

## CHAPTER IV : WORKS EXPENDITURE

### SECTION 'A' : REVIEWS

#### AGRICULTURE DEPARTMENT

#### 4.1 Integrated Audit including Manpower Management of Minor Irrigation Wing of the Department of Agriculture

##### *Highlights*

The budgeting in the Department for Irrigation Wing was unrealistic.

(Paragraph 4.1.5)

Shortfall in achievement of the target for coverage of command area both under surface water and ground water during 1996-97 to 2000-2001 ranged between 10 and 100 per cent.

(Paragraph 4.1.10)

Irrigation facility could not be provided to 7874 hectares (ha) of land for periods ranging from 2 to 19 years due to non-functioning of 48 irrigation projects costing Rs.3.96 crore.

Unauthorised execution of works under Flow Irrigation Projects resulted in wasteful expenditure/unfruitful expenditure/locking up of funds totalling Rs.50.12 lakh.

(Paragraphs 4.1.12 & 4.1.13)

The Department had not fixed any norm to justify the staff strength of the Irrigation Wing.

(Paragraph 4.1.16)

Though there was a monitoring and evaluation cell under the Department, the implementation of the different projects was not monitored and evaluated at the state level.

(Paragraph 4.1.21)

**Introduction**

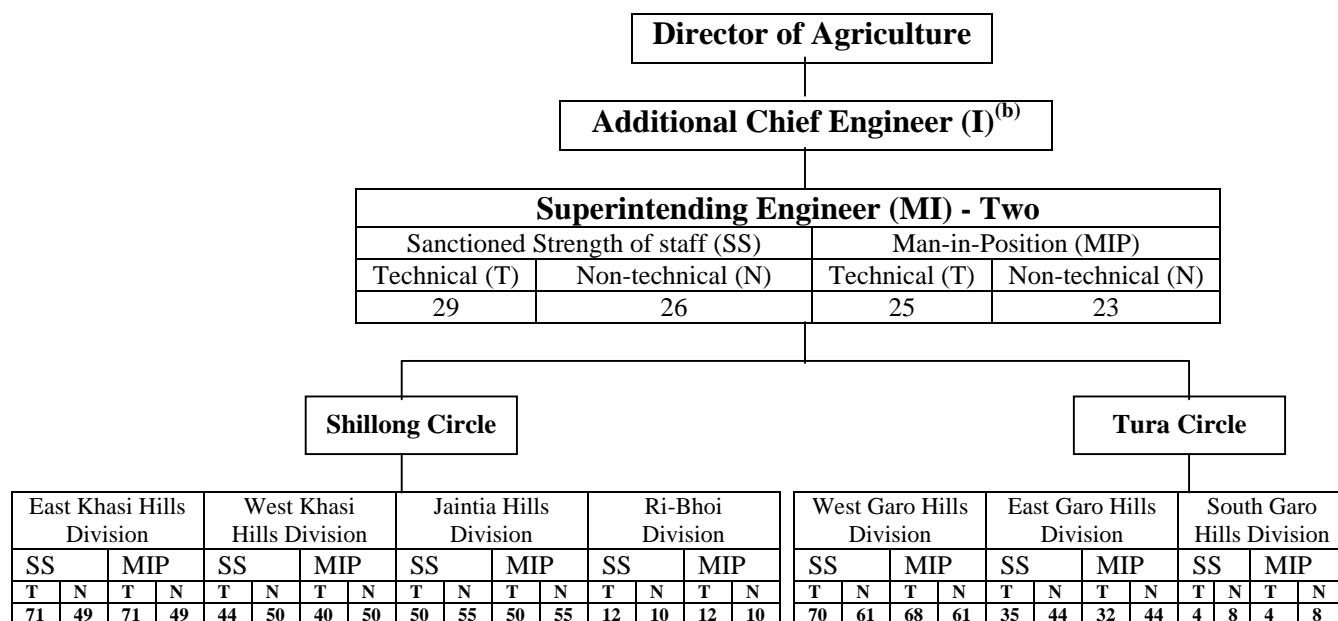
4.1.1 In Meghalaya the total area of land is 22.41 lakh hectare (ha). It comprises of cultivable land of 2.18 lakh ha and uncultivable land of 20.23 lakh ha as per 1998-99 statistics of the Agriculture Department. With the creation of a separate state of Meghalaya in 1972, a separate ‘Minor Irrigation Wing’ under the Agriculture Department was created in 1974-75 for providing irrigation facilities in cultivable land wherever necessary through Deep Tube Well, Flow Irrigation, Lift Irrigation, etc. This wing is mainly responsible for formulation, implementation, operation and maintenance of minor irrigation projects in the state. As a part of implementation of the project, the wing is to provide assured irrigation facilities to entire agricultural land for optimising food grain production as well as to raise the economy and standard of living of the poor. Up to 2000-2001 the total area brought under irrigation is 0.24<sup>(a)</sup> lakh ha which constituted only 11 **per cent** of the total cultivable land.

4.1.2 In the state there are no major or medium irrigation projects as of July 2001.

**Organisational set up**

4.1.3 Organisational structure for implementation of the projects is as detailed below:-

**Chart – 4.1**



<sup>(a)</sup> Up to 7<sup>th</sup> Plan : 0.17 lakh ha  
 8<sup>th</sup> Plan : 0.04 lakh ha  
 9<sup>th</sup> Plan : 0.03 lakh ha  
 (Up to 2000-2001)

<sup>(b)</sup> Vacant during 1998-99 to 2000-2001.

**Audit coverage**

4.1.4 A review of the working of the Irrigation Wing (IW) of the Department covering **67 per cent** of the total expenditure incurred during 1996-97 to 2000-2001 was conducted by test-check (June – July 2001) of the records of the Director of Agriculture (Minor Irrigation Wing), Executive Engineers of (i) East Khasi Hills Irrigation Division, Shillong, (ii) Jaintia Hills Irrigation Division, Jowai, (iii) West Garo Hills Irrigation Division, Tura, (iv) Ri-Bhoi Irrigation Division, Nongpoh and (v) South Garo Hills Irrigation Division, Baghmara selected on the basis of the volume of expenditure involved during the period.

**Financial management**

4.1.5 The Budget provisions and expenditure incurred during the five years' period ending March 2001 were as under :-

**Table 4.1**

Year	Budget provision	Expenditure			Savings with reference to Column (3)
		As per accounts of the Accountant General (AG)	As per Department	Variation Excess (+) Less (-)	
(1)	(2)	(3)	(4)	(5)	(6)
<b>(Rupees in crore)</b>					
1996-97	12.39	9.03	8.88	(-) 0.15	3.36
1997-98 <sup>(a)</sup>	11.97	10.96	10.90	(-) 0.06	1.01
1998-99	17.52	11.55	11.64	(+) 0.09	5.97
1999-2000	17.64	11.13	11.01	(-) 0.12	6.51
2000-2001	21.20	13.09	12.93	(-) 0.16	8.11
<b>Total</b>	<b>80.72</b>	<b>55.76</b>	<b>55.36</b>	<b>(-) 0.40</b>	<b>24.96</b>

Source: Detailed Appropriation Accounts and as per information furnished by the ACE(I).

The details above would indicate the following shortcomings in the financial control and discipline:-

- (a) The difference in the expenditure figures of the Department and the AG was not reconciled by the controlling officer, viz., Director of Agriculture.
- (b) The wide variation between the budget provision and actual indicated budgeting flaw particularly during 1998-99 to 2000-2001 when the savings ranged between 34 and 38 **per cent** of the budget provision. The ACE (I)

<sup>(a)</sup> Excluding surrender of Rs.5.09 crore.

stated (July 2001) that savings had not been anticipated till last moment, reasons for which had not been furnished.

**Failure to bring more area under irrigation**

4.1.6 The topography of the state does not permit significant increase in net area sown under food grains and the creation of irrigation potential is an alternative to increase food grain production in the state. The Annual Plan proposals emphasised development of minor irrigation with close co-ordination with crop husbandry sector so that irrigation facilities are provided to the agricultural potential areas. The year-wise target, actual production and productivity per hectare (ha) of food grain of the state during 1996-97 to 2000-2001 are given in Appendix XXI.

4.1.7 It would be seen from Appendix XXI that production of food grains in the state has remained constant because the area brought under cultivation remained near constant. It was clear that this was largely due to failure to bring more areas under irrigation as discussed in the succeeding paragraphs.

**Shortfall in achievement of targets**

4.1.8 Against 2.18 lakh ha crop area in the state, the Department could bring only 0.29 lakh ha (13 per cent) under irrigation till March 2001. The Irrigation Wing of the Department had failed to play a significant role in the coverage of cultivable area under irrigation for development of agriculture.

4.1.9 The physical target fixed for Deep Tube Well and Flow Irrigation Projects and achievement made thereagainst during the five years' period ending 31 March 2001 were as under :-

**Table 4.2**

Year	Deep Tube Well				Flow Irrigation			
	Target	Achievement	Shortfall	Percentage of shortfall	Target (including spill over projects)	Achievement	Shortfall	Percentage of shortfall
	(in hectare)				(in hectare)			
1996-97	116	-	116	100	1180	699	481	41
1997-98	110	-	110	100	1039	415	624	60
1998-99	110	99	11	10	1492	514	978	66
1999-00	32	-	32	100	1750	828	922	53
2000-2001	57	-	57	100	1270	850	420	33
<b>Total</b>	<b>425</b>	<b>99</b>	<b>326</b>		<b>6731</b>	<b>3306</b>	<b>3425</b>	

Source: As per information furnished (July 2001) by the ACE(I).

4.1.10 It would be seen from above that against the target for coverage of 425 ha under Deep Tube Well Projects for the period from 1996-97 to 2000-2001,

the Department covered 99 ha only in one year (1998-99) leaving 326 ha uncovered under the Project. There was shortfall in all the years which ranged from 10 to 100 **per cent**. Further, against the target for coverage of 6731 ha under Flow Irrigation Project, the Department covered 3306 ha leaving 3425 ha uncovered as of March 2001 and the shortfall in coverage ranged from 33 to 66 **per cent**. Basis for fixation of targets and reasons for shortfall were neither on record made available to Audit nor stated (July 2001).

### ***Inefficiency in the implementation of irrigation projects***

4.1.11 For providing assured irrigation to agricultural land, the Minor Irrigation Wing has been implementing (a) Flow Irrigation Projects (FIP), (b) Lift Irrigation Projects (LIP) using surface water and (c) Shallow Tube Well (STW) and Deep Tube Well (DTW) using ground water. During 1974-75 to 2000-2001, the wing had completed 166 projects (FIP : 143; LIP : 14; DTW: 08; STW:01) at a cost of Rs.32.20 crore for a command area of 23925 ha covering 18099 beneficiaries, as detailed in Appendix XXII. Further, 40 irrigation projects sanctioned at a cost of Rs.28.61 crore between 1990-91 and 2000-2001 for coverage of 4697 ha and due for completion between 1992-93 and 2003-2004, works on 10 projects had not even started and 30 projects were still under execution as of March 2001 (Appendix XXIII).

4.1.12 Test check of records of various projects revealed the following irregularities:-

#### ***(a) Non-functional projects completed at a cost of Rs.3.96 crore***

Out of 166 completed projects, 48 projects completed at a cost of Rs.3.96 crore between 1974-75 and 1998-99 for a command area of 7874 ha became non-functional during 1982 to 1999 (Appendix XXIV) owing to damage by flash flood (18 projects); seasonal source (1 project); water source dried up (2 projects); defective construction of structure (13 projects); diversion of source (1 project); erosion of stream bank (1 project) and other reasons ( 12 projects). Of 48 non-functional projects, the divisions concerned proposed to the Director of Agriculture between July 1997 and February 2000 for revival of 24 projects<sup>(a)</sup> costing Rs.343.75 lakh and in September 2000 for abandonment of 21 projects costing Rs.39.22 lakh (East Garo Hills: 2 Projects – Rs.4.68 lakh; West Garo Hills: 19 Projects – Rs.34.54 lakh). The Directorate/Government, however, had neither taken any action on the proposals of the divisions nor fixed any responsibility on officers responsible for the defective construction of 13 projects (March 2001). The remaining 3 projects in East Garo Hills (Cost: Rs.12.57 lakh) were under re-construction as of March 2001. The

<sup>(a)</sup> West Garo Hills: 11 Schemes – Rs.132.92 lakh; South Garo Hills: 3 Schemes – Rs.21.39 lakh; East Garo Hills: 3 Schemes – Rs.28.20 lakh; East Khasi Hills: 1 Scheme - Rs.47.71 lakh; West Khasi Hills: 2 Schemes – Rs.43.52 lakh; Jaintia Hills: 2 Schemes – Rs.10.70 lakh; Ri-Bhoi: 2 Schemes – Rs.59.31 lakh.

details of cost involved for re-construction were neither available on records nor furnished (July 2001).

Thus, 48 completed projects failed to provide irrigation facility to the targeted 7874 ha (0.08 lakh ha) of land for periods ranging from 2 to 19 years thereby rendering the total expenditure of Rs.3.96 crore wasteful. Consequently, the total area under irrigation up to 2000-2001 was brought down to 0.18 ha.

**(b) *Wasteful expenditure on a flow irrigation project owing to change of location of work***

For the benefit of 34 families in South Garo Hills District, Government sanctioned (March 1993) Dasangiri Flow Irrigation Project covering 85 ha command area at an estimated cost of Rs.23.99 lakh. Construction of head-work, waterway and maintenance of road, etc. under the Project were awarded to a local contractor at his tendered value of Rs.16.90 lakh. Though the works were taken up in February 1994, the same was stopped after execution of **30 per cent** work valued at Rs.15.53 lakh as the location of the headwork was shifted 237 m downstream from the original approved site by the Divisional Officer and the new site was not technically viable. As a result, the entire works so far executed by the contractor had to be abandoned. The matter was reported to Government by the ACE (I) in August 1997, but no responsibility was fixed by him for the lapses/flaws. Government action was, however, awaited (July 2001).

Thus, the expenditure of Rs.15.53 lakh incurred on the Project proved to be wasteful.

**(c) *Unfruitful expenditure owing to unauthorised execution of work***

According to guidelines issued by GOI, if a project involves forest and non-forest land, the work should not be started even on the non-forest land without prior clearance from Forest Department. It was noticed that Rangasora Flow Irrigation Project was sanctioned (March 1993) by Government at an estimated cost of Rs.31.49 lakh for a command area of 87 ha which was located both in forest and non-forest land. The project was taken up (February 1994) for execution without obtaining necessary clearance from Forest Department and had to be stopped (June 1994) due to objection raised by the Forest Department after an expenditure of Rs.11.69 lakh had been incurred against **20 per cent** work within non-forest land. Though the Department took up the matter with the Forest Department, clearance was awaited as of July 2001.

Thus, taking up of the work without obtaining the necessary clearance from the Forest Department led to unfruitful expenditure of Rs.11.69 lakh.

**(d) Locking up of fund owing to delay in acquisition of land**

With a view to cover more areas under cultivation, construction of Nonghali Flow Irrigation Project in Mawryngkneng Block of East Khasi Hills District with a command area of 128.10 ha was sanctioned (February 1999) by the Government at an estimated cost of Rs.72.28 lakh including cost of CS Pipes (Rs.24.92 lakh). As per the estimate, the survey and investigation were conducted in May 1997 and the local people of the area agreed to part with the land falling within the command area free of cost. However, no formal agreement was drawn with the local people to safeguard against future dispute. Consequently, at the time of commencement of execution of the Project (February 2000) the Department had to stop the work due to objections raised by the local people. In June 2000, the Executive Engineer, East Khasi Hills Division proposed for selection of a new site located 130 Kms upstream of the original site for headwork which was, however, rejected (July 2000) by the Superintending Engineer, Shillong Circle. Further development was awaited (July 2001). Meanwhile, as per Executive Engineer's, East Khasi Hills Irrigation Division order (March 1999), the Department procured, (between March 1999 and May 1999), CS Pipes<sup>(a)</sup> valued at Rs.22.90 lakh against the Project which were lying unutilised in the site account.

4.1.13 Thus, taking up of the Project before acquisition of land free from all encumbrances not only delayed the execution of the Project with likely escalation in cost but also resulted in locking up of Government fund to the tune of Rs.22.90 lakh for a period of over two years due to avoidable procurement of materials.

***Participatory irrigation management not developed***

4.1.14 As per the policy adopted by the GOI, all the state governments were to introduce Participatory Irrigation Management (PIM) where the responsibility for operation, maintenance and management should be transferred to the Farmers' Association. No such PIM had yet been introduced by the state government. The Irrigation Wing incurred expenditure of Rs.5.38 crore during the 5 years' period ending 31 March 2001 on labour payment, cost of materials, tools and plant, etc. for operation and maintenance of completed projects, which could have been avoided had the completed projects been handed over to the Farmers' Association. The year-wise position of expenditure is as under:-

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<sup>(a)</sup> 100 mm dia: 38 nos.; 15 mm dia: 106 nos.

**Table 4.3**

Year	Expenditure
	(Rupees in crore)
1996-97	0.34
1997-98	1.10
1998-99	1.10
1999-2000	0.95
2000-2001	1.89
<b>Total</b>	<b>5.38</b>

Source: As per information furnished (July 2001) by the ACE (I).

4.1.15 The ACE (I) stated (July 2001) that steps had been taken to register the Farmers' Association in all the project areas for handing over the completed projects for maintenance by the farmers themselves.

***Excessive expenditure on establishment as there was no norms for staffing patterns***

4.1.16 The Department had not formulated any staffing patterns nor any norms had been fixed to justify the staff strength. It was stated that the creation of posts and appointment of staff were done on the basis of requirement.

4.1.17 The sanctioned strength and staff position of the wing were as under:-

**Table 4.4**

Cadre	Sanctioned strength	Men in position				
		1996-97	1997-98	1998-99	1999-2000	2000-2001
CLASS-I	10	9	9	9	9	9
CLASS-II	39	31	31	34	35	35
CLASS-III	405	390	387	389	391	395
CLASS-IV	164	164	164	164	163	163
<b>Total</b>	<b>618</b>	<b>594</b>	<b>591</b>	<b>596</b>	<b>598</b>	<b>602</b>

Source: As per information furnished (July 2001) by the ACE (I).

4.1.18 While the vacant posts under class III and IV cadre were minimal, the vacant posts under Class I and II, directly linked with the promotion of irrigation activities, were between 10 and 21 **per cent** of the sanctioned strength. The vacancies were attributed to non-holding of Departmental Promotion Committees and non-recruitment of staff by Meghalaya Public Service Commission.



4.1.19 Expenditure on establishment vis-à-vis works programme during 1996-97 to 2000-2001 were as under:-

**Table 4.5**

Year	Expenditure on				Percentage of expenditure		
	Establi- shment	Works	Mainte- nance	Total	Establi- shment	Works	Mainte- nance
	(Rupees in crore)						
1996-97	3.68	4.87	0.34	8.88	41	55	4
1997-98	4.78	5.02	1.10	10.90	44	46	10
1998-99	5.23	5.31	1.10	11.64	45	46	9
1999- 2000	5.55	4.51	0.95	11.01	50	41	9
2000- 2001	6.05	4.99	1.89	12.93	47	39	14
<b>Total</b>	<b>25.29</b>	<b>24.69</b>	<b>5.38</b>	<b>55.36</b>	<b>46</b>	<b>45</b>	<b>9</b>

Source: As per information furnished (July 2001) by the ACE (I).

4.1.20 Norms for expenditure on establishment vis-à-vis works programme were not laid down by the Department while framing the estimates of the projects. Taking into account the total irrigation potential of 3405 ha created during 1996-97 to 2000-2001, the Department for each ha created spent Rs.0.74 lakh towards establishment which constituted 50.34 **per cent** of the total expenditure (Rs.1.47 lakh) incurred to bring one ha of area under irrigation facility.

### ***Monitoring and evaluation***

4.1.21 In order to ensure proper implementation of the programme, monitoring of the work was to be done at state level through collection and analysing of periodical reports/returns from the executing divisions. It was, however, seen that the implementation of different minor irrigation projects in the state had not been monitored and evaluated at state level though the Department was having a separate cell for the purpose.

4.1.22 The matter was reported to Government in July 2001; reply had not been received (December 2001).

### ***Recommendations***

4.1.23 The audit recommendations are as follows:-

- Directorate needs to activate the co-ordination between its Minor Irrigation Wing and Crop Husbandry Wing.

- Projects should be completed within the prescribed period after following the laid down procedural formalities.
  
- The Irrigation Projects need to be monitored by prescribing necessary periodical returns and evaluated to assess its impact on agricultural production.

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 4.2 Accelerated Drinking Water Supply Scheme

#### *Highlights*

During 1997-2000, Rs.46.65 crore was spent on the maintenance of Water Supply Schemes (WSS) by way of regular provisioning in the Non-plan budget. Nevertheless, the Department during the same period utilised Rs.8.23 crore out of the funds received for original work of WSS under Accelerated Rural Water Supply Programme (ARWSP) and Minimum Needs Programme (MNP) reducing not only the availability of funds for original work but also exceeding the norms for maintenance expenditure. Even after such diversion of funds, the unspent Central assistance under ARWSP at the end of March 2001 stood at Rs.3.47 crore mainly due to delay in completion of the scheme.

(Paragraphs 4.2.7 & 4.2.9)

During 1997-2001, out of 2203 habitation to be provided with drinking water, the actual number of habitation fully covered were 1639. The shortfall in coverage was too high during 1999-2000 and 2000-2001 ranging between 38 and 41 per cent.

(Paragraph 4.2.14)

The expenditure of Rs.7.68 crore up to March 2001 on 36 rural WSS had become unproductive, since these remained incomplete for period ranging between 3 and 18 years.

(Paragraph 4.2.19)

Out of 39 rural WSS sanctioned between 1982-83 and 1997-98, there was time overrun between 1 and 14 years in the completion of 21 schemes and 18 schemes remained incomplete for period ranging from 1 to over 15 years since the scheduled date of completion resulting in cost overrun of Rs.66.43 lakh till March 2001.

(Paragraphs 4.2.21 & 4.2.22)

The lone Accelerated urban water supply scheme of the state to cater to the needs of Williamnagar town remained incomplete for 2 years after scheduled date of completion even though expenditure up to 31 March 2001 (Rs.1.99 crore) had already exceeded the sanctioned cost (Rs.1.96 crore).

(Paragraph 4.2.23)

**Borato water treatment project which was scheduled to be completed by September 1997 at a cost of Rs.2.81 crore remained incomplete as of March 2001 frustrating the objective to serve quality water to 4 habitations though costs had escalated by Rs.21.97 lakh till March 2001.**

(Paragraphs 4.2.25 & 4.2.26)

**The impact of training imparted to community participants and professionals after spending Rs.46.09 lakh up to March 2001 had not been evaluated nor were awareness campaigns organised among the masses despite receipt of fund of Rs.22.87 lakh from GOI during January 1997 under Information Education and Communication.**

(Paragraph 4.2.28)

**Monitoring of the programme was inadequate as the Department had not ascertained whether habitations were getting the required quality and quantities of water.**

(Paragraph 4.2.36)

### *Introduction*

4.2.1 Accelerated Rural Water Supply Programme (ARWSP) introduced in 1972-73 with cent **per cent** Central assistance to tackle water supply problems of identified problem villages (PV)<sup>(a)</sup>. With the introduction of Minimum Needs Programme (MNP) under state sector from 1974-75, ARWSP was withdrawn but reintroduced in 1977-78 to accelerate the pace of coverage of PVs. In 1986, GOI launched the Technology Mission on drinking water to co-ordinate and supplement the efforts of the on-going programmes under MNP and ARWSP and the Rajiv Gandhi National Drinking Water Mission (RGNDWM) was launched in 1991 with the broad objective of providing sustainable safe drinking water supply to uncovered/no-source villages besides creating awareness among the rural people about the hazards of using unsafe drinking water. Accelerated Urban Water Supply Programme (AUWSP) was introduced in 1993-94 as a Centrally Sponsored Scheme through the Ministry of Urban Development to cater to the drinking water needs of the smaller towns having population less than 20,000. The allocation of Central assistance under ARWSP was subject to matching provision under state sector MNP for rural water supply and was not to exceed the provision made by the state government. The expenditure under RGNDWM was on sharing basis by GOI and state government in the ratio of 75 : 25 and that of AUWSP in the ratio of 50:50.

4.2.2 According to the 1981 census, total number of villages in the state was 4902 of which 2927 were identified as PVs and the rest (1975) as non-PVs.

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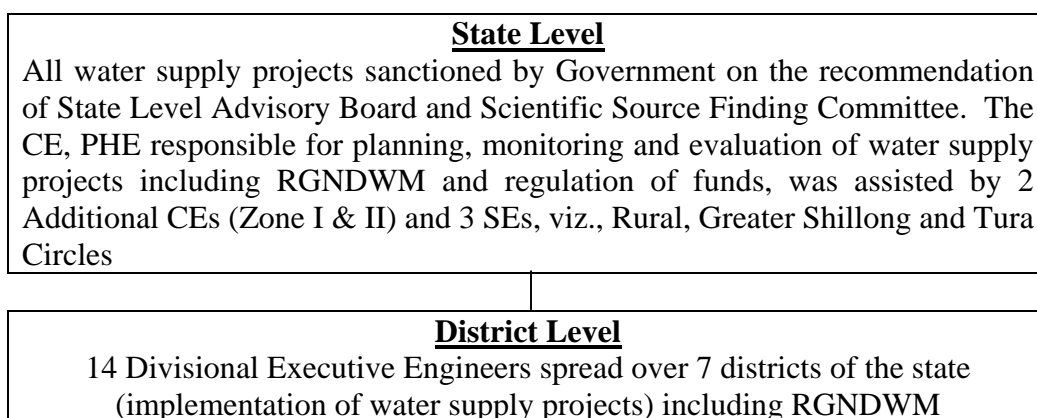
<sup>(a)</sup> Problem villages were defined as those villages with no assured source of drinking water within a distance of 1.6 km or within an elevation of 100 metres in hilly region.

Consequent upon the change of the concepts of coverage from village to habitation, the survey conducted by GOI in May – July 1994 identified 7876 habitation in the state which rose to 8639 as on 1 April 1997 as mentioned in the 5<sup>th</sup> meeting (October 1997) of the empowered committee under RGNDWM. Of 8639 habitations, 5531 were fully covered (FC), 1834 partially covered (PC<sup>(b)</sup>) and 1274 not covered (NC). Augmentation of Simsangiri water supply was the only project under AUWSP sanctioned in March 1996 to provide drinking water to Williamnagar town.

### ***Organisational set up***

4.2.3 Organisational structure for implementation of the scheme is as under:-

**Chart 4.2**



### ***Audit coverage***

4.2.4 A review on implementation of Rajiv Gandhi Drinking Water Mission with the broad objective of providing sustainable safe drinking water supply to all uncovered/no source villages for the period 1990-97 was included in paragraph 4.13 of the Report of the Comptroller and Auditor General of India for the year ended March 1997.

4.2.5 Implementation of ARWSP, AUWSP and RGNDWM during the period from 1997-98 to 2000-2001 was reviewed in Audit in January – April 2001 with test check of records of the Chief Engineer (PHED) and 4<sup>(c)</sup> out of 14 divisional offices located in 3 (out of 7) districts which accounted for an expenditure of Rs.16.61crore (33 **per cent**) as of March 2001, out of the total expenditure of Rs.49.90 crore during the period.

4.2.6 Important audit findings based on test-check of the records are mentioned in succeeding paragraphs.

<sup>(b)</sup> PC habitation is one having water supply of less than 40 litres per capita per day.

<sup>(c)</sup> Hills Division, Shillong; Greater Shillong Water Supply Division No.1, Shillong; PHE Division Tura; RWS Division, Baghmara.

### ***Financial management***

4.2.7 The year-wise actual expenditure and unspent balances during 1997-98 to 2000-2001 against Central assistance received, funds allotment from state in respect of ARWSP, MNP, AUWSP and RGNDWM are given in Appendix XXV. The unspent funds for ARWSP ranged between 18 and 34 **per cent** during 1998-99 to 2000-2001 against the permissible variation of up to 20 **per cent** fixed by GOI. The unutilised funds under ARWSP at the end of 2000-2001 stood at Rs.3.47 crore. Savings were mainly due to delay in completion of the water supply schemes.

### ***Fraudulent withdrawal of money from bank***

4.2.8 Rupees 42.30 lakh was fraudulently withdrawn (31 March 1999) from the State Bank of India, Shillong Branch against a cheque of Rs.2.30 lakh issued in favour of a contractor by PHE Hills Division for supply, installation, testing and commissioning of electrically driven centrifugal pump for Laitkor WSS. Although the Treasury Officer, Shillong and Divisional Officer both lodged FIR with the Police on 13 and 14 May 1999 respectively and the case was awaiting police investigation, this fraudulent withdrawal of money was not reported to the Accountant General which the Department was required to do under the state government Financial Rules.

### ***Diversion of fund meant for original work to maintenance of WSS***

4.2.9 The Department had spent Rs.8.23 crore on maintenance of WSS during 1997-98 to 1999-2000 out of the fund received for the original works under ARWSP and MNP. The rationale for meeting maintenance expenditure from the funds meant for original work, especially when Rs.46.65 crore was spent on the maintenance of WSS during the same period making separate provision for maintenance in the non-plan budget, could not be explained by the Department. The expenditure on maintenance out of ARWSP and MNP funds had thus decreased the availability of fund for original work.

### ***Maintenance expenditure on WSS exceeded the prescribed limit***

4.2.10 For maintenance of electrically operated WSS the norm is 5 **per cent** of the cost of the WSS completed up to the previous year plus energy charges. During 1999-2000, the Electrical Division, Mawphlang spent Rs.1.04 crore including energy charges of Rs.22.79 lakh on the maintenance of 32 electrically operated WSS completed up to the previous year 1998-99 at a total cost of Rs.3.61 crore.

Thus, the maintenance expenditure of Rs.81.70 lakh exceeded the norm of 5 **per cent** of Rs.3.61 crore by Rs.63.64 lakh. Reasons for excess expenditure over the norms had not been stated.

### *Unauthorised expenditure*

4.2.11 According to Rule 282 of the Meghalaya Financial Rules, a revised estimate must be submitted when the sanctioned estimate is likely to be exceeded by more than 5 **per cent** for any cause whatsoever, or when material development or deviations have necessitated revised administrative approval.

4.2.12 It was noticed that in 48 works, 9 divisions incurred expenditure in excess of 5 **per cent** of the sanctioned estimates aggregated to Rs.81.42 lakh (Appendix XXVI). The revised estimates had not been submitted for sanction and therefore the expenditure in excess of the limit was unauthorised.

### *Implementation*

#### *Shortfall in achievement of target*

4.2.13 The achievements in the coverage of habitation with drinking water during 1997-98 to 2000-2001 against the targets fixed by GOI on the basis of left out NC and PC habitations in the state are as under:

**Table 4.6**

Year	Targets – habitation			Achievement habitation			Shortfall (-)/excess (+)		
	Not covered (NC)	Partially covered (PC)	Total	NC to FC	PC to FC	Total	NC to FC	PC to FC	Total (per cent)
1997-98	338	185	523	264	213	477	(-) 74	(+) 28	(-) 46 (9)
1998-99	210	340	550	136	345	481	(-) 74	(+) 5	(-) 69 (13)
1999-2000	270	280	550	119	222	341	(-) 151	(-) 58	(-) 209 (38)
2000-2001	300	280	580	206	134	340	(-) 94	(-)146	(-) 240 (41)
<b>Total</b>	<b>1118</b>	<b>1085</b>	<b>2203</b>	<b>725</b>	<b>914</b>	<b>1639</b>			<b>(-) 564</b>

Source :- Progress reports as furnished to GOI.

4.2.14 Thus, it could be seen that during the period 1997-98 to 2000-2001 out of the total 2203 habitations targeted for coverage, the actual number of habitations covered were 1639. The shortfall was too high ranging between 38 and 41 **per cent** during 1999-2000 and 2000-2001, reasons for which had not been stated.

***Short supply of water to partially covered habitation***

4.2.15 Against 1834 partially covered habitation as of 1 April 1997 only 1085 habitation had been targeted to be provided with full quota of water during 1998-2001, of which only 914 habitations could be fully covered and 920 habitations remained to be fully covered. The Department could have utilised unspent balance of funds and covered some more habitations. As against the envisaged water supply of 40 litres per capita per day (LPCD) the position of 920 PC habitation (1834 – 914) was as detailed below:-

**Table 4.7**

<b>Up to 10 LPCD</b>	<b>10 to less than 20 LPCD</b>	<b>20 to less than 30 LPCD</b>	<b>Less than 40 LPCD</b>
93	334	240	253

Source : Agenda Note of the meeting (October 1997) of the empowered committee

4.2.16 Thus, the objective of supply of 40 litres per capita per day had not been achieved in respect of these habitations.

***Supply of water contaminated with iron***

4.2.17 Of 4356 FC habitations as on 1 April 1997, 373 habitations were supplied with water with iron content. During 1998-2000, 197 of these habitations had iron free water leaving 176 habitation being supplied with unsafe drinking water.

***Non-completion of Rural Water Supply Scheme despite expenditure of Rs.7.68 crore***

4.2.18 The sanctioned water supply schemes according to their estimates are required to be completed within a period between 1 and 3 years. However, there was no Centralised information available with the CE about dates of completion. Details furnished by 6 executing divisions and test-check (April-May 2001) of records of 1 division revealed that 36 water supply schemes with estimated cost totalling Rs.9.24 crore sanctioned between 1982-83 and 1997-98 remained incomplete. Delay in completion was found to be between 3 and 18 years as on the date of audit (April 2001) as detailed in Appendix XXVII.

4.2.19 No reasons had been furnished for the non-completion of 9 schemes sanctioned between March 1995 and March 1998. The reasons for delay in completion of the remaining 27 cases are as shown in Appendix XXVII. Thus, the expenditure of Rs.7.68 crore incurred up to March 2001 on 36 incomplete schemes proved unproductive. The Commissioner and Secretary,



Public Health Engineering Department stated (May 2001) that the matter regarding supply of power to Musiang Lamare and Mupliang Water Supply Schemes (serial 35 and 36 of Appendix XXVII) had again been taken up with the MeSEB. Government's reply in respect of other schemes was awaited (December 2001).

4.2.20 It was also noticed that 2 WSS viz. Baladang-Songital and Laitmansiang were sanctioned during April-May 1999 at an estimated cost of Rs.12.17 lakh and Rs.36.54 lakh to provide drinking water to 2 and 3 PV respectively. The distribution line and treatment plant in respect of former scheme were to be in forest land. No permission from Forest Department obtained for the purpose and the work on the scheme was stopped in June 2000 after incurring an expenditure of Rs.14.36 lakh due to objection raised by Forest Department. Apart from seeking Divisional Forest Officer's permission in July 2000 to use the forest, no further effective steps were taken to complete the scheme till the date of audit. Work on the latter scheme had not yet started due to dispute over the source of water. The Shillong Hills Division, however, procured between September 1999 and December 2000 material worth Rs.30.72 lakh. Incurring of expenditure without obtaining necessary clearance from the Forest Department and prior to finalisation of water source resulted in locking of capital of Rs.45.08 lakh (Rs.14.36 lakh + Rs.30.72 lakh).

#### *Time and cost overrun*

4.2.21 From the details furnished by 6 Executing Divisions, it was seen that out of 39 rural water supply schemes sanctioned between 1982-83 and 1997-98 at an estimated cost of Rs.5.31 crore, there was delay of 1 to 14 years in completion of 21 schemes on which the total expenditure exceeded the estimated cost (Rs.1.88 crore) by Rs.15.06 lakh (Appendix XXVIII). Of the remaining 18 incomplete schemes, there was delay ranging between 1 and over 15 years beyond the scheduled period of completion resulting in 15 **per cent** increase (Rs.51.37 lakh) in cost as against the estimated cost. The details are as under:

**Table 4.8**

Time overrun	Number of schemes	Estimated cost	Expenditure incurred
		( R u p e e s i n l a k h )	
Up to 3 years	8	294.29	336.33
Up to 5 years	2	15.57	18.58
Up to 10 years	5	10.90	16.87
Up to 15 years	1	10.46	10.54
Over 15 years	2	11.10	11.37
	<b>18</b>	<b>342.32</b>	<b>393.69</b>

Source: Monthly Progress Reports and information furnished by Executing Divisions.

4.2.22 Reasons for time overrun which resulted in cost overrun of Rs.66.43 lakh up to March 2001 had not been stated. The cost in respect of incomplete project may exceed further due to revision of estimates.

***Non-completion of Urban Water Supply Scheme despite an expenditure of Rs.199.38 lakh***

4.2.23 Only one Scheme under AUWSP, viz. Augmentation of Simsangiri WSS was sanctioned (March 1996) by the state government with the approval of GOI at an estimated cost of Rs.1.96 crore on a 50:50 sharing basis between the Central and state governments for providing drinking water in Williamnagar town having a population of 11985 (1991 Census). The scheme was technically cleared (February 1997) by GOI. The work was taken up during 1997-98 and total expenditure of Rs.199.38 lakh was incurred till March 2001 against fund of Rs.199.39 lakh made available by Centre (Rs.97.82 lakh) and state (Rs.101.57 lakh) during 1995-96 to 2000-2001. The project remained incomplete even after two years of the target date of completion (March 1999) owing to delay in finalisation of tender for various items of works. Reasons were neither on records nor stated. The Department had thus failed to achieve the objective of providing water supply to the people of Williamnagar despite availability of funds.

***Sub-Mission***

4.2.24 The state government had implemented the following 5 programmes under the Sub-Mission during 1997-2001 viz. (i) quality improvement of water, (ii) scientific source findings of water, (iii) human resource development, (iv) information, education and communication (IEC) and (v) management information system.

***Delay in execution of works on quality improvement of water***

4.2.25 For quality improvement of water of Borato WSS, GOI approved (February 1996) the project at an estimated cost of Rs.280.76 lakh to provide safe drinking water to 9338 population in 4 habitations under sub-mission Programme. The project cost was to be borne by GOI and the state government in the ratio of 75:25. The project was targeted for completion by September 1997 and no cost escalation was to be allowed. On 31<sup>st</sup> March 2001, 42 months after the scheduled date of completion, the project remained incomplete.

4.2.26 It was further seen that during execution, although the length for laying of 150 mm dia mild steel pipe of Gravity main had come down to 19.50 Km from the estimated length of 26.93 Km., with proportionate reduction in

project cost to Rs.235.51 lakh (Rs.280.76 lakh - Rs.45.25 lakh<sup>(a)</sup>), the Division had spent Rs.257.48 lakh as of 31 March 2001 which led to cost overrun of Rs.21.97 lakh (Rs.257.48 lakh - Rs.235.51 lakh). Non-completion of the project eventhough extensions were granted up to 31 March 2001 by GOI resulted in denial of safe drinking water to the beneficiaries. The cost overrun of Rs.21.97 lakh is likely to increase further till completion of the project. No reasons could be furnished by the Department for delayed execution and cost overrun.

### ***Under performance of departmental rigs***

4.2.27 For drilling to locate water sources, the Department had four rig machines in March 2001 (two supplied by UNICEF and two procured departmentally). Of these, two rigs (one UNICEF and one departmental) were utilised during 1997-98 to 2000-2001 as the others two were lying unserviceable. Against the targets of 616 bores covering 39360 metre (for two drills) the achievements were 39 bores covering 3132 metre registering shortfall of 94 and 92 **per cent** in respect of number of borings and drilling coverage respectively. The Department had not investigated the reasons for shortfall. Further the Department had hired 10 private rigs during 1997-98 to 2000-2001 for 106 bores and incurred an expenditure of Rs.63.28 lakh. Thus, failure of the Department to achieve the set targets led to hiring of private rigs at a cost of Rs.63.28 lakh which was totally avoidable. No reasons could be ascribed to audit for the short borings and non-attainment of targets.

### ***Absence of community participation***

4.2.28 Sub-mission envisaged more active community participation in rural water supply programme and elevating the performance and productivity levels of sector professionals through Human Resource Development Programme (HRDP) and Information, Education and Communication (IEC) project. The following points were noticed:-

(a) For establishment of HRD cell and conducting training courses, the GOI released between March 1996 and October 2000, a total fund of Rs.47.08 lakh (Rs.7.43 lakh for equipment, Rs.22.77 lakh for staff and Rs.16.88 lakh for training). The state government also released Rs.4 lakh in April 1997 and Rs.4 lakh in April 1998 for expenditure on staff. Of the total available fund of Rs.55.08 lakh, an expenditure of Rs.46.09 lakh had been incurred up to March 2001 (Rs.5.20 lakh for equipment, Rs.10.42 lakh for training and Rs.30.47 lakh for staff). The Department had conducted training programmes, viz. operation and maintenance of WSS, preservation of water source and public

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(a) Estimated cost for laying 26.93 Km. Pipe	: Rs.164.00 lakh
Proportional cost for laying 19.50 Km. Pipe	: <u>Rs.118.75 lakh</u>
Deduction in cost	: <b><u>Rs. 45.25 lakh</u></b>

Source: Technical approval of Project from GOI.

health and sanitation and imparted training to 1734 beneficiaries against target of 2950 besides 10 Sector Professionals were also imparted training during the period from 1998 to 2001 at a cost of Rs.10.42 lakh. The impact of such training to beneficiaries and sector professionals had not been evaluated.

(b) In order to create awareness among rural beneficiaries in rural water supply and sanitation programmes, GOI released (January 1997) Rs.22.87 lakh for IEC Project costing Rs.91.51 lakh which was to be borne equally by the Central and state government. The project was to cover 2295 habitations under 14 Blocks in two districts (East Khasi Hills – 851 and West Garo Hills – 1444). The state government had neither released matching share of Rs.22.87 lakh nor appointed staff either in State or District level for IEC activities but Rs.4.50 lakh was spent towards purchase of equipment which remained idle. The balance of Rs.18.37 lakh was lying with state. The objective of creation of Community awareness under this Project remained to be achieved.

***Management information system not developed***

4.2.29 For effective planning, monitoring and implementation of various schemes under different programmes, Information Technology (IT) based Management was envisaged under the sub-mission. For introducing IT in Public Health Engineering Department at an approved cost of Rs.50.50 lakh, GOI released Rs.40.40 lakh between March 1997 and March 1998 (Rs.30.30 lakh in March 1997 and Rs.10.10 lakh in March 1998) and the state government released (February 1999) Rs.10.10 lakh being 20 **per cent** matching share to project cost which comprised mainly on procurement of computer hardwares. The hardwares were yet to be supplied (April 2001) by the vendors nominated by GOI. However, uninterrupted Power Supply (UPS) with accessories procured (May to August 2000) by the Department at a cost of Rs.7.78 lakh could not be used for non-receipt of computer hardwares. No physical verification was carried till the date of audit to ascertain the status of the UPS so procured. Besides, the Department had not undertaken the training programme and office automation package for which the GOI had released additional fund of Rs.7.92 lakh (March 1997: Rs.2.20 lakh; March 1998: Rs.2.10 lakh; February 2001: Rs.3.62 lakh).

4.2.30 The process of developing IT in PHED to generate a more effective and efficient system for Planning and Monitoring thus remained unfulfilled as of April 2001 despite availability of funds (Rs.50.64 lakh) for the purpose. Besides, Rs.7.78 lakh was locked up.

**Material Management****Surplus stock**

4.2.31 Financial rules of the Government require that materials should be purchased in accordance with definite requirements and should not be procured in excess of actual requirements.

4.2.32 Test check of records of three divisions revealed that materials like GI pipes, water supply fittings etc. valued at Rs.1.09 crore were lying unutilised in stores as of March 2001, as detailed below:-

**Table 4.9**

Sl. No.	Name of Division	Period of purchase	Value of materials as of March 2001 (Rupees in lakh)
1.	Hills Division, Shillong	Prior to 1981-82	75.94
2.	RWS Division, Baghmara	1981-83	13.82
3.	Greater Shillong Water Supply Division No.1	Prior to September 1994	19.47
			<b>109.23</b>

Source: Stores and Stock accounts of the divisions.

4.2.33 It was also seen that Hills Division, Shillong had purchased water supply fitting materials valued at Rs.3.28 lakh during April 1997 to December 2000 despite availability of these materials in the divisional store.

4.2.34 Thus, procurement of materials without assessing the actual requirement resulted in locking up of funds of Rs.1.09 crore for a period ranging from 7 to 20 years besides the risk of likely deterioration of materials due to prolonged storage. No action had been taken for disposal of the idle stock reasons for which were neither on record nor stated (July 2001) excepting Baghmara Division which stated (September 2000) that inter-divisional transfer of other stores was not done owing to non-receipt of any demand from other divisions.

**Theft of materials**

4.2.35 Scrutiny of record of six divisions revealed that materials<sup>(a)</sup> valued at Rs.64.36 lakh laid on 52 water supply schemes were stolen during April 1997 to December 2000. Although the theft cases were reported to Police, the stolen materials could not be recovered as of March 2001. The Department had not taken any effective steps to prevent recurrence of such theft.

<sup>(a)</sup> Galvanised iron pipe (39030 metres), Polythene pipe (2557 metres), Pump (2 nos.) and Water supply fittings.

***Monitoring and evaluation***

4.2.36 The implementation of the programmes was monitored only through the progress reports received from the Executing Divisions which were being compiled by the Monitoring cell (Established in the office of the CE, PHED during 1977-78) and sent to GOI and state government. No evaluation studies had been conducted by the Department to ensure that adequate and safe drinking water was supplied to the rural population.

4.2.37 The matter was reported to the Government (August 2001); reply had not been received (December 2001).

***Recommendations***

4.2.38 The audit recommendations are as follows:-

- WSS need to be undertaken after proper planning, investigation to avoid delay in completion.
- There should be regular monitoring to ensure proper functioning of the complete schemes and non-functional WSS need to be made functional to serve the objective of providing water supply to the targeted population.
- Awareness programme needs to be intensified through community participation in the implementation of the Programme.

## SECTION ‘B’ PARAGRAPHS

### AGRICULTURE DEPARTMENT

#### 4.3 Unproductive expenditure and non-achievement of objective of providing flow irrigation in respect of work Madan Nongthrad Flow Irrigation Project

**Execution of the head work of the irrigation project without proper survey and obtaining technical sanction rendered the expenditure of Rs.2.43 crore on the project unproductive besides, non-achievement of objective of flow irrigation to the command area.**

4.3.1 Government sanctioned in December 1990 Madan Nongthrad Flow Irrigation Project (FIP) at an estimated cost of Rs.68.74 lakh. The project was to provide irrigation to a command area of 349 hectares by constructing a dam over river Umngot. The project was to be completed by March 1993 after issue of technical sanction to the work. The project, contained 3 components \*, viz., (i) Head work including foot bridge and approach road, (ii) earthen canal with miscellaneous structures and (iii) a staff quarter. The works were awarded (March 1991) to 23 contractors at rates varying between 12 and 45 **per cent** above the Schedule of Rates of 1987-88 without issue of the technical sanction. In March 1994, Government sanctioned a revised estimate for Rs.263.37 lakh owing to increase in the scope of work viz. shifting of the site of head work because of objection raised by local people, increase in dam height and length of canal alignment, allotment of work at rates higher than estimated and escalation in the cost of material to be supplied by the Department. The command area of the project was also increased to 400.75 hectares.

4.3.2 Scrutiny (August 2000) of the records of the Executive Engineer, East Khasi Hills Irrigation Division revealed that no technical sanction was issued for the execution of the project till the date of audit. No survey was conducted to ensure the technical viability of the new site of the dam. An expenditure of Rs.243.49 lakh was incurred on the project till May 1995 with physical

* Components of construction	Estimate Original	Estimate Revised	Expenditure
( R u p e e s i n l a k h )			
1. Head Work including foot bridge and approach road	50.54	208.94	199.55
2. Earthen canal including miscellaneous structure	17.41	25.84	16.89
3. SA quarter	0.79	1.08	1.20
4. Cost escalation of materials	--	27.51	--

achievement of 95.01 **per cent** at the new site. Thereafter, no expenditure was incurred as the work on the project was stalled due to damage to the dam by flash floods of May and June 1995. The damage was assessed at Rs.75.52 lakh.

4.3.3 The Department sought for technical advice from Central Water Commission (CWC) and Geological Survey of India (GSI) for restoration work. The CWC advised (December 1995) detailed survey of soil including geological and hydrological aspects before attempting restoration work. The GSI held that restoration work would be very costly, difficult and time consuming as series of cracks had developed in the left abutment of the dam. The Department did not take any decision for the same and the project remained incomplete (August 2000).

4.3.4 Execution of works of the project, especially the head work, without conducting any survey and obtaining technical sanction was injudicious rendering the expenditure of Rs.243.49 lakh on the project unproductive and also the objective of providing flow irrigation to the envisaged area remained to be achieved.

4.3.5 The matter was referred to Government in September 2000 and May 2001; reply had not been received (December 2001).

## **HEALTH AND FAMILY WELFARE DEPARTMENT**

### **4.4 Extra expenditure due to incorrect adoption of rate for the stone masonry work of Community Health Centre Building**

**Adoption of inflated quantities of material and number of labour in the analysis of rate resulted in extra expenditure of Rs.7.22 lakh.**

4.4.1 The Executive Engineer (EE), Engineering Wing, Directorate of Health Services, Shillong got the work "Regular stone masonry in retaining and boundary walls" aggregating 3045.79 cum for 8 Community Health Centre buildings in Garo Hills executed between June 1997 and January 2000 through 8 contractors. Though the Schedule of Rate (SOR) 1995-96 provided for this item of work at the rate of Rs.550 per cum, the EE unilaterally approved and adopted a rate of Rs.845 per cum on the grounds that SOR



1995-96 was not workable in Garo Hills and the contractors were also not willing to do the work at par with SOR. Expenditure of Rs.25.74 lakh was incurred during June 1997 to January 2000 for execution of these works.

4.4.2 Scrutiny in Audit (October 2000) revealed that the EE in arriving at the analysed rate of Rs.845 per cum had adopted more material and labour than the norms for the same item of work as approved (1993) by the Superintending Engineer, Public Works Department (Roads), Eastern Circle resulting in execution of work at an extra cost by Rs.237<sup>(a)</sup> per cum. The reasons for adoption of higher amount of material and labour were neither on records nor stated. Since the contractors had tendered to execute the work at par SOR, reasons put forth by the EE for allowing higher rate is not tenable. However, payment on the basis of analysed rate (Rs.845) adopting a higher amount of material and labour instead of the rate of Rs.608 per cum arrived at on the basis of norms prescribed by the PWD resulted in extra expenditure of Rs.7.22 lakh<sup>(b)</sup>.

4.4.3 The matter was referred to the Government in February and May 2001; reply had not been received (December 2001).

(a)

Use of material/labour per unit	Cost of material/labour as per prescribed norm		Cost of material/labour adopted by EE in the analysis	
	Quantity	Amount (In rupees)	Quantity	Amount (In rupees)
Stone (cum)	0.90	308.54	1.20	411.40
Sand (cum)	0.16	29.09	0.30	54.55
Cement (bag)	1.00	162.00	1.00	162.00
Head mason (No.)	0.125	10.00	1.00	80.00
Semi mason (No.)	0.25	17.50	...	...
Labour (No.)	1.00	35.00	2.00	70.00
Sundry	...	5.00	...	5.00
Contractor's profit (per cent)	10	40.51	10	62.09
<b>Total</b>		<b>607.54 or 608</b>		<b>845.04 or 845</b>

**Difference : Rs.845 – Rs.608 = Rs.237**

(b) Rs.237 x 3045.79 cum = Rs.7.22 lakh

**PUBLIC WORKS DEPARTMENT**

**4.5 Waiver of compensation in respect of delayed execution of work by contractor**

**Rescission of a contract without safeguarding the interest of Government led to waiver of compensation of Rs.17.42 lakh payable by a contractor for delayed execution of work.**

4.5.1 Mention was made in paragraph 4.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 of wasteful expenditure of Rs.14.36 lakh on account of dismantling of cement concrete work of the ongoing construction of Meghalaya Yojana Bhavan due to improper planning. The work was awarded to a contractor at the tendered value of Rs.1.74 crore stipulating completion of work by September 1996.

4.5.2 Scrutiny (May 2001) of the records of the Executive Engineer (EE), Shillong Building Division, revealed that the work on the Bhavan dragged on beyond the scheduled date of completion. Latest payment made to the contractor in October 1996 showed value of work done as Rs.65.37 lakh. Although no extension was granted to the contractor, yet the stock material continued to be issued to the contractor till October 1997.

4.5.3 In December 1997, the EE rescinded the contract on the ground that the contractor withdrew the entire earnest money deposit despite his (EE) instruction to repledge the Fixed Deposit Receipt (FDR), tendered as earnest money, after withdrawing the interest accrued on the FDR. The final bill for Rs.17.14 lakh preferred by the contractor was not settled till the date of audit as the amount recoverable from the contractor according to the division was Rs.22.98 lakh<sup>(a)</sup>.

4.5.4 The following irregularities were noticed:-

- Since the scheduled date for completion of the work (September 1996) till date of rescission of contract (December 1997) compensation of Rs.17.42 lakh as per the agreement (1 **per cent** for each day of delay subject to a maximum of 10 **per cent** of the tender value) was due to be levied on the contractor. The EE, however, did not issue any notice demanding the compensation from the contractor. A meagre amount of Rs.0.02 lakh was

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<sup>(a)</sup> Value of material issued/used in work: Rs.18.70 lakh; Value of material neither used in work nor returned (at double the rates): Rs.1.83 lakh; Advance payment: Rs.1.68 lakh; Forest royalty: Rs.0.37 lakh; Income tax: Rs.0.38 lakh; Penalty for non-completion: Rs.0.02 lakh.

included in the proposed recovery statement as compensation. Reasons for non-levy of the correct penalty in contravention of the contract had not been stated by the EE.

- Value of work done and paid was Rs.65.37 lakh, attracting Security Deposit (SD) (8 **per cent**) of Rs.5.22 lakh but though only Rs.2.12 lakh had been realised from the contractor's bill this amount was irregularly authorised for release back to the contractor in contravention of the agreement. The EE could not explain as to how this lapse occurred.

4.5.6 After rescission of the contract, the Division had not awarded the work to another contractor. Even if the work is completed at the cost of the first contractor, recovery of compensation of Rs.17.42 lakh for delayed execution is a remote possibility. The rescission of the contract without securing the interest of Government led to waiver of compensation of Rs.17.42 lakh.

4.5.7 The matter was reported to the Government in June and August 2001; reply had not been received (December 2001).

#### **4.6 Excess payment/waiver of compensation**

**After rescinding a contract excess payment of Rs.13.65 lakh was made to the contractor and penalty of Rs.18.90 lakh was waived.**

4.6.1 Mention was made in paragraph 4.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999 regarding unproductive expenditure of Rs.16.55 lakh due to non-commissioning of the heating arrangement in the newly constructed building for the Director General of Police (DGP).

4.6.2 Scrutiny of records of the Executive Engineer (EE), Building Division revealed that the construction of the multistoried building for the DGP administratively approved (February 1991) at an estimated cost of Rs.166 lakh was awarded (April 1992) to a contractor at a tender value of Rs.147.20 lakh stipulating completion of the work by March 1995. Although the tender value of the work was enhanced to Rs.175.60 lakh due to increase in the volume of work besides inclusion of additional items through supplementary tenders, no extension of time was sought for by the contractor nor granted by the Department. In March 1999, the contract was rescinded due to the contractor's non-completion of the work. The final bill of the contractor amounting to Rs.189.25 lakh was settled in September 1999 against the revised tender value of Rs.175.60 lakh resulting in excess payment of Rs.13.65 lakh to the contractor. The balance work amounting to Rs.6.51 lakh

was executed through another contractor between November 1999 and December 2000. The Accounts Officer of the Division stated (August 2001) that Rs.13.65 lakh over the tender value was paid on the verbal orders of the Chief Engineer (CE) (Building). The EE's action to make payment of Rs.189.25 lakh without obtaining sanction of the CE enhancing the tender value to bill value was highly irregular as he was to act by rules and not by verbal orders.

4.6.3 Further, till date of rescission of the contract, the contractor had delayed execution of work by 4 years attracting penalty of Rs.18.90 lakh, as per terms of the agreement (1 **per cent** to be levied for each day of delay subject to a maximum of 10 **per cent** of the tender value) against which a token penalty of Rs.500 was adjusted from the contractor's final bill. Reasons for non-levying the total penalty (Rs.18.90 lakh) in contravention of the agreement were neither on records produced to Audit nor were stated by the Department. Rescinding of the work without securing the interest of the Government led to waiver of compensation of Rs.18.90 lakh. Also recovery of compensation is a remote possibility since the security deposit (SD) of Rs.13.68 lakh deducted from the contractor's bill was released even before payment of the final bill and earnest money of Rs.2.94 lakh preferred in the form of a bank guarantee had expired in May 1998. The responsibility for releasing the SD and not extending the validity of the bank guarantee till completion of the work had not been fixed. Thus, apart from undue benefit of Rs.18.90 lakh to contractor, payment of Rs.13.65 lakh over the tender value was unauthorised.

4.6.4 The matter was reported to the Government (August 2001); reply had not been received (December 2001).

#### **4.7 Expenditure incurred in excess of sanctioned estimates**

##### **Unauthorised expenditure of Rs.1.07 crore in excess of sanctioned estimates.**

4.7.1 According to Rule 282 of the Meghalaya Financial Rules, a revised estimate must be submitted when the sanctioned estimate is likely to be exceeded by more than 5 **per cent** for any cause whatsoever, or when material development or deviations have necessitated revised administrative approval.

4.7.2 During the course of audit it was noticed that on 21 works, expenditure incurred up to March 2001 by 3 Public Works Divisions was in excess of 5 **per cent** of the sanctioned estimates and aggregated to Rs.1.07 crore as detailed below:-

Table 4.10

Serial number	Name of division	Number of work	Amount sanctioned	Amount spent up to March 2001	Amount of excess	Percentage of excess
			(Rupees in lakh)		(Rupees in lakh)	
1.	Jowai Building	Completed works: 5 Work in progress: 2	137.56	176.59	39.03	28
2.	Shillong North	Completed work: 1	40.54	47.14	6.60	16
3.	Jowai NEC	Completed works: 12 Work in progress: 1	493.35	554.50	61.15	12
<b>Total</b>		<b>21</b>	<b>671.45</b>	<b>778.23</b>	<b>106.78</b>	

4.7.3 The divisions incurred such excess expenditure by diverting fund from other works. The divisions had also not yet submitted the revised estimates for regularisation of the unauthorised expenditure of Rs.1.07 crore by obtaining revised administrative approval (August 2001). This clearly indicated lack of financial control as the administrative department could not exercise any control over the allotment of funds which ultimately led to unauthorised and excess expenditure over the sanctioned grant. However, the reasons for incurring such huge unauthorised expenditure amounting to Rs.1.07 crore had not been furnished (August 2001).

4.7.4 The matter was reported to Government in December 1999, October 2000 and April and August 2001; reply had not been received (December 2001).