation of the plants ranging from 80 to 91 *per cent* during 1998-99 to 2002-03 to (i) non-replacement/repair of old plants/machineries, (ii) non-availability of working capital for procurement and collection of milk and their processing and distribution, (iii) reluctance of dairy farmers to sell milk to TMSS at lower procurement rates than the market price and also their insistence on spot payment, (iv) non-availability of milk through the milk sheds/collection centers, and, (v) non-availability of vehicles for procurement of milk from far-off villages/societies and distribution thereof to urban areas.

The department and Government neither clarified their policy decisions nor spelt out the reasons for poor capacity utilisation of the five operational CPs, keeping 15 plants (two PPs and 13 CPs) non-functional/non-commissioned for prolonged periods and incurring wasteful expenditure on idle staff (operational staff, both regular and muster roll workers, drivers/handymen) deployed against these inoperative plants.

**(b) Working result**

Though the basic concept of setting up of TMSS was to run on no profit–no loss basis, department did not ever prepare annual Proforma Accounts of the TMSS projecting their working results. However, from the receipt and expenditure statement furnished by five functional CPs, it was noticed that they sustained operational loss of Rs.3.14 crore (excluding regular staff salary and capital cost of land, building, plant & machinery) during 1998-2003 as shown below:

(Rupees in crore)				
Name of TMSS	Receipt	Expenditure	Operational loss	Overall loss inclusive of staff salary
Guwahati	3.56	5.25	1.69	5.29
Jorhat	0.16	0.52	0.36	2.87
Tezpur	0.05	0.40	0.35	1.39
Dibrugarh	0.06	0.53	0.47	2.36
Manja	0.17	0.44	0.27	0.91
<b>Total</b>	<b>4.00</b>	<b>7.14</b>	<b>3.14</b>	<b>12.82</b>

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Name of CPs	Installed Capacity (LPD)
Central Dairy, Khanapara. (TMSS, Guwahati)	10,000
CP Bokakhat, Golaghat (TMSS, Jorhat)	2,000
CP Gutlong, Tezpur (TMSS, Sonitpur)	500
CP Lahowal, Dibrugarh (TMSS, Dibrugarh)	2,500
CP Manja, Karbi Anglong (TMSS, Manja)	500
<b>Total</b>	<b>15,500</b>

Operational loss of Rs.3.14 crore included wages of muster roll workers, salary of idle drivers etc., amounting to Rs.2.66 crore<sup>37</sup>.

The implementing officers attributed the loss to poor capacity utilisation of the plants for want of requisite funds, frequent breakdown of plant and machinery, loss due to handling and recombination of milk and non-availability of vehicles. The department had never analysed and investigated the loss for taking remedial measures to plug the loose ends, augment the collection, processing and marketing of milk for the benefit of the consumers, and optimize utilisation of men and materials available at the disposal of the department.

**(c) *Utilisation of receipts towards operational expenses***

Despite having adequate budget provision for procurement, processing and distribution of milk, records of five operational TMSS disclosed that the department did not release requisite funds to the PP/CPs for the above purpose. The plants were therefore, dependant mainly on the sale proceeds of milk. During 1998-2003, the four ADDOs and one Superintendent of these units had utilised Rs.3.96 crore out of sale proceeds of milk and milk product of Rs.3.99 crore and only Rs.0.03 crore was deposited to State revenue. Thus, utilisation of sale proceeds, being Government revenue, for departmental expenditure was irregular and unauthorised in the absence of any Government decisions and orders to do so.

**3.2.6.3 *Integrated Dairy Development Project***

Government of India, Ministry of Agriculture approved (March 1995) a plan outlay of Rs.12.61 crore for implementation of a 100 *per cent* Central Sector scheme of Integrated Dairy Development Project (IDDP) during 8<sup>th</sup> Five year Plan period (1992-97) in 10 non-Operation-Flood<sup>38</sup>, hilly and backward districts<sup>39</sup> of Assam. The Government of India, however, extended the implementation period of the scheme to 9<sup>th</sup> Five Year Plan period (1997-2003). The project, *inter alia*, proposed to bring about 29,790 milk producer-member from 750 villages within the ambit of 414 Dairy Co-operative Societies (DCS) under the three milk unions viz., Cachar, Sonitpur and Dhubri.

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<sup>37</sup> (Rupees in crore)

Wages of muster roll workers	1.22
Handling and recombination loss	0.23
Loss due to non accountal of returned milk	0.34
Energy bills	0.11
Salary of idle drivers	0.76
<b>Total</b>	<b>2.66</b>

<sup>38</sup> Refer footnote 9

<sup>39</sup> Refer footnote 10

A review of implementation of the project revealed the following:

**(a) Financial outlay and expenditure**

Of the approved outlay of Rs.12.61 crore, Government of India had released Rs.7.99 crore (64 *per cent*) to Government of Assam during 1994-95 to 2002-03. The Director, based on funds released by Government of Assam from time to time drew the entire amount between March 1996 and March 2003. Against the drawal of Rs.7.99 crore the Director spent Rs.3.40 crore (43 *per cent*) leaving unspent balance of Rs.4.59 crore (57 *per cent*) till March 2003. Year-wise and bill-wise drawals, expenditure and unspent amount could not be worked out and verified in audit as the connected records were seized (April 2002) by police (CID) in connection with fraud and misappropriation of Government funds. Component-wise approved outlay, funds released, expenditure and unspent balance were as follows:

Component	Approved outlay			Funds released and drawn			Expenditure			Unspent balance		
	Capital	Recurring expenditure	Total	Capital	Recurring expenditure	Total	Capital	Recurring expenditure	Total	Capital	Recurring expenditure	Total
Milk processing & marketing	5.76	-	5.76	5.01	-	5.01	2.85	-	2.85	2.16	-	2.16
Milk procurement	0.51	1.20	1.71	0.38	0.66	1.04	0.16	0.17	0.33	0.22	0.49	0.71
Input services	1.81	2.06	3.87	1.19	0.53	1.72	0.21	-	0.21	0.98	0.53	1.51
Manpower development	-	0.10	0.10	-	0.05	0.05	-	-	-	-	-	0.05
Working capital	1.17	-	1.17	0.17	-	0.17	0.01	-	0.01	0.16	-	0.16
<b>Total</b>	<b>9.25</b>	<b>3.36</b>	<b>12.61</b>	<b>6.75</b>	<b>1.24</b>	<b>7.99</b>	<b>3.23</b>	<b>0.17</b>	<b>3.40</b>	<b>3.52</b>	<b>1.07</b>	<b>4.59</b>

Reasons for non release of Central funds of Rs. 4.62 crore (36 *per cent*) out of Rs. 12.61 crore by the Central Government and non-utilisation of Rs. 4.59 crore (57 *per cent*) by the Director out of Rs. 7.99 crore released by the Government till March 2003 were neither on record nor could be clarified to audit.

**(b) Project implementation**

The following irregularities were noticed in audit:

**(i) Non-implementation of the project in hills and backward district**

Though the project was to be implemented in 10 Non-operation Flood, hilly and backward districts, the department took up implementation of the project only in eight districts as of March 2003. Reasons for non-implementation of the project in two other districts namely, North Cachar (NC) Hills (hill district) and North Lakimpur (backward district) were neither on record nor explained.

**(ii) Civil works**

Out of 117 buildings targeted under the project at a cost of Rs.2.93 crore, the Director reported (April 2003) completion of 62 buildings up to December 2002 with further commitment to complete remaining 55 buildings by March 2003, which however, was not done. Of Rs.2.78 crore drawn up to March 2003, only Rs.1.01 crore was spent leaving balance of Rs.1.77 crore in hand. Records showing utilisation of completed buildings for the intended purpose viz., installation of plant and machinery,

housing of staff etc., could not be made available to audit (May 2003). Besides, the Director could also not produce the estimates, selection process of contractors (viz., tender/quotations, comparative statement, minutes of tender committees if any), work orders, bills/vouchers /APRs with details of contractor-wise payments made. Thus, actual date of commencement and completion of civil works and bona fide of payment of Rs.1.01 crore could not be vouchsafed in audit.

**(iii) Machinery and equipment—idle outlay etc.**

Mention was made in Paragraph 3.11 of the Report of the C & AG of India 1998-99 (Civil), Government of Assam that till the end of October 1999 the department invested Rs.72.30 lakh on procurement of plant and machinery, which proved idle due to non-completion of civil works.

Scrutiny of records revealed that against orders (March 1997) for supply and installation of plant and machinery worth Rs.2.50 crore on turn key basis the Director paid (1999-2002) a further amount of Rs.1.12 crore to two suppliers/contractors. The plant and machinery could not be installed (March 2003) due to non-completion of civil works. Thus, Government funds of Rs.1.84 crore remained locked up on idle plant and machinery injudiciously procured before completion of civil works indicating lack of planning and sound policy decisions of the department in implementing the programme. Besides, one contractor was paid Rs.18.09 lakh<sup>40</sup> in excess of 90 per cent payment admissible as per agreement.

Physical verification of stores and plant and machinery, particularly those found obsolete or not in working condition by an independent authority other than the head of the office under whose jurisdiction stores/ plants were lying idle had never been conducted. Thus, the shortages/pilferages, if any, remained undetected. Apart from the Superintendent, TMSS, Guwahati who conducted physical verification (July 2002) of stores and detected shortage of milk powder worth Rs.0.72 lakh and initiated penal action (July 2002) against the store-keeper, no other offices test-checked had recorded any discrepancy.

**(iv) Unauthorised expenditure**

The Director unauthorisedly diverted project funds of Rs.5.65 lakh sanctioned by Government (March 1996) for providing goat-proof fencing around Bull Mother Farm (BMF) at Barpeta towards payment (1998-2000) of contractor's bills for construction of boundary wall at the Central Dairy, Bhabanipur (Barpeta district) which was outside the approved programme under IDDP

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	Value of material supplied as per challans	90 per cent value payable	Paid	Excess payment
M/S Chengalva Engineers Ltd, Hyderabad	137.49	123.74	123.11	-
M/S Project Engineering Services, Delhi	47.29	42.56	60.65	18.09
<b>Total</b>	<b>184.78</b>	<b>166.30</b>	<b>183.76</b>	<b>18.09</b>

(v) ***Induction of crossbred Jersey cows/heifer--irregular and doubtful expenditure***

According to the accounts and records submitted (April-May 2003) to audit, the Director incurred an expenditure of Rs.19.94 lakh on induction of 291 pregnant (146) and other (145) cross- bred Jersey heifers from some private suppliers at the approved rate of Tripura Government in violation of the Government of India instructions (June 1996) for procurement of heifers/cows from Military Farms. The cashbook and related vouchers however, showed that the Director paid Rs.26.37 lakh on procurement of heifers (Rs.22.93 lakh) and their transportation cost etc., (Rs.3.44 lakh). Thus, the reported expenditure was understated by Rs.6.43 lakh. Besides, the approved scheme of heifer rearing package provided for procurement of two to three months pregnant crossbred Jersey heifers. Therefore, procurement of 145 heifers, which were not pregnant costing Rs.8.56 lakh (Rs.5,900x145) was irregular and unauthorised since no approval of Government of India/Government of Assam existed on records for deviation from the approved scheme.

Apart from spending Rs. 3.40 crore out of available Central assistance of Rs.7.99 crore in an unplanned manner on unproductive and idle outlays, unspent balance of Rs.4.59 crore was irregularly retained in cash balance for periods ranging from two to seven years. Non-release of 36 *per cent* of the approved outlay also retarded the implementation of the project. Consequently, the overall implementation of the Central sector IDDP scheme for economic upliftment of dairy farmers of non-operation flood, hilly and backward districts and enhancement of milk production in the State by the end of March 2003 was frustrated due to non-completion of the project even after eight years of launching of the scheme.

**3.2.7 *Manpower Management***

**3.2.7.1 *Government policy***

The Government policy on manpower management viz., job evaluation, requirement/creation/abolition of posts, recruitment, deployment, promotion, transfer/posting of manpower under Dairy Development were neither furnished to audit nor did the department confirm their existence. Besides, the category wise staff and their service rules, if any, to govern and evaluate the manpower under the department, were also not made available to audit. In the absence of this information audit could not ascertain the basis on which different categories of manpower (both regular and muster roll) were sanctioned and deployed under each unit and over-staffing/under-staffing, if any, could not therefore be ascertained in audit.

**3.2.7.2 *Sanctioned Strength and men in position***

According to information furnished to audit, overall sanctioned strength (SS) and men in position (MIP) under Dairy Development at the end of 2002-03 were as under:

Category of staff	SS	MIP	Vacant	Abolished (November 2002)
Group A (Class-I)	72	51	21	2
Group B (Class-II)	10	8	2	..
Group C (Class-III)	247	222	25	8
Group D (Class-IV)	197	187	10	10
<b>Total</b>	<b>526</b>	<b>468</b>	<b>58</b>	<b>20</b>

It was seen that as of March 2003, 23 posts (28 per cent) out of 82 sanctioned posts under the administrative and executive categories were lying vacant for last five years or more. Because of shortage of manpower under these categories, quality of governance provided to the Dairy Development lacked direction resulting in overall poor performance of the department. Also the capability of the existing administrative structure to handle the entire administrative set-up in all the 23 districts of the State remained unassessed. The department and the Government have not taken steps either to augment the administrative structure or to down-size the subordinate establishment for effective and better governance as well as for curtailing establishment cost in compliance to fiscal reforms policy of the Government.

It was however, seen that the Government by an order (November 2002) abolished 20 out of 526 sanctioned posts under different grades<sup>41</sup>. The Government order however, did not specify whether the posts abolished were vacant or not. It was seen that eight posts (Grade-I: one, Grade-III: four, Grade-IV: three) abolished under Creamery unit, Mankachar continued to be on roll of the Dairy Development Officer, Goalpara in the absence of their alternative redeployment and thus abolition of these eight posts became ineffective till March 2003. The department could not confirm the position of remaining 12 posts.

The above observations were reported to the Government and the department in August 2003; their replies had not been received (November 2003).

## **EDUCATION DEPARTMENT**

### **3.3 Fraudulent payment on fictitious Leave Travel Concession bills by the DI of schools, Bilasipara, DEEO, Silchar and Nalbari**

**Failure to exercise regulatory checks on LTC bills by the Deputy Inspector of Schools, Bilasipara and District Elementary Education Officers, Silchar and Nalbari resulted in fraudulent payment of Rs.1.42 crore on fictitious LTC claims.**

According to the orders of Finance department issued in December 1983, as amended from time to time, Government employees within eight years before their date of retirement are entitled to avail Leave Travel Concession (LTC) one each in a block of four years for visiting any place in India for self and members of the family.

In course of test-check of treasury vouchers in Central audit it was found that three DDOs viz., (i) Dy. Inspector of Schools (DI), Bilasipara (ii) District Elementary Education Officer (DEEO), Silchar and (iii) DEEO, Nalbari had drawn Rs.56.63 lakh after adjustment of advance of Rs.85.25 lakh between March 1999 and February 2001 towards final payment of 459 Leave Travel Concession (LTC) bills aggregating

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<sup>41</sup> Grade- I: 2, Grade-III: 8, Grade- IV: 10

Rs.141.88 lakh in respect of 459<sup>42</sup> school teachers and their family members numbering 2,175 for availing LTC facilities to visit any place in India.

Further scrutiny of the LTC bills revealed the following:-

(a) All final LTC bills for the journey from Guwahati/Silchar/Bongaigaon to Kanyakumari and back were passed for payment on photocopies of waiting list (WL) AC 2 Tier tickets. None of the claims were supported by documentary evidence that the tickets had been confirmed, which was necessary as travelling by any passenger in AC class was not possible without confirmed Railway ticket.

(b) Out of 459 officials, 402 officials performed the journey by 5628 DN Guwahati Trivandram Express (weekly) between 14-07-1999 to 15-11-2000. Against 23 berths (21 from Guwahati and two from New Bongaigaon) available in AC 2 tier in that train on a specified day, 29 to 180 family members of the claimants travelled in AC 2 tier on the same day by that train. The remaining 57 officials claimed to have performed the journey in four other trains<sup>43</sup>, which did not run between the stations as per claims preferred in their bills alongwith the tickets.

(c) In respect of 292 of the 426 officials under DEEO Nalbari who were paid Rs.92 lakh, it was noticed that two to eight officials along with their family members travelled in the same train on the same day on Railway tickets bearing same PNR/ticket/seat/berth numbers.

(d) According to norm, every Railway ticket should bear PNR No. of 10 digits. In seven cases involving Rs. 1.94 lakh PNR No. was of six digits for both outward and inward journey.

(e) Separate tickets were issued bearing same PNR Nos. in 32 cases involving Rs. 10.01 lakh.

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	No. of Cases	No. of passengers	Amount (Rs.in crore)	Period of journey	Period of drawal of final bill
DI of Schools, Bilasipara	16	94	0.05	13.10.99-24.10.99	February 2000
DEEO, Cachar, Silchar	17	101	0.06	17.10.99-7.11.99	March 2000
DEEO, Nalbari	426	2,439	1.31	18.4.97-26.11.2K	Dec. 1999-Feb. 2001
	<b>459</b>	<b>2,634</b>	<b>1.42</b>		

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Train No.	Journey performed between (as per tickets)	Trains actually runs between	No.of officials
6322	Guwahati – Trivandram	Bangalore - Trivandram	6
6314	Guwahati – Ernakulam	NA	1
5624	Guwahati – Trivandram	Guwahati – Ernakulam	19
5626	Guwahati – Jolerpettai	Guwahati – Bangalore	31
			<b>57</b>

(f) In 92 cases involving Rs. 27.88 lakh, same WL nos. were recorded against different tickets for the same train on the same day.

(g) According to Railway reservation procedure, Rail Reservation Tickets can be purchased only 60 days prior to the date of journey. In 32 cases involving Rs. 9.82 lakh it was found that tickets were purchased more than 60 days ahead of the date of journey.

In view of the above facts it is evident that the LTC claims were not genuine, and failure on the part of the DDO to exercise any regulatory checks in admitting and passing the bills facilitated fraudulent payment of Rs.1.42 crore on false LTC claims.

The matter was reported to Government in July 2003; their reply had not yet been received (September 2003).

### **3.4 Irregular cash management by BEEOs, Dhemaji and Bordoloni**

**Due to non-maintenance of cash books and records for disbursement, salary expenditure of Rs.12.02 crore incurred by the Block Elementary Education Officers, Dhemaji and Bordoloni could not be vouched for in audit.**

According to Rule 95 of Assam Financial Rules, the Head of Office is personally responsible for accounting for all money received and disbursed and for the safe custody of cash. He is required to authenticate each entry made in the cash book including analysis of daily/monthly closing balances after necessary verification. Further, according to Government orders (February 1995) the drawing and disbursing officer must ensure regular and up-to-date maintenance of cash book besides carrying out surprise physical verification of closing balance and recording the result of such verification in the cash book with dated signature.

Scrutiny (April-May 2002) of bill registers and expenditure statements of two Block Elementary Education Officers (BEEOs) viz., Dhemaji and Bordoloni under District Elementary Education Officer (DEEO), Dhemaji revealed that the BEEOs had drawn Rs.12.02 crore<sup>44</sup> for disbursement of salaries to pre-primary and primary school teachers for the period March 2000 to July 2001. Both the BEEOs had not maintained any cash book nor produced any acquittance roll showing disbursement of salaries to school teachers.

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(Rupees in crore)					
	1999-2000 (only March 2000)	2000-01	2001-02 (upto July 2001)	Total	Remarks
BEEO, Dhemaji	0.63	7.19	-	7.82	Against 2 to 980 pre-primary and primary school teachers under Plan, Non-Plan, Tribal Sub-Plan, Scheduled Caste Component Plan and Operation Black Board
BEEO, Bordoloni	0.35	2.75	1.10	4.20	Under Plan and Non-Plan. Number of teachers against whom the salaries were drawn had not been furnished by the BEEO.
<b>Total</b>	<b>0.98</b>	<b>9.84</b>	<b>1.10</b>	<b>12.02</b>	

The two BEEOs stated (May 2002) that the cash books were neither maintained nor written. BEEO Dhemaji had further stated that his predecessor who went on transfer did not hand over any cash book for the period March 2000 to February 2001. Reason for non-production of acquittance roll for verification by audit had not been stated. Non-maintenance of cash books and records of disbursement of Government money by the BEEOs were in gross violation of financial rules and Government orders.

Thus, in the absence of cash book and acquittance roll audit was not in a position to provide any assurance about actual drawal, disbursement and utilisation of Rs.12.02 crore.

The matter was reported to the Government in June 2003, their reply had not been received (September 2003).

## FINANCE DEPARTMENT

### 3.5 Failure of senior officials to respond to audit objections and compliance thereof

Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of important accounting and other records as per 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 State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2002 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/Irrigation and Inland Water Transport Department disclosed that 26,350 paragraphs relating to 5,941 IRs remained outstanding at the end of June 2003 (**Appendix-VI**). Of these, 1,555 IRs containing 5,834 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 50 departments for 1,739 IRs issued between 1979-80 and 2002-2003. As a result, the following serious irregularities, commented upon in 2,580 paragraphs involving Rs.550.22 crore, had not been settled as of June 2003.

(Rupees in crore)

Sl. No.	Nature of irregularities	Number of paragraphs	Amount
1.	Non-observance of rules relating to custody and handling of cash, maintenance of cash book and muster rolls, etc.	362	46.36
2.	Securities from persons holding cash and stores not obtained.	6	0.03
3.	Stores not maintained properly, etc.	98	5.10
4.	Improper maintenance of log book of departmental vehicles.	40	1.09
5.	Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction.	181	7.42
6.	Delay in recovery of receipts, advances and other charges.	703	187.02
7.	Payment of grants in excess of actual requirement	68	4.85
8.	Want of sanction to write off, loan, losses, etc.	78	2.87
9.	Over-payments of amount disallowed in Audit not recovered.	518	18.69
10.	Wanting utilisation certificates and audited accounts in respect of grants-in-aid.	291	219.36
11.	Actual payee's receipts wanting	235	57.43
	<b>Total</b>	<b>2,580</b>	<b>550.22</b>

A review of the IRs which were pending due to non-receipt of replies, in respect of 50 departments<sup>45</sup>, revealed that the Heads of Departments (Directors/Executive Engineers) had not furnished replies to a large number of IRs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the concerned departments, who were informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the departments took prompt and timely action.

This indicated lack of initiative by the departments to take appropriate action against the defaulting/errant officers and thus nurturing an environment where serious financial irregularities and loss to the Government are common.

In view of large number of outstanding IRs and Paragraphs, the Government has constituted Audit Objection Committee at State level for consideration and settlement of outstanding audit objections. During June 2002 to March 2003, two hundred fifty eight meetings of the Committee were held in which 2,821 IRs and 8,198 Paragraphs were discussed and 95 IRs and 3,341 Paragraphs settled.

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

<sup>45</sup> Civil: 45; Public Works: 1; Public Health Engineering: 1; Flood Control: 1; Irrigation: 1 and Inland Water Transport: 1.

The matter was reported to the Government in July 2003; their reply had not been received (September 2003).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.6 Misappropriation of Government money

**Failure of Additional Chief Medical and Health Officer (Family Welfare) Goalpara, to perform necessary checks provided in the financial Rules as drawing and disbursing officer led to unvouched expenditure of Rs.43.81 lakh and misappropriation of Rs.23.89 lakh by the cashier.**

According to Rule 95 of Assam Financial Rules, the Head of Office is personally responsible for accounting all money received and disbursed and for the safe custody of cash. He should satisfy himself by periodical examination that the actual cash balance corresponds with the balance as per cash book. Further, the Head of Office is required to verify day-to-day transaction, attest each entry appearing in the cash book and authenticate the analysis of daily/monthly closing balances.

Test-check (August 2002) of records of the Additional Chief Medical and Health Officer (Addl. CM&HO) Family Welfare (FW) Goalpara revealed that: -:

(i) Cash book and other connected records for the period from May 1996 to October 1998 were seized (November 1998) by police in connection with misappropriation of Government money by the cashier of the office. These records, produced to audit during local inspection in August 2002, indicated that the ex-cashier had written the cash book upto 16 October 1998. Of the closing balance of Rs.23.92 lakh as on that date, Rs.0.03 lakh was handed over (November 1998) by the ex-cashier (under suspension) to the Addl. CM&HO and the remaining amount of Rs.23.89 lakh stood misappropriated by him.

(ii) Acquittance roll in support of payment of salary Rs.43.48 lakh to the Auxiliary Nurse-cum-Midwives (ANMs) from September 1996 to September 1998 and vouchers for Rs.0.33 lakh against contingent expenditure during July 1996 to August 1998 could not be shown to audit, due to which correctness of the disbursement could not be vouched in audit.

(iii) Additional CM & HO had neither attested the day-to-day transactions appearing in the cash book since September 1998 nor any physical verification of cash and analysis of closing balances were ever done. Thus, failure of the Addl. CM & HO to apply prescribed checks as per financial rules facilitated misappropriation of Rs.23.89 lakh besides rendering the expenditure of Rs.43.81 lakh unvouched.

Addl. CM & HO who had taken over charge in July 2002 on retirement of his predecessor stated (August 2002) that the matter was under investigation by police and no departmental enquiry/proceedings were drawn up against errant officers/officials for reasons not known to him.

There was no record to show that the matter of misappropriation was reported by ex. Addl. CM & HO to Government/Department or intimated to the Accountant General

(Audit) as required under Assam financial Rules.

The matter was reported to Government in May 2003; their reply had not been received (September 2003).

<b>3.7</b>	<b>Fraudulent drawal of GPF advance in Assam Medical College and Hospital, Dibrugarh</b>
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<b>Failure of the Superintendent, Assam Medical College and Hospital, Dibrugarh to comply with the rules and orders in discharging his obligatory function as drawing and disbursing officer led to fraudulent drawal of G.P.F advance of Rs.8.28 lakh persistently since December 1998 and the matter remained uninvestigated by the department.</b>
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In course of posting of General Provident Fund (GPF) accounts, the Accountant General (A&E), Assam detected 39 cases of fraudulent drawals between November 1999 and April 2002 involving Rs.6.38 lakh from GPF accounts in Assam Medical College Hospital (AMCH), Dibrugarh. On being informed by the Accountant General (A&E), Assam, the Deputy Commissioner, Dibrugarh ordered (March 2002) an inquiry which confirmed fraudulent drawal of GPF advances using fictitious names and account numbers.

Follow up in local audit of the AMCH, Dibrugarh (December 2002), covering the period from April 1998 to August 2002 revealed that in 50 cases GPF advances amounting to Rs.8.28 lakh was fraudulently drawn from Dibrugarh treasury by the Superintendent, AMCH between December 1998 and August 2002. Modus operandi in each case was that (i) names of the claimants quoted in the bills were either not the employees of the AMCH or employees who had not been allotted GPF account number, (ii) bills were preferred without entering in the bill register and (iii) amounts drawn were not recorded in the cash book.

Scrutiny further revealed that the matter was within the knowledge of the Superintendent, AMCH and the amounts were kept in chest without any investigation as per direction of the then Superintendent who retired from service in May 2001. The present Superintendent who took over charge in May 2001 reported (June 2002) the fraudulent drawal to the Director of Medical Education, Assam and sought further direction which was awaited (December 2002). Acquittance for disbursement of any money out of the amounts drawn could not be shown to audit. In the absence of statutory cash verification certificate, audit was not in a position to verify availability of the amounts in the cash chest and possibility of misappropriation of the funds could not be ruled out. The fraudulent drawals were facilitated mainly due to non-adherence to the prescribed procedures of cash management by the Superintendent as Drawing and Disbursing Officer as laid down in the Financial Rules of the State Government.

On the matter being reported to Government in July 2003, the Commissioner and Secretary, Health and Family Welfare stated (August 2003) that a thorough inquiry is being conducted through the Finance Department and the Deputy

Commissioner, Dibrugarh. Further development was awaited (September 2003).

**3.8 Extra avoidable expenditure by Director of Health Services, Assam**

**The Director of Health Services, Assam incurred avoidable expenditure of Rs.66.09 lakh on purchase of medicines at higher rates from two local firms other than the approved firm.**

The Director of Health Services, Assam circulated (March 1995) the revised price list of 39 approved medicines to be procured from Assam State Industrial Development Corporation (ASIDC). The circular envisaged placement of order to ASIDC for supply of these medicines through SSI Units. The approved medicines were not to be procured from other suppliers unless ASIDC failed to supply these medicines. This price list remained valid till December 2002.

Scrutiny (April 2002) of records of the DHS revealed that, between June 2000 and July 2001, the DHS procured 62.5 lakh Antacid tablets and 34 lakh paracetamol tablets valued at Rs.74.80 lakh and Rs.10.14 lakh respectively from two local firms viz., M/s S.G. Pharma and Asiad Traders (instead of from ASIDC) at rates higher than the approved rates<sup>52</sup>.

Records did not show that ASIDC failed to supply the medicines as per approved list, which necessitated procurement by the DHS from the local firms at higher rates leading to extra avoidable expenditure Rs.66.09 lakh<sup>46</sup>.

The matter was reported to Government in July 2003; their reply had not yet been received (September 2003).

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Name of Medicine	Quantity (No. in lakh)	Rate at which purchased inclusive of taxes (Rs.)	Approved rate inclusive of taxes (Rs.)	Difference of rate (Rs.)	Avoidable expenditure (Rs. in lakh)
Antacid Tablet	62.5	1196.80 per 1000 tab	145.66 per 1000 tab	1051.14	65.70
Tablet Paracetamol 500mg	34	298.11 per 1000 tab	286.77 per 1000 tab	11.34	0.39
<b>Total</b>					<b>66.09</b>

**3.9 Idle investment on hospital buildings at Hailakandi and Cachar**

**Three hospital buildings at Hailakandi and Cachar districts constructed during January 1992 to May 2001 at a total cost of Rs.67.99 lakh remained non-functional because of lack of medical and para-medical staff.**

(a) Test-check (July-August 2002) of records of the Joint Director of Health Services (Jt. DHS), Hailakandi revealed that the Health and Family Welfare Department administratively approved (March 1986 and January 1993) construction of two 30-bed rural hospital buildings for Rs.72.34 lakh, one each at Mohanpur (Rs.39.63 lakh) and Lala (Rs.32.71 lakh) by the Public Works Department (PWD). According to the physical and financial progress report of Executive Engineer PWD, Karimganj Building Division on works programme for the year 1996-97 an expenditure of Rs.52.61 lakh was incurred on hospital buildings at Mohanpur (Rs.40.17 lakh) and Lala (Rs.12.44 lakh) for completion of 98 *per cent* and 80 *per cent* of the works respectively. Status of completion of remaining works and expenditure there against were not on record.

The Jt. DHS, Hailakandi stated (August 2002) that although the buildings were handed over by the PWD between January 1992 and October 1995 they could not be made functional for non-sanction and non-posting of medical and para-medical staff by the department.

(b) Scrutiny (July 2002) of records of the Jt. DHS, Cachar revealed that the primary health centre (PHC) building at Sibtila was constructed and completed by PWD during 1993-94 to 2000-01 at a cost of Rs. 15.38 lakh against the approved cost estimate of Rs.18 lakh. The Jt. DHS, Cachar stated (July 2002) that the PHC building taken over from PWD in May 2001 could not be put to use due to non- providing of the required medical and para-medical staff by the department.

Thus, failure of the department in providing staff resulted in idle investment of Rs.67.99 lakh besides denial of health care facilities to the rural people for over nine years.

The matter was reported to Government in March 2003; their reply had not been received (September 2003).

**INDUSTRIES AND COMMERCE DEPARTMENT**

**3.10 Drawal of funds in advance of requirement by Director of Industries and Commerce**

**Out of Rs.3.15 crore drawn for different purposes between March 1996 and March 2002 by the Director of Industries and Commerce, Assam, Rs.2.08 crore remained unutilised till March 2002 in the form of Deposit at Call Receipts/Bank Drafts/Bankers Cheques.**

According to subsidiary order 50 read with Rule 16 of Assam Treasury Rules, no money should be drawn from the treasury unless it is required for immediate disbursement.

Scrutiny (April 2002) of records of the Director of Industries and Commerce, Assam revealed that during March 1996 to March 2002, Rs.3.15 crore (Rs.2.14 crore in Regular Contingent bills and Rs.1.01 crore in Abstract Contingent bill) was drawn for Power Subsidy, Assistance to Rabha Hassong Autonomous Council, CM's Swa-Niyojan Yojana, PM's Rojgar Yojana etc., out of which Rs.2.08 crore remained unutilised as of March 2002 in the form of Deposit at Call Receipt/Bank drafts/Bankers Cheques (DCR/BD/BC) (**Appendix-VII**).

The department did not furnish the up-to-date position of the unutilised balance against each specific drawal made during the above period. Audit scrutiny revealed that drawal of funds in excess of requirement was made simply to avoid lapsing of funds, which constituted financial irregularity.

The drawal of money in advance of actual requirement and its retention in the form of DCR/BD/BC etc., not only resulted in undue financial benefit to the banks but was also fraught with the risk of fraud or misappropriation of funds. Besides, the Government continued to depend more and more on borrowed funds and incurred interest liability during the last several years while its own funds remained unutilised. The cost of retention of Rs.2.08 crore calculated at the average rate of 11 *per cent* of Government borrowing during 1996-97 to 2002-03 amounted to Rs.41.76 lakh (detailed in Appendix).

The matter was reported to Government in May 2003; their reply had not been received (September 2003).

## **PLANNING AND DEVELOPMENT DEPARTMENT**

### **3.11 Locking up of funds due to non-implementation of scheme**

**Funds of Rs.4.37 crore under Chief Minister's "Swa-Niyojan Yojana 2000-02" remained locked up in Deposit at Call Receipts/Current Account.**

The Chief Minister's "Swa-Niyojan Yojana 2000-02" (CMSNY 2000-02) was launched (January 2001) to provide self employment to about 6,34,977 unemployed youths in the State covering sectors like Fisheries, Animal Husbandry and Veterinary, Dairy Development, Industries and Commerce, Agriculture, Sericulture, Tourism, Public Distribution System etc., during 2000-02. The scheme covers both urban and rural area of the State. The State Government was to provide 25 *per cent* of the project cost as seed money and banks to sanction 75 *per cent* as loan at the rate of interest applicable to such loan. Selection of projects and beneficiaries there-under for implementation of the scheme were to be done by the Deputy Commissioners of the districts for which Government was to fix and release the district-wise physical and financial targets.

Scrutiny (November 2001 to September 2002) of records of Deputy Commissioners (DCs) of four districts<sup>47</sup> and information collected from DCs of another seven districts<sup>48</sup> revealed that they drew (March 2001) seed money of Rs.4.37 crore in AC Bills out of the sanctioned amount of Rs.8.98 crore for 21 districts and kept the entire amount either in Deposit in call receipts or Current Account. The scheme could not be implemented in these districts as the banks expressed (March 2001) their inability to release loan component to the beneficiaries due to non-receipt of any directions from the Reserve Bank of India.

The department had neither fixed and released the district-wise physical and financial targets nor ensured the disbursement of loan component by the banks before drawal of seed money. Commissioner and Secretary to the Government of Assam, Planning and Development Department stated (May 2003) that the scheme remained a non-starter for want of credit support from the banks because of their not getting clearance from Reserve Bank of India. The Government had modified the scheme and renamed as “Chief Minister’s Swa-Niyojan” Assam, 2002-03 to provide financial assistance to the entrepreneurs without loan component from banks. Further development on implementation of modified scheme was awaited (August 2003). The CMSNY 2000-02 was, thus, ill conceived and failed due to poor planning. The entire amount of Rs.4.37 crore remained locked up in banks for over two years. Retention of money in DCRs/Current account far in advance of requirement resulted in undue financial aid to the banks besides depriving the unemployed youths of the intended benefits. Further, the Government continued to depend more and more on borrowed funds during the last several years while funds in Government departments remained unutilised. The cost of retention of these funds calculated at the average rate of 11 *per cent* of Government borrowing aggregated Rs.0.96 crore during two years ending March 2003.

Contrary to rules, submission of detailed countersigned contingent bills by the department towards adjustment of Rs.4.37 crore drawn in AC bills were also delayed by nearly two years.

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

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<sup>47</sup> Lakhimpur: Rs.34.19 lakh; Barpeta: Rs.45.50 lakh; Sivasagar: Rs.95.94 lakh and Dhubri: Rs.25.49 lakh.

<sup>48</sup> Goalpara: Rs.14.81 lakh; Kokrajhar: Rs.11.94 lakh; Nalbari: Rs.45.32 lakh; Sonitpur: Rs.57.08 lakh; Hailakandi: Rs.7.18 lakh; Darrang: Rs.33.75 lakh and Nagaon: Rs.65.70 lakh.

**3.12 Locking up of money under untied fund by Deputy Commissioner, Kamrup**

**Due to drawal of funds in advance of requirement by the Deputy Commissioner, Kamrup, untied funds of Rs. 88 lakh under decentralised planning remained unutilised and locked up in current account of a non-scheduled bank for last several years.**

Under the decentralised system of planning the Sub-divisional Planning and Development Committee (SPDC) approved local level schemes for creation of durable assets and development of infrastructure for removal of some problems of the rural and urban areas. The schemes were to be economically viable and were required to be completed within the same financial year and they aimed at either production or employment generation or both. Based on recommendation of the schemes by the SPDC, the Planning and Development department of the State Government releases funds known as 'Untied funds' at the disposal of Deputy Commissioners/Sub-divisional officers to provide the district/Sub-divisional planning and Development Committee a certain measure of financial freedom for implementation of these schemes through the implementing officers in the respective districts/Sub-divisions.

Scrutiny (October-November 2002) of records of the Deputy Commissioner (DC) Kamrup revealed that the DC had a closing balance of Rs.55.60 lakh of untied funds as of March 1996. Between 1996-97 and 2002-03 (upto September 2002) DC drew the sanctioned untied funds of Rs.1.38 crore of which Rs.1.06 crore was released to the district/Sub-divisional offices for implementation of various schemes<sup>49</sup> leaving an unspent balance of Rs.32.40 lakh as of September 2002. Details of the schemes for which funds were released alongwith the utilisation of funds by the implementing officers were not on record. Taking into account the closing balance of Rs. 55.60 lakh till March 1996, the DC had a balance of Rs.88 lakh, which was retained in current account of a non-scheduled bank as of September 2002. DC could not furnish reasons for non-utilisation and the authority for keeping the funds in a non-scheduled bank.

Scrutiny further revealed that as against total unspent balance of Rs.88 lakh as per cash book, the balance at bank was Rs.62.55 lakh. DC did not initiate action to reconcile the difference of Rs.25.45 lakh between the balance as per cash book and bank account.

Drawal of funds by the DC in advance of requirement resulted in locking up of scarce Government resources to the tune of Rs.88 lakh and consequently the schemes remained un-implemented to that extent for last six to seven years. Also, the objectives of providing the benefits envisaged under decentralised planning could not be fully achieved.

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<sup>49</sup> 231 schemes upto 2000-01. Number of approved schemes for the year 2001-02 and 2002-03 were neither on record nor furnished.

The cost of funds, the Government had incurred worked out to Rs.57.71 lakh<sup>50</sup> at the average rate of 11 *per cent* of Government borrowing during 1996-97 to 2002-03.

The matter was reported to Government in June 2003. Replying to the draft paragraph, Secretary to the Government of Assam, Planning and Development Department stated (August 2003) that the DC kept the money in different bank accounts to take advantage for speedy implementation of untied funds schemes. Reply was not tenable as the funds remained unutilised with the DC for periods ranging from two to seven years or more and progress of utilisation of Rs.1.06 crore released to the implementing offices were not on record.

Although the department furnished assurance from the DC that untied funds will not be kept in bank accounts, reasons for non-utilisation of funds, authority for keeping the funds in non-scheduled banks and results of reconciliation of the difference of Rs.25.45 lakh between the balance as per cash book and bank accounts were not furnished.

## SOCIAL WELFARE DEPARTMENT

### 3.13 Diversion of Central Fund

**Out of Central grants of Rs.63.95 crore available upto 2001-02 under Integrated Child Development Service, the unutilised Central grant of Rs.20.17 crore stands diverted by the State Government.**

Government of India, Department of Women and Child Development released grants-in-aid of Rs.47.20 crore to the Government of Assam (GOA) for implementation of the scheme “Integrated Child Development Service (ICDS)” during 2001-02. Government of Assam had an unspent balance of Rs.16.75 crore out of the grants released for the year 2000-01. Against the available Central Assistance of Rs.63.95 (47.20+16.75) crore the State Government made budget provision of Rs.60.24 crore during 2001-02. Unallocated assistance of Rs.3.71 crore was not refunded to Government of India.

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Amount		Period		(Rupees in lakh) Cost of retention at 11 <i>per cent</i>
Upto March 1996	55.60	1996-97 to 2002-03	7 years	42.81
1996-97	10.07	1997-98 to 2002-03	6 years	6.64
1997-98	4.31	1998-99 to 2002-03	5 years	2.73
1998-99	7.42	1999-2000 to 2002-03	4 years	3.26
1999-2000	2.92	2000-01 to 2002-03	3 years	0.96
2000-01	7.58	2001-02 to 2002-03	2 years	1.66
2001-02	0.05	2002-03	1 year	0.01
2002-03	0.05	-----	.....	-----
<b>Total</b>	<b>88.00</b>			<b>57.71</b>

Scrutiny (May 2003) of records in Central Audit revealed that the State Government released Rs.43.78 crore for implementation of the scheme by Social Welfare department during 2001-02. The reason for non-release of Central grant of Rs.20.17 crore was neither on record nor furnished.

The unutilised Central grant of Rs.20.17 crore remained merged in the general balance of the State Government (under Consolidated fund) and in the context of the continuing and perpetual reliance of the State Government on Ways and Means Advances and overdrafts from RBI, the unutilised Central grant of Rs.20.17 crore stands diverted to meet other expenditure of the Government.

The matter was reported to Government in June 2003; their reply had not yet been received (September 2003).

## GENERAL

### 3.14 Misappropriation, losses etc.

Two hundred and fourteen cases of misappropriation, losses etc., involving Government money amounting to Rs.3.63 crore reported by the departments to audit up to the end of March 2003 were pending finalisation at the end of May 2003. Department-wise details of the cases are given in **Appendix-VIII**. Year-wise analysis of the outstanding cases is given below:

Year	Number of Cases	(Rupees in lakh)
		Amount
Up to 1989-1990	186 <sup>51</sup>	177.14
1990-1991	4	5.45
1991-1992	1	10.60
1992-1993	7 <sup>52</sup>	7.78
1993-1994	1	0.22
1994-1995	3	0.93
1995-1996	2	6.12
1996-1997	5	8.04
1997-1998	Nil	Nil
1998-1999	1	0.05
1999-2000	1	0.37
2000-2001	2	145.65
2001-2002	1	0.93
2002-2003	Nil	Nil
<b>Total</b>	<b>214</b>	<b>363.28</b>

<sup>51</sup> Money value involved in 8 cases not intimated by the department.

<sup>52</sup> Money value involved in 2 cases not intimated by the department

Reasons for pendency are indicated below:

	<b>(Rupees in lakh)</b>	
	<b>No. of cases</b>	<b>Amount</b>
i) Awaiting departmental and criminal investigations	31	25.44
ii) Departmental criminal proceeding started but not yet finalised	96	207.72
iii) Criminal proceeding finalised but execution certificate/cases of recovery pending	13	3.14
iv) Pending in court of law	22	6.06
v) Awaiting orders for recovery/write off	52	120.92
<b>Total</b>	<b>214</b>	<b>363.28</b>

The above table indicates that 140 cases involving Rs.2.36 crore in respect of serial numbers (i) to (iii) are pending due to delay in departmental action, investigation and recovery.