



**Report of the  
Comptroller and Auditor General of India  
on  
Local Bodies**

**for the year ended 31 March 2017**



**Government of Assam**

*Report No. 3 of 2018*



*Presented in the Legislature on: 24 September 2018*

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**GOVERNMENT OF ASSAM**  
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## ***Preface***

*This Report, for the year ended March 2017, has been prepared for submission to the Governor of Assam.*

*The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State, including the departments concerned.*

*The issues noticed in the course of test audit for the period 2016-17, as well as those issues which came to notice in earlier years, but could not be dealt within the previous Reports, have also been included, wherever necessary.*

*The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.*



# OVERVIEW



## OVERVIEW

This report contains six chapters. The first and fourth chapters contain an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second and third chapters contain a Performance Audit of “Implementation of recommendations of Fourth Assam State Finance Commission and Utilisation of the Grants by Panchayati Raj Institutions” and Compliance audit paragraphs of PRIs respectively. The fifth and sixth chapter contain a Performance Audit of “Utilisation of 13<sup>th</sup> and 14<sup>th</sup> Finance Commissions Grants by Urban Local Bodies “and Compliance audit paragraphs of ULBs respectively. A synopsis of the findings is presented in this overview.

- Till August 2017, activity mapping of 23 out of the 29 subjects listed in XI<sup>th</sup> Schedule of the Constitution of India in respect of PRIs was done by the Government of Assam (GoA). GoA ordered for devolution of only seven out of 23 subjects issued to the Panchayati Raj Institutions (PRIs). In respect of ULBs, only eight out of the 18 subjects listed in XII<sup>th</sup> Schedule were implemented by the ULBs in Assam, as their traditional functions. Thus, the objective of empowering the PRIs and ULBs to function as effective institution of Local Self-Government (LSG) remained unachieved.
- The Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930 is the Primary Auditor of all tiers of PRIs and ULBs in the State. There were arrears in the audit of Local Bodies, by the DALF, during the period 2012-17, ranging between 21 and 56 *per cent*.
- The Comptroller and Auditor General (CAG) of India conducts audit of Local Bodies under Section 14 (1), 15, 20(1) of CAG’s Duties, Powers and Conditions of service (DPC) Act, 1971. Local Bodies are required to comply with the observations contained in the Inspection Reports (IRs) issued by the Accountant General. However, 8269 paragraphs with monetary value of ₹ 2987.24 crore were pending for settlement (March 2017) for want of replies from the concerned Local Bodies.
- The Committee on Local Fund Accounts (CoLFA) constituted by the State Legislature, discusses the Audit Report on LBs, which contain audit findings relating to the PRIs and ULBs. Till December 2017, Audit Report for the year ended March 2014 had been discussed by CoLFA. However, action taken report in this regard is awaited. Internal audit of PRIs and ULBs were never conducted.
- The Departments lacked control over its own revenue resources, as data regarding revenue mobilisation of the PRIs and ULBs were not available. Urban Development Department

(UDD) and Panchayat and Rural Development Department (PRDD) failed to furnish information on the present status of preparation of accounts.

- Funds were released by the Government even though PRIs and ULBs had not submitted budget proposals.
- Although these shortcomings were regularly pointed out to the PRIs and ULBs, as well as to the State Government, there was a marked lack of remedial action in this regard indicating inadequacy of the internal control mechanism.

**Performance Audit of “Implementation of recommendations of Fourth Assam State Finance Commission (4<sup>th</sup> AFSC) and utilisation of the Grants by Panchayati Raj Institutions”.**

- Government of Assam (GoA) failed to comply with the recommendations and suggestions of the 4<sup>th</sup> AFSC for transfer of all the activities as listed in Schedule XI of the Constitution of India. This frustrated the objective of empowering the PRIs to function as effective institutions of Local Self-Government (LSG).
- Due to short release of ₹ 2389.80 crore, PRIs could not take up the visible schemes like construction of roads, income generating assets, tourist lodges, markets and parks as well as complete construction of office and residential buildings for PRIs.
- Utilisation Certificates (UCs) for ₹ 533.24 crore were pending from 2011-17 in 20 Zilla Parishads (ZPs) which indicated lack of financial discipline by the ZPs besides lack of monitoring by Panchayat and Rural Development Department (PRDD). Non-submission of UCs deprived the ZPs of subsequent release of funds.
- Construction of eight multi-purpose halls by five ZPs remained incomplete though ₹ 6.10 crore was incurred. This deprived the rural population of their intended benefit besides loss of revenue to the respective ZPs.
- ₹ 10.00 crore incurred towards construction of 348 staff quarters remained idle as these buildings remained unoccupied for more than three years in five ZPs.
- ₹ 1.25 crore was released in March 2012 for construction of ZP Building and multi-purpose hall at Amingaon under Kamrup ZP. The work, however, could not commence till May 2017 resulting in blockade of funds to the tune of ₹ 1.25 crore.

**Performance Audit of “Utilisation of 13<sup>th</sup> and 14<sup>th</sup> Finance Commission Grants by Urban Local Bodies”.**

- Government of India (GoI) released Finance Commission (FC) grants of ₹ 217.18 crore to GoA during 2010-11 to 2016-17. GoA transferred only ₹203.41 crore out of ₹217.18 crore

to Urban Local Bodies (ULBs). As such there was a short release of ₹ 13.77 crore. Further, 23 ULBs covered under this audit, failed to effectively utilise ₹ 25.07 crore released to them, mainly due to non-completion/non-commencement of works.

- Government of India (GoI) did not release General Performance Grants (GPGs) to GoA for the period 2012-15 due to non-fulfilment of eligibility conditions by the ULBs. As a result, GoA suffered a loss of ₹ 77.50 crore.
- GoA did not get ₹ 21.17 crore as General Basic Grants (GBG) due to non-submission of UCs. This deprived the urban population of civic amenities.
- The Director, Municipal Administration (DMA) instead of releasing the FC grants to the ULBs, released ₹ 13.27 crore to the Public Works Department, Assam for construction of Urban Management Institute at Guwahati, which also remained incomplete till March 2017.
- Nine out of 23 ULBs covered under this audit, did not have any dumping grounds. The collected solid wastes were dumped in nearby low lying areas posing threat to health and causing adverse impact on environment due to pollution.
- Nine ULBs in violation of FC guidelines incurred expenditure of ₹ 6.89 crore for payment of salary, retirement benefit, electricity bill and honorarium for chairperson and members *etc.*, out of 13<sup>th</sup> and 14<sup>th</sup> FC grants.
- Objective of creation of database and preparation of accounts remained unachieved even after incurring an expenditure of ₹ 1.61 crore in 22 test-checked ULBs. Further, due to non-preparation of the accounts, GoA was deprived of GPG for the years 2012-15.

### **Compliance Audit Paragraphs on PRIs**

- Development Blocks/Anchalik Panchayats (APs) were to close their Bank accounts in respect of National Social Assistance Programme (NSAP) as ZPs were disbursing pension online (RTGS) directly to beneficiaries' account since financial year 2014-15. However, Nagaon ZP, Kamrup ZP and Karbi Anglong District Rural Development Authority (DRDA) retained ₹ 2.73 crore till May 2017 without disbursing pension to beneficiaries. Unauthorised retention of NSAP fund deprived the pensioners of their pension in time.
- The age of the primary bread-winner, at the time of death, is required to be verified in all cases before selecting the beneficiaries. DRDA, Karbi Anglong, Cachar ZP, Kamrup ZP and Nagaon ZP, disbursed family benefit of ₹ 9.92 crore under NFBS to 5729 beneficiaries without proper verification of age of the deceased bread-winner.
- Project Director (PD) DRDA, Karbi Anglong sanctioned National Family Benefit Scheme (NFBS) assistance of ₹ 5.10 lakh without verifying relevant documents forwarded by Block Development Officer (BDO). Scrutiny of records of 51 deceased persons showed

that death certificates of 20 deceased persons, issued by the same issuing authority were bearing same certificate number (0014385). It was also noticed that in one case, the issuing authority issued death certificate before the occurrence of death of the bread-winner.

- Only three out of five market sheds were constructed by the construction committee though full amount of ₹ 25 lakh was withdrawn for construction of market shed in Chariduar weekly bazar under Sonitpur ZP leading to suspected misappropriation of ₹ 16.25 lakh.
- The BDO of Sipajhar AP made payment of ₹ 28.11 lakh and ₹ 8.07 lakh on fictitious procurement and installation of 412 and 374 hand tube wells respectively.
- Nagaon ZP incurred a loss of revenue amounting to ₹ 1.01 crore due to settlement of markets/hats/beels<sup>1</sup> at lower bid value ignoring the highest bidder.
- Sonitpur ZP incurred loss of Government revenue of ₹ 43.85 lakh by not registering lease deeds of markets, fisheries *etc.*, resulting in undue financial benefit to lessees to that extent.
- Avoidable extra expenditure of ₹ 22.55 lakh was incurred by the Kamrup ZP due to non-deduction of 10 *per cent* contractor's profit in the estimate for the works executed departmentally.

#### **Compliance Audit Paragraphs on ULBs**

- The cashier of the Guwahati Municipal Corporation (GMC) misappropriated ₹ 1.84 crore by not depositing the amount collected in cash from different branches of GMC in the bank accounts of Guwahati Municipal Corporation.
- GMC suffered loss of revenue of ₹ 16.08 lakh due to lack of monitoring of deposit of lease value by lessee of the Beltola Bi-weekly market besides suspected misappropriation of ₹ 6.49 lakh.
- Gossaigaon Town Committee irregularly granted mobilisation advance to the contractor beyond the prescribed limit and incurred loss of interest of ₹ 21.64 lakh also as no interest was levied on the advance released to the contractor.
- The Chairman, Dhekiajuli Municipal Board incurred avoidable expenditure of ₹ 11.45 lakh by not deducting 10 *per cent* contractor's profit from the works executed departmentally.

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<sup>1</sup> *Beel means a large water body.*

**Part - A**

**Panchayati Raj Institutions**



# **CHAPTER I**

**An Overview of the Functioning, Accountability  
Mechanism and Financial Reporting issues of  
Panchayati Raj Institutions (PRIs)**



## Chapter-I

### An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayati Raj Institutions (PRIs)

#### Functioning of the PRIs in the State

##### 1.1 Introduction

The 73<sup>rd</sup> Constitutional Amendment Act, 1992 conferred Constitutional status to the Panchayati Raj Institutions (PRIs) and recognised them as the third tier of Government to ensure a more participative Government structure in the country. The amendment provided for devolution of powers and responsibilities with respect to preparation of plans and programmes for economic development and social justice. It also provided for transferring of 29 subjects listed in the XI<sup>th</sup> Schedule of the Constitution of India to PRIs. Accordingly, the State was required to entrust PRIs with respective, functions and functionaries, so as to enable them to function as Institutions of Local Self Government (LSGIs). The Constitutional Amendment provided for the establishment of a uniform system within the States, conduct of regular elections, regular flow of funds *etc.* The legislative framework for conduct of business of the PRIs includes;

- Assam Panchayat Act, 1994 (AP Act, 1994);
- Assam Panchayat (Financial) Rules, 2002 [AP (F) Rules, 2002];
- The Assam Panchayat (Administrative) Rules, 2002 [AP (A) Rules, 2002]; and
- Government instructions, issued from time to time.

The Administrative set-up of panchayats in Assam consists of a three-tier system; Gaon Panchayats (GPs) at the Village level; Anchalik Panchayats (APs) at the intermediate level (co-terminus with Blocks); and Zilla Parishads (ZPs) at the District level.

There were 2,412 PRIs in the ‘General’ areas<sup>2</sup> of Assam, as on 31 March 2017. The Panchayati Raj system does not exist in the Sixth Schedule Areas, where local governance is vested with the Autonomous District Councils (ADCs).

Statistics related to the rural population of the State and the numbers of PRIs as per census of 2011, are given in **Table 1.1**.

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<sup>2</sup> Areas not listed in the sixth schedule of the Constitution of India

**Table 1.1**

Sl. No.	Indicator	Unit	Value
1	Population	crore	3.12
2	Population density	persons / sq.km.	398
3	Rural population	per cent	86
4	Rural Sex Ratio	per thousand	960 <sup>3</sup>
5	Rural Literacy Rate	per cent	69.34
6	Zilla Parishads (ZPs)	numbers	21
7	Anchalik Panchayats (APs)	numbers	189
8	Gaon Panchayats (GPs)	numbers	2,202

Source: Economic Survey, Assam 2016-17.

The position of PRIs in Assam, in terms of number, average area and average population, is given in **Table 1.2**.

**Table 1.2**

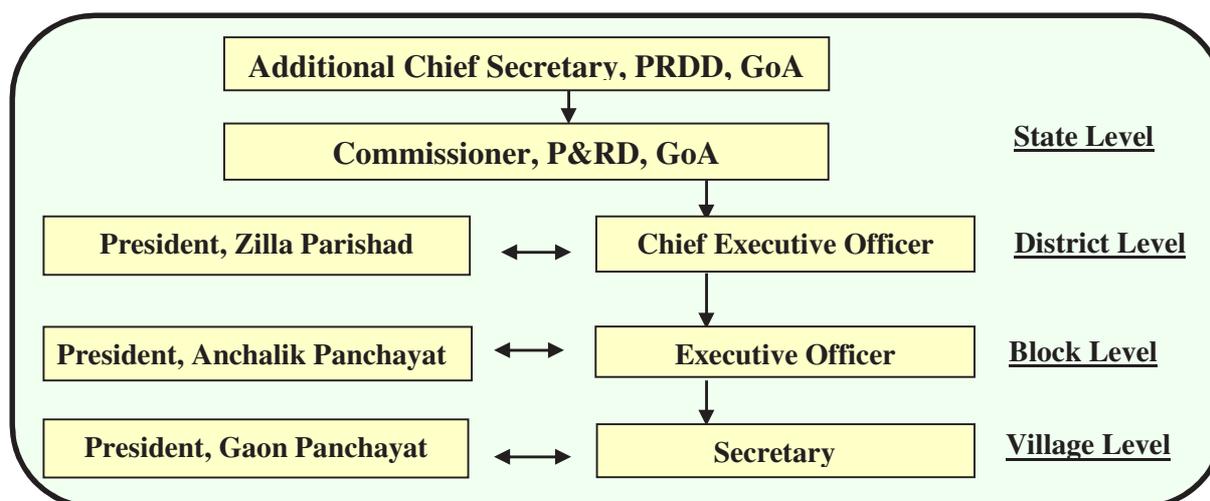
Level of LB	No.	Average Area per PRIs (Sq. Km)	Average population
		<i>As per 2011 census</i>	
Zilla Parishad (ZP)	21	2032.93	1188256
Anchalik Panchayat (AP)	189	219.78	128460
Gaon Panchayat (GP)	2202	18.46	10793

Source: Assam State Finance Commission's report submitted for 14<sup>th</sup> Central Finance Commission.

## 1.2 Organisational Set-up in State Government and PRIs

The Additional Chief Secretary, Panchayat and Rural Development Department (PRDD) is the administrative head of the department. He is assisted by the Commissioner, Panchayat and Rural Development (P&RD) in the allocation of funds, overall control and supervision of functions and implementation of different schemes at the State level. The organisational set-up of PRIs is shown in **Figure 1.1**:

**Figure 1.1**



<sup>3</sup> 960 females per 1000 males

### **1.3 Functioning of PRIs**

#### **1.3.1 Administrative machinery in PRIs**

The Administrative set up of panchayats in the State comprises of a three-tier system, GPs at the village level, APs at the intermediate level (coterminous with Blocks) and ZPs at the district level. The Constitution enjoins the State Government to make appropriate legislation regarding devolution of powers and functions to the panchayats, in such a way as to enable them to function as Institutions of LSG.

Subject to the provisions of the AP Act, 1994 panchayats may make bye-laws to carry out their functions. The 73<sup>rd</sup> Constitutional Amendment empowers them with powers and authority in revenue mobilisation and gives them access to such resources as the State Legislature may, by law, confer on them. Accordingly, the AP (F) Rules were framed in 2002 and amended in 2004, empowering all the three tiers to levy and collect taxes. Through the AP (F) Rules, 2002, GPs got the power to levy certain taxes *viz.*, tax on houses and structures and tax on trades *etc.* However, the relevant bye-laws were not framed (March 2017).

#### **1.3.2 Staffing pattern of PRIs**

The AP (A) Rules 2002 prescribes the staffing pattern for PRIs. In this regard, the third Assam State Finance Commission (ASFC) observed that there was an acute shortage of staff at all levels of PRIs which not only stands in the way of efficient performance of functions, but also retards collection of revenue from taxes and duties allocated to PRIs. The third ASFC, therefore, recommended that the staffing pattern needed suitable modification, in conformity with the expanding activities of PRIs.

The Commissioner, P&RD stated (August 2017) that proposal for creation of posts as per recommendation of the third ASFC was submitted to the Government for approval which was awaited (August 2017).

#### **1.3.3 Status of devolution of functions, funds and functionaries**

The 73<sup>rd</sup> Constitutional (Amendment) Act, 1992, empowers the PRIs to perform functions related to 29 subjects listed in the XI<sup>th</sup> Schedule of the Constitution of India. The Central Finance Commissions and the State Finance Commissions had emphasised the need for complete transfer of funds, functions and functionaries (3Fs) to the PRIs for meaningful devolution. However, in Assam the 3Fs were still not completely transferred to the PRIs. Till August 2017, though activity mapping of 23 out of the 29 subjects were done by the GoA, orders for devolution of only seven out of 23 subjects were issued to the PRIs. Though seven subjects were notified to be transferred, no function has been transferred to PRIs as yet and line departments and other agencies working in parallel with PRIs are performing those functions.

Further, against 4<sup>th</sup> ASFC's recommendation for devolution of ₹ 3389.40 crore during 2011-12 to 2015-16, only ₹ 999.60 crore was released to PRIs as a result of which PRIs could not take up the visible schemes like construction of roads, income generating assets, tourist lodges, markets and parking lots as well as complete office and residential buildings for PRIs as discussed in **Chapter-II**.

## **1.4 Formation of various committees**

### **1.4.1 Standing Committees**

Sections 22, 52 and 81 of the AP Act, 1994 stipulate that PRIs shall constitute Standing Committees to perform functions assigned under the Act. Details of constitution of the Standing Committees and their roles and responsibilities are given in *Appendix-I*.

### **1.4.2 District Planning Committee (DPC)**

Article 243 ZD of the Constitution of India provides that the State Government should constitute a District Planning Committee (DPC), consisting of (i) members of the House of the People, who represent the whole or part of the district, (ii) members of the Assam Legislative Assembly; and (iii) number of persons, not less than four-fifth of the total number of members, from amongst the members of the ZP in districts, to consolidate the plans prepared by the panchayats in the district and to undertake integrated development of the district. Accordingly, section 3 of the AP Act, 1994 and AP (F) Rules 2002 framed thereunder, provide that the State Government shall constitute a DPC, with a tenure of one year, in every district. The Deputy Commissioner is a permanent invitee to the DPC of the district, while the President of the ZP is the Chairman and the CEO of ZP is the *ex-officio* Secretary of the DPC.

It was observed that most of the DPCs failed to perform their primary objective *i.e.* preparation of the District Plan as envisaged in the AP Act, 1994 as they did not call for submission of annual plans from the PRIs and other stakeholders, for preparing the Annual District Plans as a whole.

## **1.5 Audit arrangement**

### **1.5.1 Primary Auditor**

The Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930 is the Primary Auditor of all tiers of PRIs in the State. The Directorate is responsible for (i) carrying out the Audit of Local Funds with the help of 20 circle offices, each of which was headed by an Assistant Director to perform audit functions at the district level; and (ii) facilitating submission of Audit Reports of the administrative departments.

The audit has to be conducted in conformity with the Assam Audit Manual, as also the relevant Government Rules and Amendments thereto, issued by the Government from time to time.

#### **1.5.1.1 Audit coverage by the DALF**

There were arrears in the audit of PRIs, by the DALF, during the period 2012-17, ranging between 21 and 50 *per cent*. The year-wise positions of units to be audited, and those actually audited, are detailed in **Table 1.3**.

**Table 1.3**

Year	No. of units planned for audit	No. of units audited	Shortfall	Percentage of shortfall
2012-13	1423	788	635	45
2013-14	1130	888	242	21
2014-15	1131	842	289	26
2015-16	1511	753	758	50
2016-17	1560	801	759	49

*Source: Information furnished by DALF, Assam.*

Reason for shortfall in coverage of units to be audited by DALF was sought (July 2017), to which response is still awaited (February 2018). Apart from this, there were also arrears in issue of 1044 audit reports (as of March 2017).

#### **1.5.1.2 Presentation of the Annual Audit Report**

As per para 101 (i) of the Assam Audit Manual, the DALF is required to send an Annual Audit Report to the Finance Department by 30<sup>th</sup> September each year, incorporating major outstanding audit objections relating to PRIs which were pending for settlement, for further action by the Finance Department. The DALF had submitted (December 2017) three Audit Reports covering the period from 2010-11 to 2015-16. The status of consolidated Audit Reports submitted by the DALF to the Government is shown in **Table 1.4** below:

**Table 1.4**

Sl. No.	Consolidated Audit Report for the year	Submitted to Government	Laid before Legislature
1	2010-11 and 2011-12	21 March 2013	10 February 2014
2	2012-13 and 2013-14	7 December 2014	19 December 2014
3	2014-15 and 2015-16	13 November 2016	Yet to be laid

However, follow-up action and Action Taken Reports by Finance Department on the Annual Consolidated Audit Reports of the DALF is wanting, thereby weakening the accountability mechanism for the PRIs.

#### **1.5.2 Audit by Comptroller and Auditor General of India**

Comptroller and Auditor General (CAG) of India conducts audit of substantially financed PRIs under Section 14 (1) of CAG's (DPC) Act, 1971 and audit of specific grants to PRIs under

section 15 of the Act *ibid*. The audit of PRIs is also conducted by CAG under Section 20 (1) of the Act, as per the Technical Guidance and Support (TGS) arrangements, as entrusted by the State Government in May 2002, followed by acceptance of the standard terms and conditions of TGS (May 2011), pursuant to the 13<sup>th</sup> FC recommendations.

## 1.6 Response to Audit Observations

Inspection Reports (IRs) were issued by the Accountant General (Audit), Assam to the audited PRI authorities with a copy of each to the State Government. PRI authorities are required to comply with the observations contained in the IRs, rectify the defects and omissions brought out in the IRs and report their compliance promptly within three months from the date of receipt of the IRs. Important audit findings were also reported to the Government through the Audit Reports on Local Bodies. The details of outstanding IRs and Audit paras, in respect of PRIs (as of March 2017) is shown in **Table 1.5**.

**Table 1.5**

Year of Issue	No. of Inspection Reports	No. of Outstanding Audit Paras	Money Value (₹ in crore)	First reply furnished
Up to 2012-13	572	3879	711.59	220
2013-14	51	366	176.50	8
2014-15	109	820	475.25	18
2015-16	34	317	172.04	1
2016-17	108	971	830.91	14
<b>Total</b>	<b>874</b>	<b>6353</b>	<b>2366.29</b>	<b>261</b>

Source: Progress Register of Accountant General (Audit), Assam.

As of March 2017, 6353 paragraphs with a monetary value of ₹ 2366.29 crore were pending for settlement for want of replies from the concerned PRIs. Further, even the first reply had not been received for 6092 paragraphs out of the 6353 paragraphs. This situation is indicative of the fact that compliance to the audit observations was not taken seriously. The administrative heads of the departments concerned also did not take steps to ensure that the concerned officers of the PRIs took prompt and timely action in furnishing replies to IRs thereby contributing to the weakening of the accountability mechanism for PRIs.

## 1.7 Discussion of Audit Reports by Legislature

The Committee on Local Fund Accounts (CoLFA), constituted by the State Legislature, discusses the Audit Reports on LBs. The position of discussion of Audit Reports, by the Committee, is shown in **Table 1.6**..:

**Table 1.6: Position of Audit Reports discussed by the CoLFA**

Year of Audit	Laid before the Legislature	Whether discussed by Legislature	Action Taken Report, if any
2009-10	19 December 2011	Discussed	Nil
2010-11	04 April 2013	Not yet discussed	Nil
2011-12	19 July 2013	Not yet discussed	Nil
2012-13	04 August 2014	Not yet discussed	Nil
2013-14	10 August 2015	Discussed	Nil
2014-15	18 July 2016	Not yet discussed	Nil
2015-16	10 March 2017	Not yet discussed	Nil

As it can be seen from the above that, discussion of five Audit Reports is pending. Moreover, action taken reports on all the discussed reports are awaited (December 2017).

## Accountability Mechanism of PRIs

### 1.8 Ombudsman

As per guidelines issued by the Ministry of Finance on implementation of the recommendations of the 13<sup>th</sup> Finance Commission, the State Government was required to appoint an Ombudsman who was to act as an independent quasi-judicial authority for Institutions of LSG at the state level, conduct investigations and enquiries in respect of any complaints of corruption and maladministration against the functionaries of Local Bodies (both elected members and officials) and, recommend suitable action in accordance with the provisions of the Act. However, there was no provision in the AP Act, 1994 for appointing of an Ombudsman for the PRIs. GoA may consider suitably amending the AP Act, 1994 to include the provision of appointment of an Ombudsman.

### 1.9 Social Audit

The primary objective of Social Audit (SA) is to bring the activities of PRIs under close surveillance of people to enable them to access the records and documents of PRIs as this would promote transparency and accountability in the day-to-day functioning of PRIs. Except for a provision made under the Assam Rural Employment Guarantee Scheme under the MGNREGA, the State Government is yet to amend the AP Act, 1994, to include a statutory provision for conduct of SA.

In July 2014, the Government designated the State Institute of Rural Development (SIRD) as the Nodal Agency for conducting SA of all the Panchayati Raj Schemes and Rural Development Schemes of the GoI/GoA under PRDD. Accordingly, the SIRD conducted SA of 2201 Gaon Panchayats during November 2014. As SIRD is not an independent Social Audit Unit (SAU), Assam Society for Social Audit was established (December 2016) as SAU to conduct SA in the State which started pilot audits as per MGNREG Audit of Scheme Rules, 2011, from September 2017.

Section 7(4) of the MGNREG Audit of Schemes Rules, 2011 provides that the State Government shall be responsible to take follow up action on the findings of the SA. However, it was observed that follow up action on the findings of SA conducted by SIRD is yet to be taken (September 2017).

### **1.10 Lokayukta**

The Assam Lokayukta and Upa-Lokayukta Act, 1985 was enacted to improve the standard of public administration and provided for investigation of complaints against ministers, legislators and public functionaries including those of PRIs. The institution of the Lokayukta in Assam is headed by the Upa-Lokayukta since March 2001 as the post of Lokayukta had not been filled up since March 1995. Though the State Government had taken a number of initiatives for creating public awareness about the Lokayukta and Upa-Lokayukta Act, the Upa-Lokayukta received only 15 complaints during 2016-17, none of which were related to PRIs. This situation points to the need to further intensify efforts to educate the public about the existence and jurisdiction of the institution of the Lokayukta/Upa-Lokayukta in the State and its mandate with regard to PRIs.

### **1.11 Submission of Utilisation Certificates (UCs)**

The scheme guidelines of Centrally Sponsored Scheme (CSS) stipulate that Utilisation Certificates (UCs) should be obtained by departmental officers from the grantees, and that these be forwarded to the GoI after verification. Test-check of 46<sup>4</sup> PRIs during 2016-17, however, revealed that two<sup>5</sup> PRIs had not submitted UCs amounting to ₹ 3.13 crore.

Pendency in submission of the UCs indicates weak internal control and leaves scope for possible misutilisation of funds.

### **1.12 Internal Audit and Internal control system in PRIs**

#### **1.12.1 Internal Audit**

Internal Audit is an important instrument for examining and evaluating the level of compliance with rules and procedures, as envisaged in the relevant Acts and Financial/Accounting Rules, so as to provide independent assurance to management on the adequacy of the risk management and internal control framework in the PRIs.

Rule 18 of the AP (A) Rules, 2002 provides for utilisation of internal auditors of the P&RD to check proper and correct maintenance of accounts of PRIs. An internal audit wing staffed by

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<sup>4</sup> Five ZPs, 22 APs and 19 GPs

<sup>5</sup> Bongaigaon ZP= ₹89.56 lakh Sadiya AP= ₹223.54 lakh.

internal auditors, was in place in the Commissionerate of P&RD, Assam. However, no internal audit of PRIs had been conducted as of August 2017.

### **1.12.2 Internal control mechanism in PRIs**

The internal control mechanism is an integral component of an organisation which helps it to discharge its activities effectively to achieve organisational objectives. Internal control measures assist in minimising the risk of errors and irregularities and ensures compliance with applicable rules and regulations so that the implementation of programmes is carried out in an orderly, economical, efficient and effective manner.

The internal control system at each level of the PRIs has been specified by the GoA under the AP Act, 1994 and the AP (F) Rules, 2002, in addition to the State Government's own rules and policies relating to finance, budget and personnel matters. Significant provisions relating to the internal control mechanism in PRIs, as contained therein, are elaborated in *Appendix-II*.

The following deficiencies, indicating inadequacy of the internal control mechanism in the PRIs, were observed in Audit:

- The Department lacked control over its own revenue resources, as data regarding revenue mobilisation of the PRIs was not available. The department did not provide details of revenue collected for the year 2016-17.
- The Department failed to furnish information on the present status of preparation of accounts of the PRIs.
- Funds were released by the Government even though ZPs had not submitted budget proposals thereby defeating the purpose of annual budgeting and planning as detailed in **paragraph 1.12.2.1**.

Although these shortcomings were regularly pointed out to the PRIs, as well as to the State Government, through Inspection Reports and Audit Reports, there was a marked lack of remedial action in this regard.

#### **1.12.2.1 Submission of Budget**

As per the AP Act 1994, budget proposals containing detailed estimates of Income and Expenditure expected during the ensuing year are to be prepared by the respective Standing Committees of PRIs after considering the estimates and proposals submitted by the executive authorities of the PRIs every year. Rules 32, 33 & 34 of AP (F) Rules, 2002 further stipulate that every GP, AP and ZP shall prepare their budgets before the beginning of the Panchayat financial year in the prescribed formats. After considering the proposals, their Finance, Audit and Planning Committees are to prepare the budget showing the income and expenditure in respective PRI for the ensuing year and place them before the concerned governing bodies for

approval. The approved budgets of the PRIs are to be consolidated by the ZPs for submission to the State Governments for final approval.

The position of submission of budget by ZPs is shown in **Table 1.7** below.

**Table 1.7: Position of year-wise receipt of budget by Commissioner P&RD**

Financial year	No. of budgets received in P&RD from ZPs	No. of budgets returned for rectification	No. of budgets received back in P&RD after rectification
2012-13	14	13	3
2013-14	8	0	0
2014-15	7	4	0
2015-16	11	1	0
2016-17	16	8	0

Source: Information collected from the department

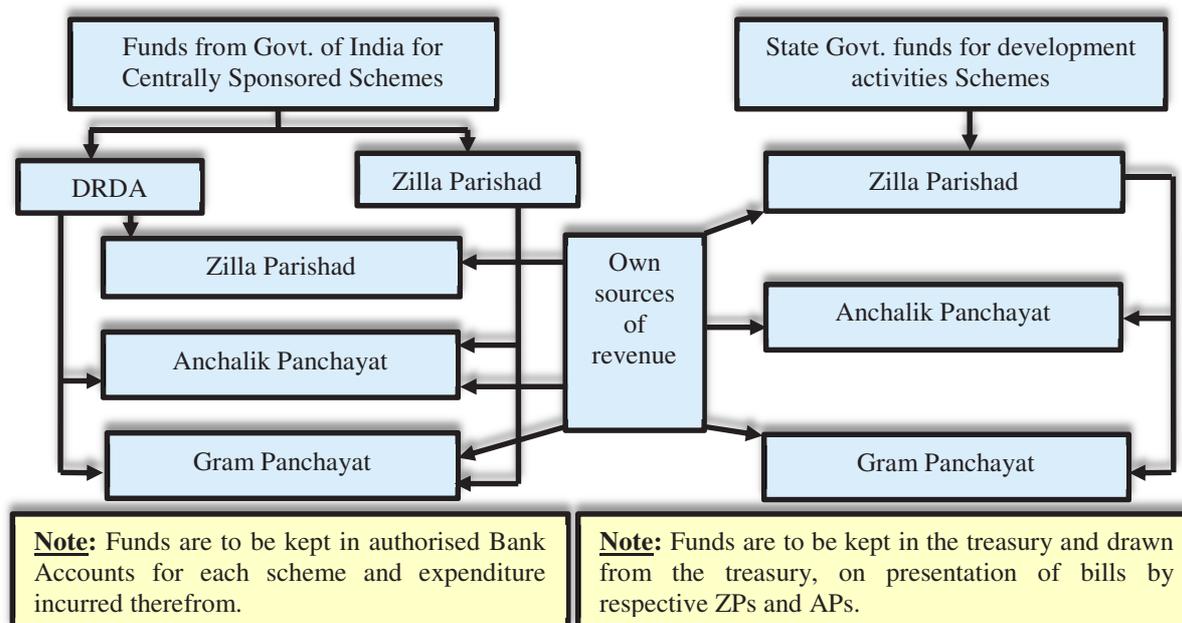
It can be seen from the table that the ZPs had not submitted budgets regularly during 2012-13 to 2016-17. Many of the ZPs who had submitted their budgets were returned by the Commissioner, P&RD due to improper submission of budget proposals with instructions to re-submit them after necessary rectification. However, except for three ZPs during 2012-13, none of the other ZPs had re-submitted their budget proposals and funds were released by the Government, irrespective of receipt of budget proposals.

Release of funds by the Government against the above backdrop indicates that rigour and discipline in the financial and budgeting process in the PRI ecosystem was yet to be firmly established.

### Financial Reporting issues of PRIs

#### 1.13 Sources of funds

The main sources of income for PRIs in the State is the funds released by the GoI under various Centrally Sponsored Schemes, Central Finance Commission grants, State Finance Commission grants and State Government grants under various schemes. In addition, PRIs also mobilise revenue from taxes, rents, license fees *etc.* The fund flow of PRIs is shown in **Figure 1.2**.

**Figure 1.2: Fund Flow Chart**


The receipts of PRIs, from all sources during 2012-13 to 2016-17 is given in **Table 1.8** below:

**Table 1.8: Time-series data on resources of PRIs**

	(₹ in crore)				
Source	2012-13	2013-14	2014-15	2015-16	2016-17
Own Revenues	176.16	193.80	213.18	8.16	Not furnished
SFC transfers	104.42	158.23	298.84	147.36	72.13
CFC transfers	362.05	201.93	270.54	292.40	106.22
State Sponsored Schemes (SSS)	89.09	197.29	147.04	486.00	0.00
Centrally Sponsored Schemes (CSS)	1211.38	2000.58	1879.94	2070.00	3367.81
<b>Total</b>	<b>1943.10</b>	<b>2751.83</b>	<b>2809.54</b>	<b>3003.92</b>	<b>3546.16</b>

Source: Information furnished by Commissioner P&RD, Assam, and Finance (Economic Affairs) Department, GoA.

As it can be seen from the above, there was an increasing trend of collection of own revenues by the PRIs during 2012-13 to 2014-15. However, in 2015-16 there was a drastic fall in collection of own revenue by the PRIs. The Commissioner, P&RD did not furnish any reason for this reduction in own revenue of PRIs though called for (September 2017). The Commissioner, P&RD, also failed to furnish the figures of own revenue collected by PRIs during 2016-17. No funds were released to the PRIs under SSS during 2016-17. Funds released under SFC and CFC in 2016-17 were less than 50 per cent in comparison to 2015-16.

### 1.13.1 Public investment in the Social Sector and Rural Development

Details of outlays by the GoI in Assam in the Social Sector and Rural Development through major CSS during 2012-13 to 2016-17 are shown in **Table 1.9** below:

**Table 1.9: Statement showing investment through major CSS****(₹ in crore)**

Sl. No.	Scheme	Year	Allocation of funds	Funds Released to PRIs	Short release of funds (4)-(5)
(1)	(2)	(3)	(4)	(5)	(6)
1	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	2012-13	1017.51	588.46	429.05
		2013-14	1034.61	647.31	387.30
		2014-15	1101.02	554.6	546.42
		2015-16	1520.51	745.93	774.58
		2016-17	1430.17	1462.91	-32.74*
2	Indira Awas Yojana (IAY)	2012-13	894.37	71.27 <sup>@</sup>	823.10
		2013-14	1040.21	985.9	54.31
		2014-15	1373.78	937.45	436.33
		2015-16	1428.73	1104.13	324.60
		2016-17	2031.59	1382.75	648.84
3	Backward Region Grant Fund (BRGF)	2012-13	177.75	92.92	84.83
		2013-14	228.79	199.88	28.91
		2014-15	213.65	139.41	74.24
		2015-16	Discontinued		
		2016-17	Discontinued		
4	National Social Assistance Programme (NSAP)	2012-13	167.14	156.13	11.01
		2013-14	230.82	230.82	0.00
		2014-15	248.46	248.46	0.00
		2015-16	197.81	197.81	0.00
		2016-17	473.51	324.22	149.29
5	National Rural Livelihood Mission (NRLM)	2012-13	217.14	162.91	54.23
		2013-14	291.45	105.92	185.53
		2014-15	172.70	16.46	156.24
		2015-16	129.77	21.72	108.05
		2016-17	256.97	197.93	59.04

Source: Information furnished by the Department;

\* minus figure actually indicates excess release

<sup>@</sup> State share only.

It can be seen from the above that there were constant short releases of funds to PRIs by GoA in respect of all schemes except National Social Assistance Programme (NSAP) (2013-14; 2014-15; 2015-16). These schemes are aimed at welfare and development of the rural poor and hence short releases of funds under these schemes would have set back the pace of development of the State's rural population.

### **1.13.2 Fourteenth Finance Commission Grant**

The weightage adopted by the 14<sup>th</sup> Finance Commission (14<sup>th</sup> FC) for distribution of funds among the States was 90 *per cent* on population (as per 2011 population data) and 10 *per cent* on area. The grants to each State are divided into two parts - a grant to duly constituted gram panchayats and a grant to duly constituted municipalities on the basis of the urban and rural population of the States, using the data of Census 2011. An amount of ₹ 5416.58 crore was recommended for the PRIs in Assam. This amount had two components *viz.*, General Basic

Grants (90 per cent of the recommended amount) and Performance Grants (10 per cent of the recommended amount).

The grants so recommended had to go directly to the PRIs who were directly responsible for the delivery of basic services, without any share going to any other levels. The State Government was to take care of the needs of the other levels.

As per the 14<sup>th</sup> FC recommendations for the period 2015-20, States would be eligible to draw their Basic Grants which would remain fixed for each State while Performance Grants on the other hand could be drawn only after submission of audited annual accounts that relate to a year not earlier than two years preceding the year in which the concerned gram panchayats sought to claim the performance grant. The gram panchayats were also required to show an increase in their own revenues over the preceding year, as reflected in their audited accounts.

### 1.13.3 Penal interest for late release of funds by the State Government

As per recommendation of 13<sup>th</sup> FC the States were to release the grants to the PRIs within 15 days from the date of receipt of grants. In case of delay the State Government was to release the instalment with interest at the bank rate of Reserve Bank of India for the number of days of delay. The position of grants released during 2012-17 by GoI and GoA and penal interest for late release of funds to PRIs, is shown in the **Table 1.10**.

**Table 1.10: Release of 13<sup>th</sup> FC and 14<sup>th</sup> FC Grants to PRIs**

(₹ in crore)				
Programme year	Scheme components	Received from GoI	Released to PRIs	Penal interest for late release of funds
2012-13	General Performance Grant	124.40	124.40	1.91
	General Basic Grant	181.61	181.61	
2013-14	General Performance Grant	139.88	0.00	2.21
	General Basic Grant	204.80	201.93	
2014-15	General Performance Grant	190.08	0.00	7.19
	General Basic Grant	279.26	263.74	
2015-16	General Performance Grant	0.00	0.00	0.00
	General Basic Grant	584.80	292.40	
2016-17	General Performance Grant	106.22	0.00	10.49
	General Basic Grant	809.76	0.00	
<b>TOTAL</b>				<b>21.80</b>

Source: Director, Finance (Economic Affairs) Department, Assam.

It was observed that during the period covered under 13<sup>th</sup> and 14<sup>th</sup> Finance Commission award, the State Government had paid penal interest of ₹ 21.80 crore to PRIs for late release of funds. Further, during 2016-17 no funds were released by GoA though it received ₹ 915.98 crore from GoI. As the time factor plays an important role in Assam in view of season-specific limitations, delays in release of funds would have adversely impacted the timely implementation of projects

increasing the possibility of cost-overruns and leading to a higher number of incomplete projects.

### 1.13.4 Maintenance of Records

#### 1.13.4.1 Non-maintenance of Assets Registers

Rule 19 of the AP (F) Rules, 2002 stipulates that all properties vested in the ZPs, APs and GPs are to be entered in a Register of Properties and Assets, prescribed in Form 6 and the entries therein are to be attested by the officer concerned. Audit observed that the said Register was not maintained by six<sup>6</sup> test-checked PRIs. The State Government also did not at any point of time call for any return on the nature of the assets, year of creation and monetary value of the assets held by the ZPs, APs and GPs.

#### 1.13.4.2 Non-reconciliation of Cash Books

Sub rules 4 (a), (b) and (c) of Rule 8 of the AP (F) Rules 2002, require that all money received and payments made, should be entered in the Cash Book which should be closed on daily basis. Further, monthly closing of the Cash Book, physical verification of cash and reconciliation of Cash Book balances with bank balances, under proper authentication, are also to be carried out. Sub-rule 4(e) of Rule 8 further stipulates that at the close of each month, the bank balance as reflected in the Cash Book, should be reconciled with the balances as per the bank accounts.

In the course of audit, it was, however, observed that Cash Book balances were not reconciled with bank balances in three PRIs and the un-reconciled balances ranged from ₹ 4523 to ₹ 2.43 crore as shown in **Table 1.11** below:

**Table 1.11: Details of PRIs which had not reconciled Cash Book with Bank Passbook  
(Amount in ₹)**

Sl No.	Name of PRIs	Name of the schemes	As on date	Balance as per Bank Pass Book	Balance as per Cash Book	Difference
1	Bongaigaon ZP	NSAP	31-3-2016	40910987	26815674	14095313
2	Kamrup ZP	Own fund	31-3-2016	6233233.35	6353661	(-)120427.65
3	Narsingpur AP	Own Fund	31-3-2015	953077.00	957600	(-)4523
		Kalpataru	31-3-2015	247470	51470	196000
		CM Special fund	31-3-2015	38966700	14682300	24284400

Failure to maintain the Cash Books in accordance with the requirements of the financial rules could be indicative of irregularities in cash management. In addition, it could also facilitate fraud and embezzlement of public money.

<sup>6</sup> Madhya Jorhat AP, Bechimari AP, Kalaigaon AP, Jugijan AP, Pakhimoria AP, Burha GP.

### **1.13.5 Maintenance of Accounts by PRIs**

PRIs, with their increasing role, funds and enhanced accountability, are required to spend and record public money with utmost care. Such diligence could be achieved only if the financial recording and reporting systems are well established and functional. Accordingly, the Model Accounting System (MAS) for Panchayats was introduced in October 2009 by Ministry of Panchayati Raj. Though the GoA had accepted the MAS, the Commissioner, P&RD, could not furnish data on the present status of its implementation by PRIs.

The PRIs had also not adopted completely the accounting formats prescribed by the CAG. PRIs were generating only three (Annual Receipt and Payment, Consolidated Abstract Register and Monthly Reconciliation Statement) out of eight reports prescribed by the CAG from receipt and payment data as recorded in their Cash Book. Due to this, a clear picture of revenue and expenditure of PRIs could not be seen.

Instances of annual accounts not maintained by PRIs have been brought to the notice of State Government on several occasions, through Inspection Reports and Annual Technical Inspection Reports (ATIRs)/Audit Reports.

### **1.13.6 Maintenance of database and the formats therein on the finances of PRIs.**

Based on the recommendations of the 11<sup>th</sup> FC, the CAG had prescribed database formats for capturing the finances of PRIs. The database formats are prescribed with a view to having a consolidated position of sector-wise resources and application of funds by PRIs, details of works executed by PRIs and their physical progress *etc.*

The 14<sup>th</sup> FC in its report had also expressed dissatisfaction, noting that a reliable base data on the finances of the PRIs, was yet to be developed. The 5<sup>th</sup> ASFC also recommended that PRIs should be brought within the ambit of computerisation and e-governance. However, computerisation of PRIs in Assam was adversely affected, as only 1237 out of 2202 GP offices were electrified till August 2017.

Against the above backdrop, effective steps are required to be taken to develop the financial database and promote computerisation in PRIs at the earliest.



# **CHAPTER II**

**Performance Audit of “Implementation of recommendations of Fourth Assam State Finance Commission and Utilisation of the Grants by Panchayati Raj Institutions”**



## Chapter II

### PERFORMANCE AUDIT

#### Implementation of recommendations of Fourth Assam State Finance Commission and utilisation of the Grants by Panchayati Raj Institutions

##### *Executive Summary*

*The Fourth Assam State Finance Commission (4<sup>th</sup> ASFC) was constituted in April 2010 with an objective to improve the finances and enlarging the functional canvas of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). Government of Assam (GoA) released ₹999.62 crore to PRIs during 2011-12 to 2016-17 under 4<sup>th</sup> ASFC grants as salary, non-salary and Grants-in-aid. GoA did not implement nine out of 16 recommendations and 11 out of 14 suggestions of the 4<sup>th</sup> ASFC though all the recommendations/suggestions were accepted by it. This Performance Audit noticed that objectives of empowering the PRIs to become institutions of Local Self-Governance (LSG) could not be met as the funds, functions and functionaries were not transferred to PRIs, the due share of divisible pool and the Specific Purpose Grants (SPG) were not released to them. Financial mismanagement of 4<sup>th</sup> ASFC grants was also noticed viz. misappropriation, irregular utilisation, idle expenditure, inadmissible expenditure and blockade of funds. Instances of non-completion of works, delay in completion of works, execution of substandard works and execution of non-income generating schemes were also noticed in implementation of schemes under 4<sup>th</sup> ASFC award.*

#### **2.1 Introduction**

As per Article 243-I of the Constitution of India, the Governor shall constitute a State Finance Commission (SFC) at the expiry of every fifth year. Accordingly, the GoA has so far constituted five Assam State Finance Commissions (ASFCs).

It is the primary responsibility of the SFCs to ensure adequate resources, both financial and physical, to PRIs and ULBs to empower them to fulfil the role envisaged for them in the Constitution.

The 4<sup>th</sup> ASFC was constituted in April 2010 to make recommendations for the period 2011-12 to 2015-16. However, the award period was restricted from 2011-12 to 2014-15 as per recommendation (December 2014) of the 4<sup>th</sup> ASFC to make the award period of Central and State Finance Commission coterminous.

The mandate of the 4<sup>th</sup> ASFC was to recommend:

- Sharing of the net proceeds of taxes, duties, tolls and fees leviable by the State Government with the Local Bodies
- Taxes, duties, tolls and fees that may be assigned to the Local Bodies.
- The Grants-in-aid to the Local Bodies from the Consolidated Fund of the State.

### 2.1.1 Organisational set-up

In keeping with the constitutional mandate under Article 243 B, the Assam Panchayat Act, 1994, introduced a three tier Panchayati Raj System in Assam comprising of Gaon Panchayats (GP), Anchalik Panchayats (AP) and Zilla Parishads (ZP).

The Panchayat and Rural Development Department (PRDD), GoA is the administrative department in respect of the PRIs. The PRIs are elected bodies and assisted by GoA officials posted in these bodies. The organisational set-up of PRIs in Assam is shown in **Figure-1.1**.

There are 21 districts in ‘General’ areas of Assam in which PRIs exist. In six districts under Sixth schedule areas, local governance is vested with Village Development Councils and Village Council Development Committees.

### 2.1.2 Funding arrangements

The PRIs received the 4<sup>th</sup> ASFC award under three components *viz.*

- Salary: for payment to provincialised employees of PRIs;
- Non-salary: implementation of visible schemes like roads, income generating assets, tourist lodges, markets, parks, *etc.*; and,
- Grant-in-aid: for construction of office and residential buildings for PRIs.

The details of grants released to PRIs in the 20<sup>7</sup> ‘General’ area districts of Assam during 2011-12 to 2016-17 under the above three components are shown in **Table-2.1** below:

**Table-2.1: Details of Grants released**

Year	Purposes for which funds released to PRI			Total
	Salary	Non-Salary	Grant-in-aid	
2011-12	97.09	36.34	94.53	227.96
2012-13	91.41	13.02	0	104.43
2013-14	185.23	0	0	185.23
2014-15	167.16	232.77	66.06	465.99
2015-16	0	0	2.60	2.60
2016-17	0	0	13.41	13.41
<b>Total</b>	<b>540.89</b>	<b>282.13</b>	<b>176.6</b>	<b>999.62</b>

<sup>7</sup> For purpose of release of fund under 4<sup>th</sup>ASFC, Kamrup metro district and Kamrup rural district are considered as one entity (ZP).

## 2.2 Audit Objectives

The objectives of the Performance Audit were to assess whether:

- action was taken on the recommendation of the 4<sup>th</sup> ASFC;
- the grants were released timely, utilised economically, efficiently and effectively;
- social sector programmes were implemented as intended; and,
- the monitoring and evaluation was effective.

## 2.3 Audit Criteria

The audit scrutiny was benchmarked against the following audit criteria:

- Assam Panchayat Act, 1994;
- Assam Panchayat (Financial) Rules, 2002;
- Report of the 4<sup>th</sup> ASFC; and,
- Orders and instructions issued by GoA.

## 2.4 Audit Scope, Sampling and Methodology

The Performance Audit<sup>8</sup> (PA) covering the period from 2011-12 to 2016-17 was conducted during April-July 2017. The PA commenced with an Entry Conference on 18 April 2017 with Finance and P&RD Department, GoA. In the conference, audit objectives, criteria, methodology *etc.*, were discussed. Selection of Audit sample was done using ‘Probability Proportional to Size Without Replacement’ sampling method and six ZPs<sup>9</sup>, 14 APs<sup>10</sup> and 28 GPs<sup>11</sup> were selected for detailed scrutiny including joint physical verification of works. In addition, records of Finance (Economic Affairs) Department and Commissionerate, P&RD were also scrutinised during the PA.

The draft report was issued to the Government in August 2017 seeking response on the audit findings. The audit findings were discussed with the Government in an Exit Conference held on 17 October 2017. However, Government’s reply on the audit findings was not received as of February 2018.

<sup>8</sup> This PA examined only the districts under ‘General’ areas and excluded the Sixth Schedule areas.

<sup>9</sup> Kamrup, Cachar, Nagaon, Sivasagar, Dibrugarh and Dhubri.

<sup>10</sup> Bezera, ChayaniBarduar, Bihdia Jajikona, Rajabazar, Salchapra, Tingkhong, Lahowal, Sonari (renamed as Mahmora), Lakuwa, Jugijan, Raha, Khagorijan, Golokganj and Jamadarhat.

<sup>11</sup> Lachitgarh, Agdola, Kochpara, Barenti Maniari Parakuch, Hardutta Karara, Dighli Lakhicheera, Borthol Thailu, Kumarpara and Bhangarpa, Rajgarh, Dhaman, Hiloidhari, Rahmoria, Milon, Bharalipukhuri, Nimonagarh, Hollowphukon., Pub Dhaniram Pathar, Ashi Nagar, Salmara, Pramila, Senchowa, Bebejia Dimow Bangthai, Barundanga, Kachokhana, Chirakuti and Tarangajhar.

## **2.5 Acknowledgement**

The office of Accountant General (Audit), Assam acknowledges the co-operation extended by Finance and P&RD Department, GoA, Commissioner, P&RD, Assam, and concerned PRIs during the course of the audit.

### ***Audit findings***

## **2.6 Implementation of 4<sup>th</sup> ASFC recommendations**

GoA had accepted all the 16 recommendations and 14 suggestions of 4<sup>th</sup> ASFC relating to PRIs. However, GoA had not implemented nine and partially implemented two out of 16 recommendations. Further, out of 14 suggestions, GoA had not implemented 11 and partially implemented one suggestion as shown in the *Appendix-III*.

Status of implementation of the important recommendations/suggestions is discussed below:

### **2.6.1 Devolution of functions and functionaries**

The XI<sup>th</sup> Schedule of the Constitution contains 29 subjects<sup>12</sup> placed within the purview of PRIs. The 4<sup>th</sup> ASFC suggested that all activities listed in Schedule XI<sup>th</sup> of the Constitution of India be transferred to PRIs at the appropriate level along with fund and functionaries.

In this regard, GoA had done activity mapping of 23 out of 29 functions in 2007. In June 2017, GoA issued orders for devolution of seven<sup>13</sup> out of the 23 functions. However, as of July 2017, no function had been transferred to PRIs as yet although seven subjects were notified to be transferred. Further, activity mapping for the remaining six functions was yet to be done as of July 2017. Deployment of functionaries from the line departments to the PRIs was also not carried out and funds earmarked for PRIs against the transferred subjects were actually being spent by the line departments.

GoA has, therefore, largely failed to comply with the suggestions of the 4<sup>th</sup> ASFC to transfer the 29 subjects listed in XI<sup>th</sup> Schedule along with fund and functionaries to PRIs thereby

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<sup>12</sup> Agriculture including agricultural extension, Land improvement, implementation of land, reforms, land consolidation and soil conservation, Minor irrigation, water management and watershed development, Animal husbandry, dairying and poultry, Fisheries, Social forestry and farm forestry, Minor forest produce, Small scale industries, including food-processing industries, Khadi, village and cottage industries, Rural housing, Drinking water, Fuel and fodder, Roads, culverts, bridges, ferries, water ways and other means of communication, Rural electrification, including distribution of electricity, Non-conventional energy sources, Poverty alleviation programme, Education including primary and secondary schools, Technical training and vocational education, Adult and non-formal education, Libraries, Cultural activities, Markets and fairs, Health and sanitation, including hospitals, primary health centres and dispensaries, Family welfare, Women and child development, Social welfare, including welfare of the handicapped and mentally retarded, Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes, Public distribution system and Maintenance of community assets.

<sup>13</sup> Agriculture including agricultural extension, Land improvement and Soil conservation, Animal husbandry, dairying and poultry, Adult and non-formal education, Education including primary and secondary education, Khadi village and cottage industries and Rural electrification including distribution of electricity.

frustrating the objective of empowering PRIs to function as effective institutions of local self-governance.

### 2.6.2 Short release of Divisible Pool Share to PRIs

As per the recommendation of 4<sup>th</sup> ASFC, ₹ 3389.40 crore was to be devolved to the PRIs in the 21 'General' area districts for the period 2011-12 to 2015-16. However, the GoA released only ₹ 992.62 crore to the PRIs against this amount as shown in **Table-2.2** below:

**Table-2.2: Year-wise position of devolution of funds to PRIs**

(₹ in crore)

Year	Amount to be devolved to PRIs <sup>14</sup>	Additional devolution to PRIs <sup>15</sup>	Total amount to be devolved to PRIs	Actual release to PRIs	Short release (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
2011-12	343.22	0.00	343.22	243.97 <sup>16</sup>	99.25
2012-13	576.17	66.06	642.23	104.43	537.81
2013-14	653.87	66.06	719.93	185.23	534.70
2014-15	732.88	66.06	798.94	465.99	332.96
2015-16	819.02	66.06	885.08	0.00	885.08
<b>Total</b>	<b>3125.16</b>	<b>264.24</b>	<b>3389.40</b>	<b>999.62</b>	<b>2389.80</b>

It will be seen from above that there was short release of funds to PRIs every year and no fund was released for the year 2015-16. Due to short release of funds year after year, the PRIs could not take up the schemes like construction of roads, income generating assets, tourist lodges, markets and parks, *etc.* PRIs also could not construct their office and residential buildings as discussed in the succeeding paragraphs.

### 2.6.3 Release of Specific Purpose Grant (SPG)

(a) SPG necessitates better targeting of expenditure in certain important areas so identified. The 4<sup>th</sup> ASFC recommended SPG of ₹ 601.42 crore for the PRIs in 21 "General" area districts at all levels (ZP, AP and GP) for construction of 7515 number of functional and residential buildings. One-fifth of this amount or ₹ 120.28 crore was recommended for release in 2011-12 and the balance amount over the next four years at the rate of ₹ 120.28 crore per year to 20 ZPs.

It was however, observed that GoA released only ₹ 110.54 crore in three tranches (2011-12: ₹ 94.53 crore; 2015-16: ₹ 2.60 crore; 2016-17: ₹ 13.41 crore) to 20 ZPs<sup>17</sup> for construction of 1503 (990 residential<sup>18</sup> and 513 functional<sup>19</sup>) buildings. Out of ₹ 110.54 crore, an amount of

<sup>14</sup> Includes Specific Purpose Grants

<sup>15</sup> It is Untied Grants to be released to GPs.

<sup>16</sup> Includes ₹16.01 crore released in 2015-16 (₹2.60 crore) and 2016-17(₹13.41 crore).

<sup>17</sup> Barpeta, Bongaigaon, Cachar, Darrang, Dhemaji, Dhubri, Dibrugarh, Goalpara, Golaghat, Haikandi, Jorhat, Kamrup, Karimganj, Lakhimpur, Morigaon, Nagaon, Nalbari, Sivasagar, Sonitpur and Tinsukia ZP.

<sup>18</sup> Includes Executive Officer Quarter, Grade-III Quarter for APs, GP Secretary Quarter and Grade-IV quarters for GPs.

<sup>19</sup> Includes ZP building, multi-purpose hall, AP office building and GP office building.

₹ 46.96 crore was released to six selected ZPs covered under this audit. The status of construction of functional and residential buildings in these six ZPs is given in **Table 2.3** below:

**Table 2.3**

(₹ in lakh)

Name of ZP	Amount released	No. of buildings sanctioned	No. of building completed	No. of building incomplete	No. of buildings whose construction not started
Kamrup	803.10	107	105	0	2
Nagaon	1142.36	161	159	2	0
Sivasagar	526.13	78	77	1	0
Dhubri	981.40	117	114	3	0
Dibrugarh	574.60	64	62	2	0
Cachar	668.10	110	0	0	110
<b>Total</b>	<b>4695.69</b>	<b>637</b>	<b>517</b>	<b>8</b>	<b>112</b>

It can be seen from the above table that eight halls (multi-purpose) remained in complete as of July 2017 and construction of two buildings (one ZP building and one multi-purpose hall) under Kamrup ZP is yet to commence as brought out in para 2.8.1. Further, none of the 110 (38 functional and 72 residential) buildings sanctioned for Cachar ZP were constructed as the entire fund sanctioned was misappropriated in 2013 as reported in CAG's Audit Report on Local Bodies, Government of Assam for the year ended March, 2015.

Due to non-release of remaining fund of ₹ 490.88 crore (₹ 601.42 crore - ₹ 110.54 crore), 6012 functional and residential buildings could not be constructed across 20 ZPs in 'General' area thus depriving the PRIs of proper office accommodation and staff quarters.

(b) In addition, the 4<sup>th</sup> ASFC also recommended SPG of ₹ 852.30 crore to PRIs for four years (2011-12 to 2014-15) for improvement of markets, cremation and burial grounds and construction of 48 cold storage. However, GoA did not provide any fund depriving the PRIs and the public of the intended benefits.

#### **2.6.4 Release of Untied Grants**

The 4<sup>th</sup> ASFC recommended untied grants of ₹ 3 lakh per GP per year in order for the GPs to effectively discharge core activities viz., water supply, sanitation, solid waste disposal, street lighting, etc. However, as against ₹ 264.24 crore<sup>20</sup> due for 2012-15, GoA released only ₹ 66.06 crore to 2202 GPs during 2014-15. Short release by 75 per cent of untied grants to GPs would have severely impacted on the capacity of the GPs to discharge their core functions.

<sup>20</sup> ₹ 3.00 lakh x 2202 GPs = ₹ 6606 lakh per year  
₹ 6606 lakh x 4 years = ₹ 26424 lakh i.e., ₹ 264.24 crore.

### 2.6.5 Imposition of Taxes

The 4<sup>th</sup> ASFC suggested for determined and sustained efforts by PRIs to raise their own revenues. Audit observed that there was scope for PRIs to raise revenue prescribed under the AP Act, 1994 (*Appendix-IV*).

However, it was observed that selected six ZPs, 14 APs and 28 GPs collected revenue only from settlement of *Hats* and *Ghats* instead of 22 items (ZP:6, AP:8 and GP:8) as detailed in *Appendix-IV* as no bye laws had been framed by GoA.

### 2.6.6 Maintenance of Accounts by PRIs

The 4<sup>th</sup> ASFC made suggestions for PRIs for proper maintenance of accounts and their audit. The status of action taken by these PRIs is shown in **Table-2.4** below:

**Table-2.4: Status of action taken by PRIs in respect of maintenance of accounts**

Sl. No.	Suggestions	Status of action taken
1	The 4 <sup>th</sup> ASFC suggested that annual budget estimates showing the details of estimated receipt and expenditure during the year shall be prepared by each PRI (ZP, AP and GP).	The budget covering overall receipt and expenditure of the PRIs was not prepared as per the format prescribed by the AP Act, 1994. PRIs prepared the budget only in respect of funds generated through their own revenue sources only.
2	The 4 <sup>th</sup> ASFC suggested that annual and monthly accounts as per the format prescribed by the CAG showing the details of income and expenditure shall be prepared.	Annual accounts were not prepared at AP and GP level. Monthly accounts were also not prepared at any level of PRI (ZP, AP and GP).
3	The 4 <sup>th</sup> ASFC suggested that audit of accounts of each level of PRI should be conducted and delay in reply to audit observations shall be eliminated.	Although Director of Audit Local Fund audited the accounts of the PRIs, there were significant shortfalls in coverage of audit by it due to shortage of staff. (Reference para 1.5.1.1.). In respect of audit by the office of the AG (Audit), Assam, replies to 6,353 audit observations with money value of ₹ 2366.29 crore were pending as of March 2017.

It was also observed that the selected PRIs generated only three reports *viz.*, Annual Receipt and Payment, Consolidated Abstract Register and Monthly Reconciliation Statement. Other five reports namely Receivable and Payable Register, Register of Immovable Property, Register of Movable Property, Inventory Register, Demand, Collection and Balance Register had not been prepared as prescribed by the CAG.

Against the above backdrop, the maintenance of accounts by PRIs was far from satisfactory. Accounting formats prescribed by the CAG had also not been adopted in entirety and hence, a true picture of the financial status of PRIs was not easily ascertainable.

### 2.6.7 Reconstitution and reorganisation of GPs

The 4<sup>th</sup> ASFC observed that there are 225 GPs in Assam having population less than 6,000 against the statutory provision ranging between 6,000 and 10,000 population which has not only reduced the viable size of GPs but escalated establishment costs as well. The 4<sup>th</sup> ASFC suggested to reconstitute the GPs through merger and reorganisation so that the population size of each GP conforms to the statutory limit of 6,000 as this would reduce establishment costs significantly.

GoA had accepted (February 2014) the aforesaid suggestion but the reconstitution of GPs was yet to be undertaken. The Commissioner, P&RD stated (August 2017) that delimitation of the panchayats is under process.

### 2.6.8 Implementation of other recommendations/suggestions of the 4<sup>th</sup> ASFC

The status of action taken on other recommendations/suggestions of the 4<sup>th</sup> ASFC is elaborated in the **Table-2.5** below.

**Table-2.5**

Sl. No.	Recommendation/suggestions	Status of implementation
1	The award period of Central and State Finance Commission may be made coterminous	The award period of 4 <sup>th</sup> ASFC was restricted to four years from 2011-12 to 2014-15 instead of five years to make it coterminous with Central Finance Commission.
2	PRIs may adopt the financial year from 1 <sup>st</sup> April instead of 1 <sup>st</sup> July.	Not yet implemented.
3	The State Government loans outstanding against PRIs of ₹ 46.40 lakh may be written off.	No action had been initiated.
4	The remuneration of elected representatives of PRIs to be revised upward.	Implemented.
5	Registration of births and deaths may be transferred to the PRIs.	Not yet implemented.
6	Training may be imparted in the fields of planning, implementation, monitoring and maintenance of accounts. For capacity building of PRIs, 4 <sup>th</sup> ASFC suggested training at regular intervals encompassing the elected representatives, official functionaries of PRIs and functionaries of line departments.	Though, State Institute of Rural Development, Assam imparted training to PRI staff and elected representatives on different subjects (92391 at GP level: 15,219 at AP level and 1,746 at ZP level) during 2012-13 to 2016-17, the training had no visible impact on the quality of accounts maintained by the PRIs.

Audit noted that the 5<sup>th</sup> ASFC observed that action taken on the recommendations of 4<sup>th</sup> ASFC was not found satisfactory as most of the recommendations were not implemented.

**2.7 Utilisation of 4<sup>th</sup> ASFC grants****2.7.1 Non-submission of Utilisation Certificate**

GoA while releasing funds to ZPs instructed that Utilisation Certificates (UCs) were to be submitted by the ZPs to the Commissioner, P&RD. The Commissionerate would then submit the same to the government. It was observed that the 20 ZPs in Assam received a total of ₹ 626.23 crore during 2011-17 as non-salary component and Grants-in-aid under 4<sup>th</sup> ASFC. However, 12 ZPs furnished UCs for only ₹ 92.99 crore (14.85 per cent) as detailed in Appendix-V.

Thus, UCs for remaining ₹ 533.24 crore (85.15 per cent) were pending which indicated lack of financial discipline and lack of monitoring by P&RD Department.

**2.7.2 Misappropriation of Funds**

Cachar ZP sanctioned an amount of ₹ 3.00 lakh to Barthal Thailoo GP for construction of a road with brick soiling from near Barthal Tea Estate (TE) L.P. School to Jagannath Mandir at Barthal T.E. during 2014-15. Though the GP incurred ₹ 3 lakh for construction of the above road, no bills/vouchers in respect of expenditure on construction of brick soiling road was available with the GP Secretary. It was noticed during physical verification that a road with cement concrete block was constructed under MGNREGS during 2015-16 at the same location. As the Secretary, Barthal Thailoo GP had drawn the money by self-cheque and could not produce any details of expenditure, the execution of work remains doubtful and points towards misappropriation of ₹ 3.00 lakh.

**2.7.3 Other Financial irregularities**

Instances of other financial irregularities noticed in the selected PRIs covered under this audit is shown in **Table-2.6** below:

**Table-2.6: Instances of financial irregularities in utilisation of grants**

Sl No.	Irregularities	Remarks
1	Doubtful expenditure	Tingkong AP (under Dibrugarh ZP) incurred expenditure of ₹ 6.45 lakh towards construction of brick soiling road at Kenduguri Jatiya Vidyalaya against estimated area of 1204.80 sq.m. (401.60 m × 3.00 m). However, during joint physical verification of the work, it was found that brick soiling road measuring only 600 sq.m. was constructed. Hence expenditure of ₹ 3.25 lakh (604.8 sq.m × ₹ 538.11 <sup>21</sup> ) out of the total expenditure of ₹ 6.45 lakh incurred towards execution of 604.80 sq.m was doubtful.
2		Ashinagar GP (under Nagaon ZP) incurred expenditure of ₹ 2.57 lakh towards construction of road from PWD Road via Masjid to Mainul Hoque house at Dakhin Ashinagar against estimated length of 508.75 meter.

<sup>21</sup> ₹6,48,314.00 (total estimated cost)/1204.80 sq.m (total estimated qty.) = 538.11 (cost per sq.m)

Sl No.	Irregularities	Remarks
		However, during joint physical verification of the work it was noticed that road measuring only 250 meters was constructed. Hence expenditure of ₹ 1.40 lakh (258.75 m × ₹ 540.54) out of the total expenditure of ₹ 2.57 lakh incurred towards execution of 258.75 m was doubtful.
3	Avoidable expenditure	Schedule of Rates for construction works provides for contractor's profit in the estimates only when the work is executed by contractor. Eight of the selected PRIs <sup>22</sup> covered under this audit did not deduct 10 per cent contractor's profit from the total estimated amount of ₹ 393.76 lakh against 143 works executed departmentally and hence these PRIs incurred avoidable expenditure of ₹ 39.15 lakh against total expenditure of ₹ 393.76 lakh.
4	Irregular expenditure	i) Kamrup ZP authority incurred an expenditure of ₹ 1.50 lakh on non-permissible works (foundation laying ceremony of construction of AP/GP buildings etc.) thereby violating Government instruction issued from time to time. ii) 22 of the selected PRIs covered under this audit, (3 ZPs, 6 APs and 13 GPs) drew a total amount of ₹ 890.02 lakh through self cheques violating Government Orders issued from time to time prohibiting drawal of funds on self-cheques. Details are shown <i>vide Appendix-VI</i> . (iii) Six selected PRIs <sup>23</sup> covered under this audit incurred irregular expenditure of ₹ 20.74 lakh on non-permissible items (procurement of bicycle, sewing machines, etc.)
5	Diversion of funds	i) The CEO, Dhubri ZP diverted ₹ 93.86 lakh (June 2014) from 4 <sup>th</sup> ASFC grant for construction of 'Dhubri Civil Hospital Attendants guest house' taken up under District Development Plan (DDP) citing unavailability of fund under DDP. Further, although a total expenditure of ₹ 137.06 lakh including ₹ 93.86 lakh diverted from 4 <sup>th</sup> ASFC was incurred, the building remained incomplete as of July 2017. ii) CEO, Dhubri ZP, diverted ₹ 97.79 lakh to the 13 <sup>th</sup> FC account for creation of data base out of ₹ 113.95 lakh released as non-salary component under 4 <sup>th</sup> ASFC.
6	Excess payment made to the contractors	Nagaon ZP awarded (September 2012) six works (construction of AP Office and GP Office buildings) to contractors at rates ranging from two to 12 per cent below their tendered value. However, the contractors were paid the full tender value of the works. This resulted in excess payment of ₹ 4.53 lakh to the contractors.
7	Basic records not maintained	Four <sup>24</sup> out of 48 PRIs covered under this audit did not maintain plan estimates and Measurement Books (MB) of 36 works executed valuing ₹ 40.78 lakh. Bills, Vouchers and Actual Payee Receipts in support of works executed and expenditure incurred was also not made available by these PRIs.

<sup>22</sup> Kamrup ZP, Nagaon ZP, Lahowal AP, Bangarpar GP, D. Lakhichera GP, Barthal Thailoo GP, Milan GP and B.Pukhuri GP

<sup>23</sup> Mahmora AP (₹ 14.74 lakh), Milon GP (₹ 1.00 lakh), Bharalipukhuri GP (₹ 1.00 lakh), Hollowphukan GP (₹ 1.00 lakh), Nimonagarh GP (₹ 1.00 lakh) and Lakuwa AP (₹ 2.00 lakh).

<sup>24</sup> Agdola GP, Lachitgarh GP, Chayani Barduar AP, and Tarangajhar GP

**2.7.4 Undue financial benefit to contractors resulting in loss of Government revenue**

Out of six ZPs covered under this audit, audit noticed that Kamrup and Dhubri ZP did not deduct Labour cess and Dhubri ZP did not deduct Labour cess and income tax from contractors' bills paid against construction of AP/GP building as shown in **Table-2.7** below:

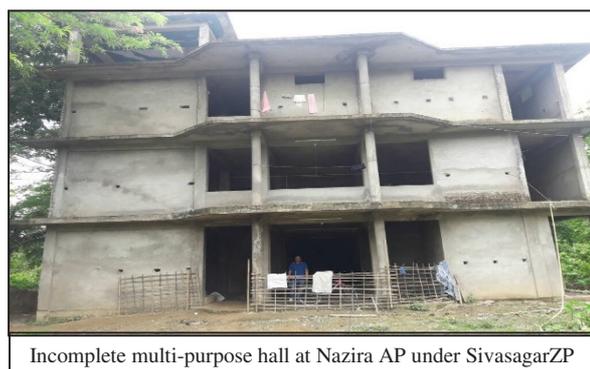
**Table-2.7: Details of Labour Cess and Income Tax not deducted****(₹ in lakh)**

Sl. No.	Name of executing PRI	Total Bill value	Amount of Labour cess not deducted	Amount of Income Tax not deducted
1	Kamrup ZP	76.00	0.76	0
2	Dhubri ZP	910.04	9.10	10.92
	<b>Total</b>	<b>986.04</b>	<b>9.86</b>	<b>10.92</b>

This resulted in undue financial benefit of ₹ 20.78 lakh to the contractors and at the same time caused loss of Government revenue of ₹ 9.86 lakh and ₹ 10.92 lakh in the form of labour cess and income tax respectively.

**2.8 Implementation of Social Sector Programmes****2.8.1 Incomplete works and undue benefit to the contractor**

(i) Finance Department, GoA sanctioned and released ₹ 9.73 crore in March 2012 as SPG to five<sup>25</sup> of the selected ZPs covered under audit, for construction of eight multi-purpose halls having conference rooms, bank counters, restaurants, shops and entertainment facilities. The main objective of the construction of these halls was to generate



Incomplete multi-purpose hall at Nazira AP under SivasagarZP

revenue for the ZPs. Although ₹ 6.10 crore was incurred by these ZPs for construction of the eight multi-purpose halls, these were yet to be completed as detailed in **Table 2.8** below:

**Table 2.8: Details of multi-purpose halls remained incomplete**

Sl. No.	Name of ZP	Location of construction of multi-purpose hall	Date of commencement	Stipulated date of completion	Physical progress till July 2017 (%)
1	Kamrup	Multi-purpose hall at Goraimari	05.12.13	08.04.14	50
2	Sivasagar	Multi-purpose hall at Nazira	26.10.12	12.09.13	70
3	Nagaon	Multi-purpose hall at Raha	21.10.12	16.09.12	95
4		Multi-purpose hall at Baziagaon	23.12.12	14.12.13	95
5	Dhubri	Multi-purpose hall at Agomoni AP	20.10.12	17.09.13	50
6		Multi-purpose hall at Gauripur AP	08.09.12	11.08.12	65
7	Dibrugarh	Multi-purpose hall at Panitola AP	03.12.14	22.05.15	60
8		Multi-purpose hall at Khowang AP	18.03.15	12.01.16	55

<sup>25</sup> Dhubri (2nos.), Dibrugarh (2nos.), Kamrup (1no), Nagaon (2nos.) and Sivasagar (1no).

ii) The construction of ZP office building-cum-guest house at Dhubri was awarded in October 2012 to a contractor at the tendered amount of ₹ 1.82 crore for civil works (Parking floor and Ground floor). Joint physical verification of the work disclosed that only ground floor was constructed and work remained incomplete as shown in the photograph. Though the contractor had not completed the work yet he had been paid the full amount of ₹ 1.82 crore between March 2013 and July 2016.

Incomplete ZP office building cum Guest House at Dhubri



### 2.8.2 Less execution of work

The CEO, Nagaon ZP incurred ₹ 5.83 crore during November 2012 to February 2015 for construction/extension of GP office buildings, GP Secretary Quarters and Grade-IV quarters. However, joint physical verification of these facilities disclosed that they had not been executed as per the approved plans and estimates as detailed in the **Table-2.9** below:

**Table-2.9: Details of schemes executed without following the plan and estimates**

(₹ in lakh)

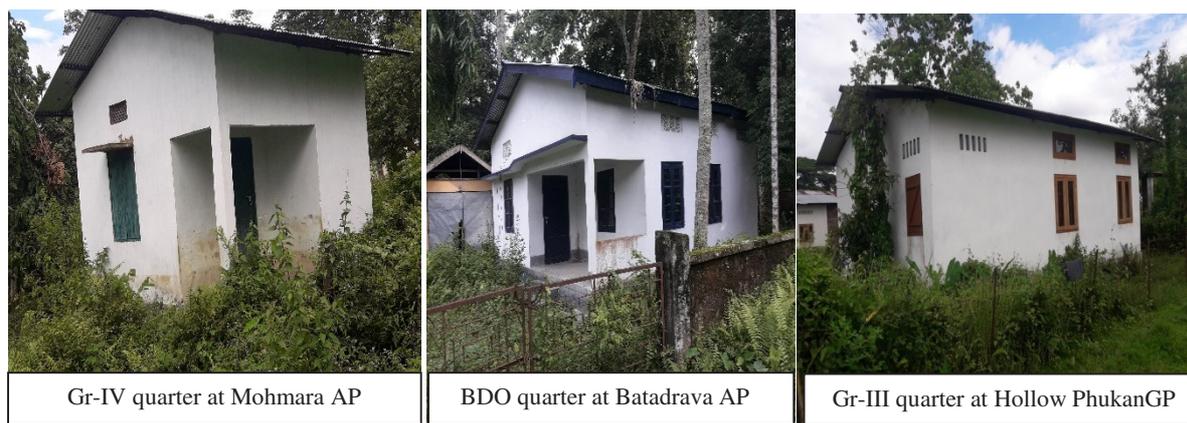
Sl. No.	Name of the Scheme	Estimated amount	Actual Expenditure	Items of work not executed	Value of work not executed
1	Extension of 35 GP Office buildings	297.50	297.50	Internal electrification works	7.88
2	Construction of 52 GP Secretary Quarters	176.80	176.80	Internal electrification and sanitary works	21.10
3	Construction of 52 Grade-IV Quarters	109.20	109.20	Internal electrification works	1.69
	<b>Total</b>	<b>583.50</b>	<b>583.50</b>		<b>30.67</b>

### 2.8.3 Idle Expenditure

GoA sanctioned ₹ 33.16 crore to five<sup>26</sup> of the selected ZPs covered under this audit, in 2011-12 as SPG for construction of multi-purpose halls, AP/GP office buildings and staff quarters. Out of this, ₹ 10.00 crore was allocated for construction of EO/BDO quarters (12 nos.) and Grade III staff quarters (12 nos.), Grade IV staff quarters (168 nos.) and GP Secretary quarters (156 nos.) on need based priority. The ZPs utilised the allocated amount towards construction

<sup>26</sup> Kamrup, Dibrugarh, Sivasagar, Nagaon and Dhubri

of the said buildings. However, these buildings were not allotted to/occupied by the PRI staff



for more than three years (October 2017). Thus, the expenditure of ₹ 10.00 crore incurred towards construction of 348 staff quarters remained idle. Had the quarters been allotted to the PRI staff, the PRIs could have saved ₹ 132.07 lakh in the form of house rent allowances which they paid to staff since completion of the quarters besides non-receipt of licence fees in respect of these quarters.

#### 2.8.4 Irregularities in execution

Irregularities were noticed in connection with execution of the following works as shown in **Table-2.10** below:

**Table-2.10: Details of irregularities noticed in execution of works under 4<sup>th</sup> ASFC (₹ in lakh)**

Sl. No.	Nature of Irregularity	Remarks
1	Doubtful execution of works	<p>i) During physical verification (June 2017) of the work 'Development of Jugijan Bazar (construction of drain)', it was noticed that no drain was constructed at Jugijan Bazar even though expenditure of ₹ 3 lakh had been incurred on the work. The amount was drawn by self-cheques and records in support of actual expenditure were also not available.</p> <p>ii) Plan and estimates, MB, Bills and Vouchers and physical evidence of execution of the work 'Extension and renovation of AP Office building' at Chayani Barduar AP (under Kamrup ZP) were not available although the Executive Officer (EO) had drawn the amount of ₹ 4.93 lakh through self-cheques to utilise against this work.</p> <p>iii) Approved beneficiary list, installation reports along with photographs in support of installation of hand tube wells (HTW), Actual Payee Receipts of beneficiaries in connection with installation of HTWs in Mahmora AP (under Sivasagar ZP) were not made available even though expenditure of ₹ 10.43 lakh had been incurred for distribution of 96 HTWs raising a question about the authenticity of the expenditure.</p>
2	Less execution of works	<p>i) It was noticed that five of the PRIs<sup>27</sup> covered under this audit, executed lesser quantity of works and procured materials less than the estimated quantity valuing ₹ 2.70 lakh as detailed in <i>Appendix-VII</i>. Execution of works in lesser quantity than the estimated quantity and</p>

<sup>27</sup> Dhubri ZP, Sivasagar ZP, Salchapara AP, Tinkhong AP and Hiloidhari GP

		procurement of less material than required for the works would have resulted in execution of substandard works.
3	Irregular execution of work	In Barundanga and Kachokhana GPs (under Dhubri ZP), works other than the ones sanctioned were executed. Instead of executing the sanctioned works viz., construction of Reinforced Cement Concrete (RCC)/ Brick binding Road, the GPs incurred expenditure of ₹ 4.97 lakh on earth work on road, drains and boundary wall of GP office.
4	Execution of inadmissible works	Dhaniram Pathar GP (under Nagaon ZP) constructed two temples instead of two community halls at a cost of ₹ 3.24 lakh. Photograph shows one of the two temples constructed at Danohar Basti under Dhaniram Pathar GP. 
5	Works not measured	Works measurement was not recorded in the Measurement Books (MB) against total expenditure of ₹ 27.34 lakh relating to seven <sup>28</sup> schemes under Tinkhong AP (under Dibrugarh ZP) and Rajabazar AP (under Cachar ZP). Only supply of materials and labour payment were recorded in the MBs. In absence of measurement of works, actual quantity of works executed could not be ascertained in audit.
6	Non-commencement of works	SPG of ₹ 1.25 crore was released in March 2012 for construction of ZP Building and multi-purpose hall at Amingaon under Kamrup ZP. However, land was allotted for the said work only in January 2016 and as of July 2017, the work was yet to start.
7	Irregular award of Works	While awarding (September 2012 and October 2012) the works of construction of 30 GP office buildings/quarters and five AP Office buildings (Extension), Nagaon and Sivsagar ZPs ignored the lowest tenderer without citing any valid reason. As a result, the ZPs concerned incurred excess expenditure of ₹ 9.13 lakh (Nagaon ZP: ₹ 2.92 lakh and Sivasagar ZP: ₹ 6.23 lakh).

### 2.8.5 Potential loss of revenue

The GoA provided Grants-in-aid to the PRIs under 4<sup>th</sup> ASFC for taking up visible schemes including revenue generating schemes. In case of two of the selected PRIs covered under this audit, it was noticed that these PRIs failed to mobilise revenue from the assets created as shown in **Table-2.11** below:

<sup>28</sup> Construction of Community hall at Nemupathar village under Tinkhong AP (₹ 6.48 lakh). Construction of Approach Road from Mahmora Health Centre to Mahmora PWD Road under Tinkhong AP (₹ 6.48 lakh), Construction of Road from KachaluTiniali to Kacahlu Play ground under Tinkhong AP (₹ 6.48 lakh), Construction of market shed at Dewan T.E. under Rajabazar AP (₹ 2.00 lakh), Construction of drain with pucca (SIRI) at Subhas Nagar Cattle Market under Rajabazar AP (₹ 2.00 lakh), Construction of market shed at Joypur Natun Bazar Goat Market under Rajabazar AP (₹ 2.15 lakh) and Construction of Culvert and Guard wall near the house of Nipesh Sabdakdar at Thailoo Colony under Rajabazar AP (₹ 1.75 lakh).

**Table-2.11: Statement showing details of schemes implemented but revenue not generated by PRIs**

Sl. No.	Topic	Name of PRI	Cost of the Project	Remarks
1	Market sheds not rented	Nagaon ZP	₹ 17.68 lakh	Nagaon ZP failed to generate any income as of July 2017 due to failure to let out two market sheds constructed at a cost of ₹ 17.68 lakh in 2012-13.
2	Non-leasing of Fishery tank	Jugijan AP	₹ 6.00 lakh	Jugijan AP failed to generate any income from a fishery tank as the same was not leased out, though expenditure to the tune of ₹ 6.00 lakh had been incurred in 2015 on improvement of the tank.

**2.8.6 Execution of non-income generating schemes**

For creating income generating assets like tourist lodges, markets, parks, *etc.*, GoA sanctioned ₹ 19.26 crore<sup>29</sup> under non-salary component of 4<sup>th</sup> ASFC award to the PRIs covered under this audit.

However, these PRIs undertook schemes which were mostly of non-income generating nature *viz.*, roads, boundary walls, development of fields *etc.*, as shown in **Table-2.12** below:

**Table-2.12: Details of execution of schemes by the sampled PRIs**

Sl. No.	District	Total number of PRI <sup>30</sup>	Total number of schemes executed	Number of income generating scheme executed	No. of non-income generating schemes executed (4)-(5)
(1)	(2)	(3)	(4)	(5)	(6)
1	Kamrup	10	328	2	326
2	Cachar	7	196	4	192
3	Dibrugarh	7	187	6	181
4	Sivsagar	7	270	11	259
5	Nagaon	10	390	37	353
6	Dhubri	7	228	2	226
<b>Total</b>		<b>48</b>	<b>1599</b>	<b>62</b>	<b>1537</b>

Source: Sanction orders of GoA and information furnished by the Department.

Details of PRI wise income generating and non-income generating schemes are shown in *Appendix-VIII*.

It could be seen from above table that the percentage of income generating schemes to total schemes was meagre (3.88 *per cent*). This was indicative of the fact that the PRIs concerned neglected the income generating schemes violating the conditions of sanction of funds. Further, the income generating schemes executed were market sheds, fishery tanks, *etc.* But, these were

<sup>29</sup> ₹13.97 crore during 2011-12 and ₹5.29 crore during 2012-13.

<sup>30</sup> Includes ZPs, APs & GPs

also not rented/leased and hence no income was earned from these market sheds, thereby frustrating the objective of strengthening the income generating capacity of PRIs.

### 2.8.7 Outstanding *Kist*<sup>31</sup> Money

In case of four out of the six ZPs covered under this audit, *kist* money amounting to ₹ 3.00 crore was outstanding for realisation from lessees as rent from 229 *Hats*, *Ghats* and *Beels* during the period 2011-17 as shown in **Table-2.13** below:

**Table-2.13: Details of *Kist* money remained outstanding**

(₹ in crore)					
Sl. No.	Name of ZP	Nos. of Hat/Ghat/Beels	Rent to be realised	Amount realised	Outstanding <i>kist</i> money
1	Kamrup	6	0.36	0.23	0.13
2	Nagaon	42	2.45	1.66	0.79
3	Sivasagar	122	3.53	2.14	1.39
4	Dhubri	59	1.81	1.12	0.69
	<b>Total</b>	<b>229</b>	<b>8.15</b>	<b>5.15</b>	<b>3.00</b>

The ZPs need to put in concerted efforts to realise their own revenues as this income can be utilised to provide a better level of civic services to their constituent population.

### 2.9 Monitoring and Evaluation

The 4<sup>th</sup> ASFC suggested the constitution of a High Level Monitoring Committee (HLMC) headed by the Chief Secretary with the Finance Secretary and the Secretaries, Heads of Department concerned as members responsible for monitoring both financial and physical targets and for ensuring adherence to the specific conditionality in respect of each grant. The Committee was to meet at least once in every quarter to review the utilisation of the grants and to issue directions for mid-course correction, if considered necessary. However, the HLMC was not constituted as of July 2017.

Further, the 4<sup>th</sup> ASFC advised setting up a Monitoring and Evaluation Cell in PRDD, but the same was yet to be done (July 2017).

The 4<sup>th</sup> ASFC also suggested for setting up of Monitoring Committees at ZP level. In case of six selected ZPs covered under this audit, it was noticed that although monitoring committees were set up, their jurisdiction was restricted to construction of functional and residential buildings only. The PRDD may issue advisory to all ZPs so as to set right the monitoring mechanism.

In the above backdrop, it was apparent that there was complete lack of monitoring system at State and Department level while at the district level monitoring was limited.

<sup>31</sup> *Installment Money to be realised from the lessee against the settled value.*

## 2.10 Conclusion

- Though, GoA accepted the recommendations of 4<sup>th</sup> ASFC and partially released funds to PRIs as per recommendations of the 4<sup>th</sup> ASFC, the objectives of enabling the PRIs to become effective institutions of local self-governance was still to be achieved.
- The GoA had not transferred the funds, functions and functionaries to PRIs as recommended by the 4<sup>th</sup> ASFC.
- The GoA had not released due share of the divisible pool and the SPGs to the PRIs as recommended by 4<sup>th</sup> ASFC.
- There were recurring instances of financial mismanagement of 4<sup>th</sup> ASFC funds, misappropriation, irregular utilisation of funds, idle expenditure, inadmissible expenditure, blockade of funds, *etc.*, as brought out in this report.
- Irregularities were noticed in implementation of schemes under 4<sup>th</sup> ASFC grants like non-completion of works, delay in completion of works, execution of substandard works, execution of non-income generating schemes, *etc.*
- There was no monitoring and evaluation of implementation of the schemes at the State and line department level and while at district level the same was limited to one area (construction of functional and residential buildings) only.

## 2.11 Recommendations

The GoA may ensure the following for better implementation of succeeding State Finance Commission:

- Empowering PRIs through effective transfer of funds, functions and functionaries as recommended by the 4<sup>th</sup> ASFC.
- Preparation of accounts by PRIs as per format prescribed by CAG.
- Proper implementation of schemes as sanctioned to avoid financial mismanagement and glitches in execution of the schemes with provision of periodic monitoring and evaluation.
- Timely and full release of funds.



# **CHAPTER III**

## **Compliance Audit of Panchayati Raj Institutions**



## Chapter-III

### COMPLIANCE AUDIT OF PRIs

#### 3.1 Audit of National Family Benefit Scheme and Indira Gandhi National Widow Pension Scheme

##### 3.1.1 Introduction

The National Social Assistance Programme (NSAP) was launched in 1995 by Government of India (GoI) as a Centrally Sponsored Scheme (CSS) with an aim to provide basic level of financial support to any person who has a little or no regular means of subsistence.

NSAP comprises five schemes as shown in the **Table 3.1** below:

**Table 3.1: List of schemes under NSAP**

Sl. No.	Scheme	Beneficiary profile
1	Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	A monthly pension to a person who is 60 years or above.
2	National Family Benefit Scheme (NFBS)	A lump sum family benefit in case of the death of the primary bread-winner between 18-59 years of age.
3	Indira Gandhi National Widow Pension Scheme (IGNWPS)	A monthly pension to a widow in the age group of 40-79 years.
4	Indira Gandhi National Disability Pension Scheme (IGNDPS)	A monthly pension to a person with severe or multiple disabilities in the age group of 18-59 years.
5	Annapurna	Providing food grains every month free of cost to the senior citizens who, though eligible, remained uncovered under the IGNOAPS.

A Performance Audit of IGNOAPS was included in the Audit Report for the year 2013-14. This present audit examines the implementation of NFBS and IGNWPS for which Central assistance of ₹ 203.81 crore was released by the GoI during 2012-13 to 2016-17.

**NFBS:** One-time financial assistance of ₹ 20,000 is extended to the households below poverty line (BPL) on death of primary bread-winner in the age group of 18 to 59 years. The deceased must be a primary bread-winner in the bereaved family whose earning contributed substantially to the total household income. A woman in the family, who is a home maker, is also considered as a 'bread-winner' for this purpose. The family benefit is paid to such surviving member of the household of the deceased poor, who after local inquiry, is found to be the head of the household.

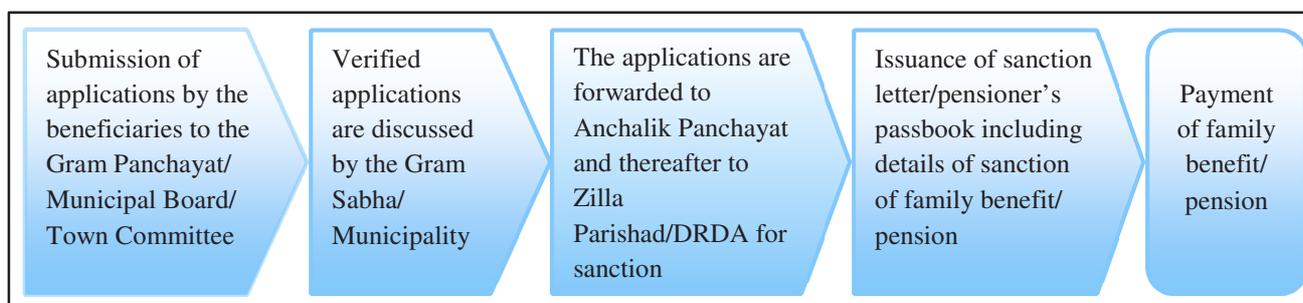
**IGNWPS:** BPL widows in the age group of 40-79 years are entitled to a monthly pension of ₹ 300 and ₹ 500 per month after attaining the age of 80 years.

Panchayat and Rural Development (P&RD) Department, Government of Assam (GoA) implements these schemes in Assam.

Ministry of Rural Development (MoRD) allocated funds to States based on the estimated number of beneficiaries under the different schemes of NSAP. The payment to the beneficiaries is to be made through Banks, Post Office and Money Order. If payment through these modes is not workable, cash may be disbursed only in public meetings such as Gram Sabha/Ward Sabha.

The process of selection of beneficiaries and sanction of family benefit/pension is explained in the **Figure 3.1** below:

**Figure-3.1: Diagrammatic representation of selection cycle of the NFBS and IGNWPS beneficiaries**



### 3.1.2 Fund position

During 2012-13 to 2016-17, GoI released ₹ 203.81 crore to GoA for NFBS and IGNWPS, out of which GoA utilised ₹ 192.43 crore as shown in **Table-3.2** below:

**Table-3.2: Statement showing central assistance released by GoI and utilised by GoA (₹ in crore)**

Year	Fund received			Expenditure		
	NFBS	IGNWPS	Total	NFBS	IGNWPS	Total
2012-13	26.48	26.63	53.11	26.48	26.63	53.11
2013-14	2.67	9.49	12.16	2.67	9.49	12.16
2014-15	13.16	38.24	51.40	13.16	38.24	51.40
2015-16	13.47	43.99	57.46	11.99	42.67	54.66
2016-17	7.68	22.00	29.68	6.26	14.84	21.10
<b>Total</b>	<b>63.46</b>	<b>140.35</b>	<b>203.81</b>	<b>60.56</b>	<b>131.87</b>	<b>192.43</b>

Source: Data furnished by the office of the Commissioner, PRDD, Guwahati

### 3.1.3 Audit objectives, Scope and Sampling

The audit of NFBS and IGNWPS was carried out with the objective to assess:

- the planning for implementation of the schemes;
- the allocation, release and utilisation of funds;

- implementation including payment of the benefits to the beneficiaries; and
- monitoring and evaluation.

The audit, covering the period 2012-13 to 2016-17, was conducted during April-June 2017. The audit involved collection of information from Commissioner, P&RD and test check of records of 27 units<sup>32</sup>, involved in implementation of NFBS and IGNWPS, selected randomly from four districts<sup>33</sup>. Beneficiary survey was also conducted in the selected units.

The draft compliance audit report was forwarded to the Government in August 2017 for eliciting its response on the audit findings. However, Government's reply was not received (December 2017).

The findings of this audit have been discussed in the succeeding paragraphs.

#### **3.1.4 Planning**

- As per NSAP guidelines Annual Action Plan (AAP) was to be prepared by District Programme Co-ordinator (DPC) and Additional District Programme Co-ordinator (ADPC). However, AAP as envisaged in the guidelines were not prepared as none of the four selected districts had DPC and ADPC designated at district level and Programme Officer (PO) and Additional Programme Officer (APO) at Block levels. The Chief Executive Officer (CEO) of ZP and EO-cum-BDO of Development Blocks were discharging the duties of DPC and PO respectively.
- As per NSAP guidelines, a Verification Officer or a team under an authorised officer was to verify the applications within two weeks from the date of receipt of application. However, neither any Verification Officer was appointed nor was any verification team constituted, due to which verification of beneficiaries was not done as envisaged.
- As per NSAP guidelines, State level and District level committees were to be constituted for implementation, review and evaluation of NSAP including Social Audit. However, the State and District level committees for review and evaluation of the schemes were not constituted.
- As per NSAP guidelines, for generating awareness among the people, wide and continuous publicity through posters, brochures, media and other means was to be done. However, except Nagaon ZP none of the four selected districts had conducted awareness programmes properly. Further they failed to produce the relevant records about conducting of awareness programmes.

<sup>32</sup> Three Zilla Parishads (ZPs), six Anchalik Panchayats (AP), (two from each selected ZP), 12 Gram Panchayats (GP), (two from each selected AP), three Municipal Boards (MBs), one Town Committee (TC), one District Rural Development Agency (DRDA) and one Block Development Office,

<sup>33</sup> Kamrup, Cachar, Nagaon and Karbi Anglong

### 3.1.5 State's contribution not provided

As per NASP guidelines, for all pension schemes of NSAP, the States were strongly urged to provide an additional amount at least an equivalent amount to the assistance provided by the Central Government so that the beneficiaries can get a decent level of assistance.

Accordingly, 20 states and seven Union Territories contributed widow pension ranging from ₹ 100 to ₹ 1700 per beneficiary in addition to GoI's contribution of IGNWPS (*Appendix-IX*). However, GoA did not contribute any fund as state's contribution in respect of NFBS and IGNWPS. As a result, the beneficiaries in Assam received less assistance as compared to the other 20 states.

### 3.1.6 Delay in release of fund

As per the NSAP guidelines funds are provided as Additional Central Assistance (ACA) to the states who in turn should pass the ACA to the implementing departments immediately and not later than 15 days. State should release funds regularly and establish an appropriate mechanism for monthly disbursement of pension and timely disbursement of assistance.

However, GoA released funds with a delay of 90 to 307 days as shown in the **Table-3.3** below:

**Table-3.3: Statement showing delay in release of fund by GoA to P & RD, Assam**

(₹ in crore)

Sl No.	Year	Amount released by GoI to GoA	Date of fund released by GoI to GoA	Amount released by GoA to P&RD	Date of Fund released by GoA to P&RD	Delayed by (in days)
1	2012-13	91.28	14.08.2012	91.28	22.01.2013	144
2		64.86	20.09.2102 & 13.12.2012	64.86	25.03.2013	176 & 86
3	2013-14	53.96	26.04.2013 & 11.06.2013	53.96	03.03.2014	307 & 262
4		17.99	08.11.2013	17.99	29.03.2014	119
5	2015-16	67.17	21.05.2015	67.17	29.08.2015	90
6	2016-17	129.55	29.02.2016	103.40	22.06.2016	114
7		174.55	21.06.2016	174.55	10.11.2016	127

Delay in release of funds would have resulted in delayed payment of family benefit and pension to respective beneficiaries.

### 3.1.7 Retention of NSAP fund by implementing agencies

GoA instructed (October 2015) the CEOs of ZP and PDs of DRDA to make payment of pension to the beneficiaries within 30 days by online transfer to their accounts. Consequently, the APs and Development Blocks were to close their bank accounts in respect of NSAP and return the unspent balance to the respective CEDOs/ PDs as ZPs/ DRDAs were disbursing pension online (RTGS) directly to beneficiaries' account since financial year 2014-15.

21 APs under Nagaon and Kamrup districts and five Block offices under Karbi Anglong district returned NSAP fund (including IGNWPS fund) of ₹ 273 lakh to their respective ZP and DRDA during August 2015 to August 2016 as shown in the **Table-3.4** below:

**Table-3.4: Details of NSAP funds including NFBS & IGNWPS lying unspent.**

Sl. No.	Name of Districts	Name of AP	Date of return	Cheque No./Demand Draft No.	Amount (₹)	Remarks
1	Nagaon	Raha AP	09.10.2015	045476	129568	The amount was lying in ICICI bank, Haibargaon saving account No-070701000891. Fund related to IGNWPS only.
2		Pakhimoria AP	05.11.2015	014803	50787	
3		Khagrijan AP	12.12.2015	514829	330955	
4		Raha AP	11.02.2016	161441	277275	
5		Odali AP	11.02.2016	616887	41976	
6		Batadraba AP	15.02.2016	00643	156673	
7		Dolong Ghat AP	23.02.2016	498795	498035	
8		Barhampur AP	29.03.2016	N/A	76851	
9		Juria AP	23.08.2016	237321	1068000	
10	Kamrup	Bezera AP	31.08.2015	N/A	3865065	Fund related to NSAP (including NFBS & IGNWPS).
11		Chaygaon AP	31.08.2015	N/A	1358186	
12		Bongaon AP	31.08.2015	N/A	45385	
13		Goraimari AP	31.08.2015	N/A	2977205	
14		Kamalpur AP	31.08.2015	N/A	2439216	
15		Rampur AP	31.08.2015	N/A	1643599	
16		Rani AP	31.08.2015	N/A	1089994	
17		Rangia AP	31.08.2015	N/A	1095064	
18		Soalkuchi AP	31.08.2015	N/A	4295840	
19		Badarpur AP	16.09.2015	N/A	2379058	
20		Boko AP	10.09.2015	N/A	2036004	
21	Behadia AP	08.09.2015	N/A	1059570		
22	Karbi Anglong	Socheng Block	28.09.2012	483402	65000	Fund related to IGNWPS only.
23		Nilip Block	28.10.2013	169845	42000	
24		Rongmongwe Block	13.01.2016	N/A	151165	
25		Amri Block	13.01.2016	N/A	108771	
26		Rongkhang Block	13.01.2016	N/A	18497	
<b>Total</b>					<b>27299739</b>	

However, the funds returned by the APs and Block offices were retained by Nagaon ZP, Kamrup ZP and PD, DRDA, Karbi Anglong till the date of audit (May 2017) without citing any reason. The funds were lying unspent with them without disbursement of the same to beneficiaries. In reply to audit query only the CEO, Nagaon ZP stated (June 2017) that suggestion for utilisation of funds will be sought from the PRDD. Kamrup ZP and DRDA, Karbi Anglong did not furnish any reply.

### **3.1.8 Inadmissible expenditure under NSAP**

As per NSAP guidelines, GoI laid down list of permissible, non-permissible and one-time expenditure from Administrative Expenses (AE).

However, three ZPs, one AP and one DRDA covered under this audit, incurred expenditure of ₹ 48.86 lakh from the AE head during 2012-13 to 2016-17 on inadmissible items as detailed in **Table-3.5** below:

**Table-3.5: Statement showing details of inadmissible expenditure**

			(₹ in lakh)
Sl. No.	Implementing agency	Purposes	Amount spent
1	Cachar ZP	Salary, wages to DEOs, repair/renovation of building, hiring charges of vehicle <i>etc.</i>	20.89
2	Narsinghpur AP, Cachar	Civil works, Electrical fittings/accessories <i>etc.</i>	1.29
3	DRDA, Karbi Anglong	Purchase of Sony LCD TV, Camera, hiring charges of vehicles <i>etc.</i>	16.41
4.	Kamrup ZP	Purchase of mobile, aqua guard, repairs and renovations, hiring charges of vehicles <i>etc.</i>	5.58
5.	Nagaon ZP	Civil works, payment of VAT <i>etc.</i>	4.69
<b>Total</b>			<b>48.86</b>

Further, except in Nagaon ZP, there was no record showing any expenditure incurred by other implementing agency on permissible items *viz.*, printing and distribution of Pension Passbook, Information, Education and Communication (IEC), *etc.*

### **3.1.9 Assistance to doubtful beneficiaries**

PD DRDA, Karbi Anglong was responsible to verify relevant documents forwarded by BDOs before sanctioning assistance under NFBS. In May 2013, PD, DRDA Karbi Anglong sanctioned ₹ 5.10 lakh to the BDO, Bokajan Development Block as NFBS assistance in respect of 51 beneficiaries @ ₹ 10,000/- each. Scrutiny of documents attached along with the beneficiaries' application sanctioned by PD DRDA, Karbi Anglong showed that death certificates in respect of 20 out of 51 deceased persons bear same certificate number (0014385). All these certificates were issued by the same issuing authority on the same date *i.e.* on 24-9-2002, (*Appendix-X*). It was also noticed that in one<sup>34</sup> case, the date of issue of death certificate was prior to occurrence of death of the bread-winner. This indicated that PD, DRDA, Karbi Anglong sanctioned NFBS assistance of ₹ 5.10 lakh without verifying relevant documents forwarded by BDO, Bokajan Development Block leading to payment of assistance to doubtful beneficiaries.

### **3.1.10 Payment of benefits under NFBS without verifying age of the deceased**

As per NSAP guidelines, a lump sum family benefit for household below poverty line is eligible if the death of a primary bread-winner occurred while he/she was in the age group of 18-59 years<sup>35</sup>. All applications under NSAP was required to be verified before being selected as beneficiaries. Scrutiny of records of NSAP in four districts covered in this audit revealed that, DRDA, Karbi Anglong and three ZPs<sup>36</sup> disbursed family benefit of ₹ 9.92 crore under NFBS

<sup>34</sup> Lt. Ananoda Kaso died on 10-11-2006 but death certificate issued on 24-09-2002

<sup>35</sup> Revised to 18-59 years from October 2012.

<sup>36</sup> Kamrup ZP, Nagaon ZP and Cachar ZP

to 5729 beneficiaries. However, while sanctioning the benefits the sanctioning authority did not verify the primary bread-winner's age at the time of death. On random verification of 400 application forms (100 from each district) by audit, it was found that except in Cachar district, age of the primary bread-winner was not recorded in application form submitted by the beneficiaries of other three districts covered in audit. Scrutiny of application forms of beneficiaries in Cachar district showed that family members of 20 deceased persons got benefit from NFBS even though the age of the deceased person was between 60 and 79 years at the time of death. Thus, making payment without proper verification of age of the deceased bread-winner was irregular and fraught with the risk of misutilisation of NFBS funds.

### 3.1.11 Irregular sanction of benefits under NFBS

As per NSAP guidelines, assistance has to be provided within 15 days from the occurrence of death in the BPL family as it is meant for providing immediate relief to the bereaved family.

Scrutiny of records showed that in 69 cases, Nagaon ZP, Kamrup ZP and DRDA, Karbi Anglong sanctioned applications for benefits sought by beneficiaries where death of the primary bread winner occurred more than 3 to 28 years back. The details are shown in *Appendix-XI*.

As the objective of the scheme was to provide immediate relief to the bereaved family, providing financial assistance to the family of deceased whose death occurred three to 28 years back was not in line with the objectives of NFBS.

### 3.1.12 Short payment of assistance to NFBS beneficiaries

The rate of one-time assistance under NFBS was increased from ₹ 10,000 to ₹ 20,000 per beneficiary from October 2012. However, in three<sup>37</sup> out of 27 units covered in audit it was found that NFBS assistance of ₹ 10,000 instead of ₹ 20,000 was paid to family member of the deceased who died after October 2012 as shown in **Table-3.6** below:

**Table-3.6**

Sl No.	Name of District/ unit	Name of the beneficiary	Date of death of deceased
1	Nagaon/ Nagaon MB	Manju Khetawat, W/o Lt. Sushil Khetawat	14.12.12
2		Bakul Rai W/o Lt. Gautam Rai	23.02.13
3		Uma Bora W/o Lt. Hema Changmai	11.03.13
4		Jhuma Saha W/o Lt. Gour Ch, Saha	26.03.13
5	Cachar/ Cachar ZP	Smt Bemcha Singha, W/o Lt Kaminibabu Singha	14.06.13
6		Ambika Barman W/o Lt Dhrubjyoti Barman	05.05.13
7		Smt Ranjita Das W/o Lt Hrishikesh Das	22.02.13
8		Lalrokim Hmar W/o Lt Ramsan Hamar	22.12.13
9		Smt Protima Deb W/o Lt Kanchan Deb	22.12.12
10		Afia Begum Laskar W/o Lt Abdul Jalil Laskar	11.08.13

<sup>37</sup> Nagaon MB, Rangia MB and Cachar ZP

11	Kamrup/ Rangia MB	Elima Buegum, W/o Lt. Ruhul Ali	02.02.13
12		Samsa Parves, W/o Lt. Abdul Kalam	10.06.13
13		Dipali Mandal, W/o Lt. Manoranjan Mandal	16.11.13
14		Gitika Das, W/o Lt. Pranab Das	09.06.13
15		Parbati Lohar, W/o Lt. Ramjit Lohar	25.10.12
16		Rukia Siddique, W/o Lt. Samir Ali	02.04.13
17		Nilima Khatun, W/o Lt. Saifuddin Ahemed	14.02.13
18		Asfia Rassul, W/o Lt. Fainul Ali	14.05.13
19		Puspa Ram, W/o Lt. Raja Ram	18.03.13
20		Sofiya Begum, W/o Lt. Soyed Ali	25.10.12
21		Nibu Mandal, W/o Lt. Sukumar Mandal	17.01.13
22		Minu Wara Begum, W/o Lt. Habib Ali	30.12.12
23		Khadija Begum, W/o Lt. Gamir Ali	25.01.13
24		Asha Das, W/o Lt. Ajanta Das	29.12.12
25		Hasina Begum, W/o Lt. Ayub Khan	21.10.12

Due to short payment of assistance in violation of guidelines, the beneficiaries were deprived of their due benefit.

### 3.1.13 Unauthorised payment to additional beneficiaries under NFBS

As per NSAP guidelines, payment of assistance to beneficiaries under NFBS requires prior approval of Gram Sabha/Ward Sabha or the Commissioner, P&RD. The CEO, Cachar ZP made payment of ₹ 32.40 lakh from interest fund of NSAP to 162 additional NFBS beneficiaries. The payments were made on the basis of recommendation of ZP member. However, neither the Gram Sabha/Ward Sabha nor the Commissioner, P&RD approved the names of the beneficiaries.

Thus, payment of NFBS assistance to the additional beneficiaries without any approval was unauthorised.

### 3.1.14 Under-aged beneficiaries included in the approved list of beneficiaries for IGNWPS

As per NSAP guidelines, the eligibility criteria with respect to age for IGNWPS was 40 years and above. However, in two out of four test-checked districts (*viz.*, Karbi Anglong and Cachar), approved lists of beneficiaries contained 75 beneficiaries aged below 40 years. Summarised position as shown in **Table-3.7** below:

**Table 3.7**

District	Karbi Anglong			Cachar				Total
	Block/AP	Howraghat	Rongkhang	Rongmongwe	Baskandi	Borkhola	Katigorah	
No. of cases	10	1	7	5	5	40	7	75

Selection of under aged beneficiaries indicated lacunae in scrutiny of beneficiary application.

### 3.1.15 Short release of pension to the IGNWPS beneficiaries

GoI increased the pension under IGNWPS to ₹ 300 from ₹ 200 per month from October 2012. Test check of records showed that the BDO Lumbajong Dev Block (under Karbi Anglong DRDA) paid 105 beneficiaries at the rate of ₹ 200 per month for 48 months (from July 2009 to June 2013). The PD, DRDA, Karbi Anglong did not consider the increased rate and sanctioned previous rate i.e. at the rate of ₹ 200 instead of ₹ 300 per month for the period from October 2012 to June 2013.

This resulted in short release of pension to 105 beneficiaries for nine months (October 2012 to June 2013) amounting to ₹ 94,500 depriving the beneficiaries of their due benefit.

### 3.1.16 Withdrawal of fund by means of self-cheque

As per NSAP guidelines, all benefits extended under NSAP are to be credited either in the bank accounts or post office account. Gaon Sabha can make cash payment where banking or post office facilities are not available or to those old beneficiaries who are unable to collect pension.

Scrutiny of bank statement of NSAP account of the ZPs covered in audit revealed that CEO, Nagaon ZP withdrew an amount of ₹ 6,62,867 by presenting self-cheque as shown in **Table-3.8** below.

**Table-3.8:Details of amount withdrawn by self-cheque**

Sl. No.	Cheque No.	Date of withdrawal	Amount (₹)	Purpose of withdrawal
1	42183	22.11.2013	4,76,000	Payment of IGNOAP fund to BDO Dolonghat
2	42215	30.06.2014	70,000	
3	17283	04.01.2013	1,00,000	Payment of Contingency fund to BDO Kathiatoli
4	4585	28.01.2013	8,096	Payment of Income Tax
5	17298	28.01.2013	8,771	
<b>Total</b>			<b>6,62,867</b>	

Withdrawal of fund by means of self-cheque was irregular and against the government directive.

### 3.1.17 Operation of multiple Bank Accounts

The Commissioner, P&RD issued instructions (May 2015) to all CEOs of ZPs and PDs of DRDAs, to maintain only one bank account against a specific programme.

It was found that in two out of the four districts covered in audit, the CEO of Kamrup ZP and Nagaon ZP were operating more than one bank account for a single scheme. Further, five bank accounts, {three (Kamrup ZP) and two (Nagaon ZP)} were having funds pertaining to more than one scheme. Details are shown in **Table-3.9** below:

**Table-3.9: Details of multiple bank accounts**

Name of Districts	Name of Bank	Account No	Name of Scheme	Bank Balance (₹)	As on Date
Kamrup	Allahabad Bank, Panbazar	50382948559	IGNWPS	2,55,92,546	05.04.2017
	Allahabad Bank, Panbazar	50149662260	IGNWPS	14,12,339	03.12.2016
	ICICI Bank, Fancy Bazar	54301003553	NSAP (including IGNWPS & NFBS)	20,69,72,525	31.03.2017
	ICICI Bank, Christian Basti	245501000138	Annapurna, IGNWPS & IGNDPS	2,30,40,573	21.12.2016
	United Bank of India, Panbazar	2010341653	NFBS and IGNOAPS	12,79,03,469	31.03.2017
Nagaon	ICICI Bank, Nagaon Branch	070701000891	NSAP (NFBS, IGNWPS etc.)	38,93,29,013	31.03.2017
	AGVB, Nagaon Branch	7257050002098	NSAP (NFBS, IGNWPS etc.)	4,73,83,886	31.03.2017

Operation of multiple bank accounts against one scheme and depositing funds of different schemes in one bank account was in violation of Government instructions. Further, segregation of interest amount earned against each scheme fund was difficult to ascertain where one bank account was maintained for multiple schemes.

### 3.1.18 Beneficiary survey

Audit carried out beneficiary survey covering 178 beneficiaries from four districts covered in this audit based on different parameters. Followings were the findings of the survey:

- Only 63 pensioners under IGNWPS (35 per cent) were able to show valid age proof.
- 57 pensioners (32 per cent) had expressed that they never received their pension in time. Delay in certain cases ranged between six to 18 months.
- 162 (91 per cent of beneficiaries) widow pensioners expressed need to increase the amount of pension.
- 13 persons stated that they did not receive benefit under NFBS despite applying for the same.

### 3.1.19 Monitoring and evaluation

As per the NSAP guidelines, State level Committee headed by Chief Secretary or Additional Chief Secretary were responsible for implementation, monitoring and evaluation of the programme and related matters at State level. District Level Committees headed by the Chairperson ZP/ CEO, ZP/ District Collector were responsible for implementation, monitoring and evaluation of the programme within the district and for matters concerned therewith. The District Level Committees were to submit reports to PRDD.

However, the District, Block and GP level monitoring were not done as envisaged even though State level and District level committees were constituted. Inadequate monitoring resulted in

delayed release and short release of pension to eligible beneficiaries and irregular release of family benefit to the ineligible beneficiaries. With proper monitoring, many of the lapses as discussed above could have been avoided and timely corrective action could have been taken up.

### **3.1.20 Conclusion**

The schemes of NFBS and IGWPS could provide family benefit and monthly pension to a number of beneficiaries in the State. However, deficiencies were observed as follows:

- Inadequate mechanism for identification of the beneficiaries.
- GoA did not contribute State share depriving beneficiaries of a decent level of assistance.
- Lapses in implementation indicated inaction for timely disbursement of benefits.
- Instances of doubtful, unauthorised and inadmissible expenditure indicated financial mismanagement.
- Due to lack of monitoring and evaluation, no timely action was taken to overcome the lapses.

Thus, benefits were not provided to all eligible beneficiaries of NFBS and IGWPS as envisaged under the schemes, while many ineligible persons got benefited by the Scheme by fraudulent method.

### **3.1.21 Recommendations**

For better implementation of NFBS and IGWPS the department may take up following steps:

- Ensure planning to cover all eligible beneficiaries including awareness programmes.
- Timely release of funds by GoA including state contribution, as envisaged.
- Mechanism for identification of eligible beneficiaries and timely disbursement of benefits.
- Financial control to avoid any cases of financial mismanagement.
- Monitoring mechanism including timely intervention.
- Weeding out of all ineligible beneficiaries.

### 3.2 Suspected misappropriation in Sonitpur Zilla Parishad

*Only three out of five market sheds were constructed by the Construction Committee though full amount of ₹25 lakh was withdrawn for construction of Market Shed in Chariduar weekly bazar under Sonitpur Zilla Parishad leading to suspected misappropriation of ₹16.25 lakh.*

GoA sanctioned an amount of ₹ 25.00 lakh for construction of new market shed for Chariduar weekly bazar under the award of 13<sup>th</sup> Finance Commission during 2012-13 and 2013-14.

As per the release order of the GoA, the Chief Executive Officer (CEO) of Zilla Parishad (ZP) was to submit the physical and financial progress report to head of the department from time to time and was responsible for any misuse and misappropriation of the funds.

As per the model estimate, ₹ 20 lakh was meant for construction of five similar market sheds each amounting to ₹ 4.00 lakh and an additional amount of ₹ 5.00 lakh was allocated for raising low site around the building by earth filling and brick soiling. The CEO, Sonitpur ZP while releasing the fund, issued order specifically mentioning that for claiming the next instalment, the Member Secretaries have to submit Utilisation Certificate (UC) to the CEO, Sonitpur ZP along with report of the Monitoring Committee constituted for the purpose.

Test check (November 2016) of records of the CEO, Sonitpur ZP revealed that full amount of ₹ 25.00 lakh was released (April 2013-April 2015) to the construction committee in four instalments and the Committee withdrew the amount during May 2013 to September 2015. However, the CEO, Sonitpur ZP furnished records viz., bills, vouchers, UCs for only ₹ 8.75 lakh. With respect to utilisation of the remaining amount of ₹ 16.25 lakh, the CEO, Sonitpur ZP could not furnish any record.

Joint physical verification (October 2016) of the site revealed that the construction committee had constructed only three out of five market sheds in Chariduar weekly bazar and raising of low site and brick soiling works were not executed.

The CEO, Sonitpur ZP replied (November 2016) that due to price escalation, the amount was utilised for construction of only three market sheds. The reply was not tenable as the CEO could furnish UCs along with bills and vouchers for ₹ 8.75 lakh only against ₹ 25 lakh released for the construction. Against utilisation of remaining ₹ 16.25 lakh, the CEO could not furnish any details of expenditure or any supporting bills and vouchers.



Photograph showing three units of Chariduar Weekly Market with no trace of brick soiling work

The CEO, Sonitpur ZP also failed to monitor the progress of the work as he released the full amount in four instalments whereas UCs for only ₹ 8.75 lakh were submitted.

Thus, non-execution of market sheds as per the model estimate and absence of records in respect to utilisation of ₹ 16.25 lakh led to suspected misappropriation of ₹ 16.25 lakh by the construction committee.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

### 3.3 Fictitious expenditure on procurement of Hand Tube Wells in Sipajhar Anchalik Panchayat

*The BDO of Sipajhar Anchalik Panchayat made payment of ₹28.11 lakh and ₹8.07 lakh on fictitious procurement and installation of 412 and 374 Hand Tube wells respectively.*

The Chief Executive Officer, Darrang ZP released ₹ 45.51 lakh<sup>38</sup> to the Executive Officer (EO), Sipajhar Anchalik Panchayat (AP) for implementation of schemes under 13<sup>th</sup> Finance Commission (FC) during 2010-11 to 2011-12.

Out of ₹ 45.51 lakh, the EO, Sipajhar AP incurred ₹ 40.77 lakh {₹ 32.70 lakh for procurement of 533 Hand Tube wells (HTWs) with accessories and ₹ 8.07 lakh for installation of 374 HTWs} as per cash book as detailed in **Table 3.10** below:

<sup>38</sup>

Sl. No	Cheque No. and Date	Amount	Year
1	127456 dated 29.03.2012	9.63 lakh	2010-11
2	128490 dated 11.06.2012	25.88 lakh	2011-12
3	133411 dated 01.08.2012	10.00 lakh	2011-12
<b>Total</b>		<b>45.51 lakh</b>	

**Table-3.10: Details of expenditure incurred by Sipajhar AP for procurement and installation of HTWs.**

				(Amount in ₹)
Sl. No	Particulars	Voucher No. and date	Amount (in ₹)	To whom paid
1	121 HTWs	75 dated 16.05.2012	4,58,517	M/s P. P. Enterprise
2	100 HTWs	93 dated 25.06.2012	6,38,700	
3	72 HTWs	92 dated 25.06.2012	4,59,864	
4	100 HTWs	94 dated 25.06.2012	6,38,700	
5	70 HTWs	234 dated 31.08.2012	4,47,090	
6	70 HTWs	235 dated 31.08.2012	4,47,090	
7	75 PVC pipes	78 dated 18.05.2012	1,80,000	
<b>Total</b>	<b>533 HTWs &amp; 75 pipes</b>		<b>32,69,961</b>	
8	Labour payment for installation of <b>256</b> HTWs	Paid in cash on 20-10-2012 as per Cash book.	5,95,754	JE of Sipajhar AP <sup>39</sup>
9	Labour payment for installation of <b>118</b> HTWs	Paid in cash on 20-11-2012 as per Cash Book.	2,11,320	
<b>Total</b>	<b>Installation of 374 HTWs</b>		<b>8,07,074</b>	
<b>Grand Total</b>			<b>40,77,035</b>	

Test-check (September 2016) of records of EO, Sipajhar AP revealed that:

- The EO Sipajhar AP made payment for procurement of 533 HTWs but delivery challans of 533 HTWs were neither found in records nor produced to audit.
- Entries for 533 HTWs were also not made in the Stock Register (entries for only 261 HTWs were recorded in the stock register).
- The EO made payment for installation of 374 HTWs in cash to the Junior Engineer (JE) of Sipajhar AP. However, the EO could not provide details of expenditure on installation, installation report, handing and taking over report *etc.*, during audit (September 2016) and subsequent requisition (May 2017).
- The BDO, Sipajhar AP stated (September 2016) that installation charges were paid in respect of 374 HTWs and installation was completed. He further stated that installation report, handing and taking over report was not submitted by the JE. Thus, the basis on which the 374 HTWs were claimed to be installed could not be justified by records.
- The BDO, Sipajhar further stated that details of the remaining 159 HTWs were neither on records nor the HTWs and accessories were found in stock and store.
- The Sipajhar AP had shown to have procured HTWs and PVC pipes worth ₹ 32.70 lakh from the supplier (2012-13). During audit, however, the 'Annual Return of Turnover' of the supplier collected from the Superintendent of Taxes, Mangaldoi, revealed that the supplier (M/s P.P. Enterprise) had a turnover of ₹ 8.76 lakh only during 2012-13. The owner

<sup>39</sup> Shri Nagen Talukdar

of the firm also admitted (May 2017) that he had supplied only 121 HTWs for ₹ 4.59 lakh to Sipajhar AP.

- The BDO, Sipajhar AP furnished beneficiary list of 393 (first list: 121 and second list: 272) individuals only against the procurement of 533 HTWs. The beneficiary lists include names of five beneficiaries whose names were listed in both the lists. Further, the name of one beneficiary was listed twice in the same beneficiary list, thereby raising doubt about the genuineness of the beneficiary list as well.
- The status of distribution as per the provided beneficiary lists was checked in Deomorno GP under Sipajhar AP. The list included five beneficiaries from Patidarrang village under Deomorno Gaon Panchayat (GP). The *Gaon Burah*<sup>40</sup> of the village stated that out of five beneficiaries under Patidarrang village, one person was shown as beneficiary in both the lists. Another beneficiary had received HTW seven to eight years back whereas procurement was made in 2012-13. He further stated that installation expenses in respect of all HTWs were incurred by the beneficiaries themselves. The other two beneficiaries had never received any HTW. He also submitted a memorandum (May 2017) addressed to the Deputy Commissioner, requesting him to investigate the matter.

Thus, the above facts indicated that the BDO of Sipajhar AP made payment of ₹ 36.18 lakh {₹ 28.11 lakh (₹ 32.70 lakh - ₹ 4.59 lakh) on fictitious procurement of 412 (533-121) HTWs and ₹ 8.07 lakh for installation of 374 HTWs} which was meant for providing HTWs to beneficiaries.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

### **3.4 Loss of revenue in Nagaon Zilla Parishad**

*Nagaon Zilla Parishad suffered a loss of revenue amounting to ₹1.01 crore due to settlement of markets/hats/beels<sup>41</sup> at lower bid value ignoring the highest bidder.*

As per Rule 47 (1) of the Assam Panchayat (Financial) Rules, 2002 regarding sale and settlement of markets/fisheries *etc.*, shall be settled by inviting sealed tenders for a period coinciding with one panchayat financial year (July-June). Further, sub-rule 10 envisaged that the tender of the highest bidder shall be accepted. Acceptance of tender other than highest bid shall require the Government's prior and formal approval.

Test-check (January 2017) of records of the CEO, Nagaon ZP showed that during 2013-14 to 2015-16 the CEO leased out markets/*beels etc.*, to bidders other than the eligible highest

<sup>40</sup> Village head man.

<sup>41</sup> Beel means a large water body.

bidders in 16 cases as summarised in **Table-3.11** below. The details of the 16 cases are given in *Appendix-XII*.

**Table-3.11: Statement showing year-wise loss due to settlement of markets/beels at lower bid**

(Amount in ₹)

Sl. No.	Year	Number of markets/beels leased during the period	Aggregate of highest bid value	Settled bid value	Loss
1	2013-14	4	24,63,423	14,66,276	9,97,147
2	2014-15	5	67,22,636	11,47,031	55,75,605
3	2015-16	7	51,44,370	16,22,712	35,21,658
<b>Total</b>		<b>16</b>	<b>1,43,30,429</b>	<b>42,36,019</b>	<b>1,00,94,410</b>

Scrutiny further revealed that of these 16 leases executed, Nagaon ZP had settled the lease of *Kandulimari Beel* for ₹ 1.00 lakh against the highest eligible bid value of ₹ 51.00 lakh in 2014-15 and for ₹ 2.22 lakh against the highest eligible bid value of ₹ 29.01 lakh in 2015-16.

The CEO, Nagaon ZP stated (January 2017) that highest bidders were not selected as per decision taken up by the General Standing Committee in view of public interest. He also stated that excessive value may result in hardship to cultivators and common people.

The reply was not tenable as:

- The CEO, Nagaon ZP did not take Government approval for allotting any of the markets/beels to bidder other than the eligible highest bidder thereby violating the Assam Panchayat (Financial) Rules, 2002.
- Government had already fixed (November 2011 and in March 2015) the rates of revenue to be collected from the respective shops/vendors for the year 2013-14 to 2015-16. Bidders did not have authority to charge higher rates of revenue from the public.
- The CEO, Nagaon ZP did not mention any specific reasons in the Comparative Statement for selecting the lower bid.

The Annual Technical Inspection Report (Government of Assam) for the period ended 31 March 2012 had also incorporated similar observation relating to loss of revenue of ₹ 2.45 crore in Nagaon ZP due to accepting the tenders other than the highest bidder during 2006-07 to 2010-11.

In response, the CEO, Nagaon ZP, assured (December 2012) to avoid recurrence of such irregularity. However, the same irregularity was repeated during 2012-13 resulting in loss of ₹ 46.83 lakh which was reported (*vide* Para No. 2.14) in the CAG's Audit Report on Local Bodies-Government of Assam for the year ended March 2014.

Thus, the CEO, Nagaon ZP, despite assurance (December 2012) persistently repeated the irregularity of leasing out the markets/*beels* to the lower bidders. This resulted in loss of revenue of ₹ 1.01 crore to the Nagaon ZP during the years 2013-14, 2014-15 and 2015-16.

The Government may issue direction to the defaulting CEO to strictly follow the provisions of AP Act/AP (F) Rules while leasing out Markets *etc.*, to avoid such irregularity and loss to the Government exchequer.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

### 3.5 Undue financial benefit to lessees and loss of Government revenue in Sonitpur Zilla Parishad.

*Sonitpur Zilla Parishad caused loss of Government revenue of ₹ 43.85 lakh by not registering lease deeds of markets, fisheries, etc., thereby undue financial benefit to lessees to that extent.*

As per Rule 47, sub-rules 11 and 16 of AP (F) Rules, 2002, the successful bidder within seven days of acceptance of the bid for settlement of markets, shall deposit with the Panchayat concerned not less than 30 *per cent* of his quoted amount as security and sign a lease deed on stamp paper at his own cost. The Panchayat shall also take steps to register every lease deed. Further, as per the Indian Stamp (Assam Amendment) Ordinance, 2008, stamp duty at the rate of two *per cent* in case of women and three *per cent* in case of others of the value of the deed instrument is leviable on all deeds along with registration fee.

Test check (November 2016) of records of the CEO, Sonitpur ZP revealed that during 2013-14 to 2015-16 tenders were invited to lease out 35, 44 and 36 markets during 2013-14, 2014-15 and 2015-16 respectively involving settlement value of ₹ 4.06 crore. However, the CEO, Sonitpur ZP took no action to enforce the above mentioned provisions of the Act. As a result, no deed for settlement of the markets were registered causing loss of Government revenue of ₹ 43.85 lakh (Registration fees ₹ 31.68 lakh and cost of stamp paper ₹ 12.17 lakh) as shown in

**Table 3.12** below:

**Table-3.12: Position of registration fee and stamp duty not collected by Sonitpur ZP (Amount in ₹)**

Year	Number of the market/ Mahal/lease of land <i>etc.</i>	Settled value	Registration fee due	Stamp duties due (3 <i>per cent</i> of Col 3)	Total (4+5)
(1)	(2)	(3)	(4)	(5)	(6)
2013-14	35	1,21,61,064	9,50,688	3,64,832	13,15,520
2014-15	44	1,39,12,466	10,86,326	4,17,374	15,03,700
2015-16	36	1,44,84,154	11,31,091	4,34,525	15,65,616
<b>Grand Total</b>		<b>4,05,57,684</b>	<b>31,68,105</b>	<b>12,16,731</b>	<b>43,84,836</b>

The CEO, Sonitpur ZP initiated action (October 2016) to recover the due amount from the lessees. But the lessee approached the Gauhati High Court citing reasons that nothing was mentioned in the Notice Inviting Tender (NIT) regarding registration of the lease deed or stamp duty on the value of the deed instrument. Hon'ble High Court stayed the impugned order issued by the CEO, Sonitpur ZP dated 28.10.2016. Further, the period of agreements between the lessee and the CEO, Sonitpur ZP had also expired. As such, the scope of recovery of registration fee and stamp duty from the lessees was very remote.

Thus, the CEO, Sonitpur ZP caused a loss of revenue of ₹ 43.85 lakh to the Government exchequer besides giving undue financial benefits to the lessees due to non-compliance of AP(F) Rules, 2002 and the Indian Stamp (Assam Amendment) Ordinance, 2008.

The Government may initiate action to instruct all Panchayati Raj Institutions to insert a clause in the NIT regarding registration of the lease deed and payment of stamp duty to avoid such loss of revenue to the Government.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

### **3.6 Avoidable extra expenditure in Kamrup Zilla Parishad**

*Avoidable extra expenditure of ₹22.55 lakh was incurred as 10 per cent contractor's profit was not deducted in the estimate for the works executed departmentally.*

Government of Assam, Finance (Economic Affairs) Department, accorded sanction and released (March 2012) ₹ 7.06 crore to Kamrup Zilla Parishad (ZP) for construction of Multipurpose Hall for Anchalik Panchayats (AP), new office building of Gaon Panchayats (GPs), extension of AP and GP buildings and construction of staff quarters for APs and GPs under the award of 4<sup>th</sup> Assam State Finance Commission (ASFC) during 2011-12.

The CEO, Kamrup ZP released the funds to the construction committee during September 2012 to October 2016. The Junior Engineer, Kamrup ZP prepared the estimates and the Executive Engineer, Kamrup ZP accorded Technical Sanction of the works. The estimates were prepared on the basis of Assam Public Works Department (APWD) (Roads/Buildings) Schedule of Rates (SOR), 2010-11.

As per APWD (Roads/Buildings) SOR, 2010-11 all items of civil works include 10 per cent contractor's profit over the cost of material and wages of labourers. However, when works are departmentally executed, without engaging contractors, the contractor's profit element is to be deducted from the estimated cost as the work will involve only cost of material and wages of labourers.

Test-check of records of the CEO, Kamrup ZP revealed that 72 works were executed departmentally under the supervision of the technical officials of the Department at the cost of ₹ 2.48 crore without engaging contractors.

However, contractors' profit of ₹ 22.55 lakh <sup>42</sup> was paid to construction committees (September 2012 to October 2016) over and above the cost of material and wages of labourers.

Thus, CEO, Kamrup ZP did not deduct 10 *per cent* contractors' profit element from the estimated value of work departmentally executed. As a result, Kamrup ZP incurred avoidable extra expenditure of ₹ 22.55 lakh which extended undue financial benefit of the said amount to construction committees.

The matter was reported to the Department in July 2017; their reply was awaited (February 2018).

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<sup>42</sup> Estimates for 72 works including 10 per cent Contractor's Profit (CP): ₹2.48 crore  
As work was done departmentally, element of CP would be: (₹2.48 crore × 10 ÷ 110) = ₹22.55 lakh

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**Part - B**

**Urban Local Bodies**



# **CHAPTER IV**

**An Overview of the Functioning, Accountability  
Mechanism and Financial Reporting issues of Urban  
Local Bodies (ULBs)**



## Chapter-IV

### An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies (ULBs)

#### An Overview of the Functioning of the ULBs in the State

#### 4.1 Introduction

The 74<sup>th</sup> Constitutional Amendment, enacted as the Constitution (Seventy fourth Amendment Act), 1992, envisioned creation of Local Self Government (LSG) for the urban population, wherein municipal institutions were conferred with constitutional status for carrying out governance functions. The Amendment empowered Urban Local Bodies (ULBs) to function efficiently and effectively as autonomous entities, to deliver services for economic development and social justice, with regard to the 18 subjects listed in the XII<sup>th</sup> Schedule of the Constitution of India

The administration of ULBs in Assam is carried under provisions of:

- Gauhati Municipal Corporation (GMC) Act, 1971,
- Assam Municipal (AM) Act, 1956 (amended up to 2012) and
- Assam Municipal Accounts (AMA) Rules, 1961.

There were 100 ULBs in the State, as on 31 March 2017, viz., one Municipal Corporation (MC), 34 Municipal Boards (MBs) and 65 Town Committees (TCs). ULBs falling under the General Areas are governed according to the provisions of the AM Act, 1956, while areas listed under the Sixth Schedule of the Constitution of India are governed by the rules framed by the respective Autonomous District Councils (ADCs).

Statistics relating to the urban population of the State, as per Census 2011 and the number of ULBs are given in **Table 4.1** below:

**Table 4.1: Statistics relating to the urban population of the State and number of ULBs**

Sl. No.	Indicator	Unit	Value
1	Population	Crore	3.12
2	Population density	Persons / Sq.km.	398
3	Urban population	<i>Per cent</i>	14
4	Urban Sex Ratio	Per thousand	948 <sup>43</sup>
5	Urban Literacy Rate	<i>Per cent</i>	88.47
6	Municipal Corporation (MC)	Numbers	1
7	Municipal Boards (MB)	Numbers	34
8	Town Committees (TC)	Numbers	65

Source: *Economic Survey, Assam 2016-17* and information furnished by Director, Municipal Administration GoA

<sup>43</sup> 948 females per 1000 males

The position of ULBs in Assam, in terms of number, area and average population, is given in **Table 4.2 below:**

**Table 4.2: Position of ULBs**

Level of LB	No.	Average area per ULB (Sq. Km)	Average population
Municipal Corporation (MC)	1	216.79	9,63,429
Municipal Boards (MB)	34	20.35	90,652
Town Committees (TC)	59	1.53	4,960

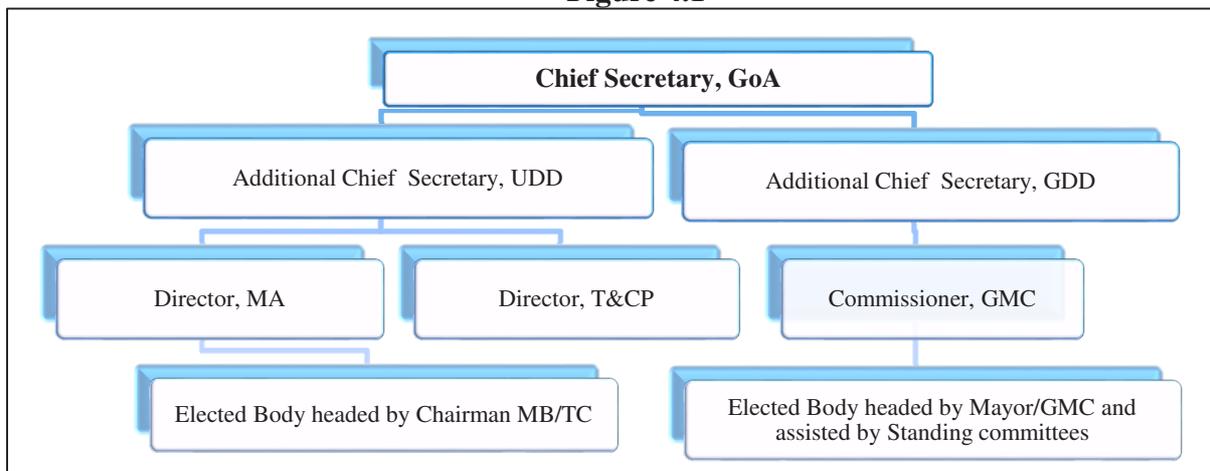
Source: Assam State Finance Commission's report submitted for 14<sup>th</sup> Central Finance Commission.

**4.2 Organisational set up in State Government and ULBs**

The Additional Chief Secretary is the administrative head of the Urban Development Department (UDD), which looks after matters relating to the administration of the ULBs (MBs and TCs). He is assisted by Director, Municipal Administration (DMA) and Director, Town & Country Planning (T&CP). The Commissioner and Secretary, UDD, is responsible for allocation of funds as well as implementation of schemes at the State level. The Additional Chief Secretary, Guwahati Development Department (GDD), is the administrative head of the Department, to whom the Commissioner, Guwahati Municipal Corporation (GMC) reports.

Organisational set up of ULBs is shown in **Figure 4.1** below:

**Figure 4.1**



**4.3 Functioning of ULBs**

As per Section 53 of AM Act, 1956, it is mandatory to appoint Executive Officers (EOs) in every MB and TC. The GoA, (in March 2015) directed that Indian Administrative Service (IAS)/Assam Civil Service (ACS) officers be entrusted with the additional charge of Executive Officers in the ULBs. Further, sub-section 2 under section 53 of the said Act mentions that all financial matters, particularly those relating to the implementation of schemes by the Municipalities funded by the Government of India (GoI) or the State Government, shall invariably be routed through the concerned EOs.

#### **4.3.1 Staffing pattern of ULBs**

The ULBs lack any approved staffing pattern resulting in variation of the staff strength of ULBs from unit to unit, depending on its size and paying capacity. However, UDD and GDD had submitted study reports on the staffing pattern of the ULBs and GMC to Fourth Assam State Finance Commission (4<sup>th</sup> ASFC), in December 2011 and in February 2012, respectively. Accordingly, the staffing pattern of ULBs had been drafted by the Departments but approval from the Finance Department was awaited (September 2017). Appropriate manning of ULBs is important for efficient and effective management of funds received as well as their accounting in a proper manner considering the enhanced workload entrusted to ULBs under different programmes, schemes and projects.

#### **4.3.2 Status of devolution of Funds, Functions and Functionaries (3Fs)**

The 74<sup>th</sup> Constitutional (Amendment) Act, 1992, empowers the ULBs to perform functions related to 18 subjects<sup>44</sup> listed in the XII<sup>th</sup> schedule of the Constitution of India. The Central Finance Commissions (CFC) and the State Finance Commissions (SFC) have emphasised the need for complete transfer of the 3Fs to the ULBs for meaningful devolution. However, in Assam the 3Fs have still not been completely transferred to the ULBs. Out of the 18 subjects listed in the XII<sup>th</sup> Schedule of the Constitution of India, only eight subjects were implemented by the ULBs in Assam as their traditional functions, while the remaining functions were with the line departments and other agencies working in parallel with ULBs within the municipal area.

Further, against 4<sup>th</sup> and 5<sup>th</sup> ASFC recommendation for devolution of ₹ 1456.60 crore, only ₹ 550.50 crore was released to ULBs during 2012-13 to 2016-17 adversely affecting the capacity of ULBs in providing civic amenities to the urban population.

#### **4.4 Formation of various Committees**

##### **4.4.1 Committee for transfer of 3 Fs**

As per Section 53 (A) (2) of the AM Act, 1956, there shall be a committee comprising of Minister in Charge, UDD as the Chairman, senior most Secretary, UDD as Vice-Chairman,

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<sup>44</sup> 1. Urban planning including town planning. 2. Regulation of land-use and construction of buildings. 3. Planning for economic and social development. 4. Roads and bridges. 5. Water supply for domestic, industrial and commercial purposes. 6. Public health, sanitation conservancy and solid waste management. 7. Fire services. 8. Urban forestry, protection of the environment and promotion of ecological aspects. 9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded. 10. Slum improvement and upgradation. 11. Urban poverty alleviation. 12. Provision of urban amenities and facilities such as parks, gardens, playgrounds. 13. Promotion of cultural, educational and aesthetic aspects. 14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums. 15. Cattle pounds; prevention of cruelty to animals. 16. Vital statistics including registration of births and deaths. 17. Public amenities including street lighting, parking lots, bus stops and public conveniences. 18. Regulation of slaughter houses and tanneries.

DMA as Member Secretary and members from other departments to monitor the matter of early and smooth transfer of the 3Fs to Municipalities. The Committee shall meet from time to time to monitor the progress of transfer of 3Fs to the municipalities and to suggest the respective Departments for effective implementation of this Section.

Though the DMA stated (October 2017) that there was a committee for monitoring smooth transfer of 3Fs, no details were provided about constitution and functioning of the committee. The scope of work of the Committee was minimal as only eight of the 18 subjects under the XII<sup>th</sup> Schedule of the Constitution have been transferred to the municipalities.

#### **4.4.2 Standing Committees**

The AM Act, 1956 does not provide for the constitution of any standing committee in ULBs. Though, Section 20 of GMC Act, 1971 provides for constitution of Standing Committees<sup>45</sup> to deal respectively with Taxation and finance, and Planning and Development (or Standing Finance Committee); Public Works; Public Health, conservancy and water supply; Assessment, Markets and Trades; Appeals. No such Committee was formed by GMC. Instead, the members of Mayor-in-Council were assigned the responsibility of looking after these works.

#### **4.4.3 Metropolitan Planning Committees**

Article 243ZE of the Constitution of India states that “There shall be constituted in every Metropolitan area, a Metropolitan Planning Committee to prepare a draft development plan for the Metropolitan Region as a whole” making it mandatory for the States to set up Metropolitan Planning Committees (MPCs) in the metropolitan areas of the country. However, MPCs are yet to be constituted in the State.

#### **4.5 Audit arrangement**

##### **4.5.1 Primary Auditor of ULBs**

Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930, is the Primary Auditor of all tiers of ULBs in the State. The Directorate is responsible for (i) carrying out the Audits of Local Funds with the help of 20 circle offices, each of which is headed by an Assistant Director at the District level; and (ii) facilitating submission of Audit Reports of the Administrative Departments. The audit is conducted in conformity with the Assam Audit Manual and other prescribed Government Rules and Amendments thereto declared by Government from time to time.

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<sup>45</sup> *Each Standing Committee shall consist of five members elected by the Corporation from its own members other than the Mayor.*

**4.5.1.1 Audit coverage by DALF**

The arrears in audit of ULBs, during the period 2012-13 to 2016-17, ranged between 28 and 56 per cent. The year-wise position of units planned to be audited, and those actually audited are detailed in the following **Table 4.3**:

**Table 4.3: Shortfall in covering the units planned for audit by DALF**

Year	No. of units planned for audit	No. of units audited	Shortfall	Percentage of shortfall
2012-13	58	26	32	55
2013-14	57	41	16	28
2014-15	48	21	27	56
2015-16	67	41	26	39
2016-17	76	49	27	35

Source: Information furnished by DALF, Assam.

Apart from shortfall in the number of units audited against the number of units planned for audit, there were also arrear in issue of 71 audit reports, during 2012-13 to 2016-17, by the DALF. Reasons for shortfall in coverage of units to be audited by DALF was sought (September 2017), to which response was still awaited (February 2018).

**4.5.1.2 Presentation of Annual Audit Report**

As per para 101(i) of Assam Audit Manual, DALF is required to submit an Annual Audit Report to the Finance Department by 30<sup>th</sup> September each year, incorporating major outstanding audit objections relating to LBs which were pending for settlement for further action by the Finance Department. The status of consolidated Audit Reports submitted by DALF is shown in **Table 1.4** of Chapter-I.

Follow up action and Action Taken Report by Finance Department on the Annual Consolidated Audit Reports of DALF is wanting, weakening the accountability mechanism of ULBs.

**4.5.2 Audit by Comptroller and Auditor General of India**

The audit of ULBs is conducted by the CAG under Section 20(1) of the CAG's Duties, Powers and Conditions of Service (DPC) Act 1971 as per the Technical Guidance and Support (TGS) arrangements as entrusted by the State Government in May 2002 followed by acceptance of standard terms and conditions of TGS (May 2011) pursuant to the 13<sup>th</sup> FC recommendations.

The CAG being the secondary auditor for the Local Bodies in Assam, only selective audit of ULBs are done. As such, during April 2016 to March 2017, accounts of 10 ULBs (one Municipal Corporation, five MBs and four TCs) only were audited.

The status of discussion of the Audit Report by the Local Funds Accounts Committee is shown in **Table 1.6** of Chapter I.

#### 4.6 Response to Audit observations

Inspection Reports (IRs) were issued by Accountant General (Audit), Assam, to audited ULBs, with a copy to the State Government. ULBs were required to comply with the observations contained in the IRs, rectify the defects and omissions and report their compliance promptly after the issue of IRs. Important audit findings were processed for inclusion in the CAG's Audit Report on Local Bodies. The details of outstanding paragraphs, as of March 2017 are shown in the following **Table 4.4:**

**Table 4.4: The details of outstanding IRs and paragraphs**

Year of issue	No. of Inspection Reports	No. of outstanding Paras	Money value (₹ in crore)
Up to 2012-13	80	983	243.67
2013-14	42	484	148.78
2014-15	05	66	8.71
2015-16	16	222	156.31
2016-17	13	161	63.48
<b>Total</b>	<b>156</b>	<b>1916</b>	<b>620.95</b>

Source: Progress Register of the Accountant General (Audit), Assam

As of March 2017, settlement of 1,916 paragraphs with monetary value of ₹ 620.95 crore were pending for want of replies from concerned ULBs indicating that compliance to the audit observation was not taken seriously. The Administrative Heads of the Departments concerned also did not take steps to ensure that the concerned officers of the ULBs took prompt and timely action in furnishing replies to IRs, thereby weakening the accountability mechanism of ULBs.

#### Accountability Mechanism of ULBs

#### 4.7 Ombudsman

As per guidelines issued by the Ministry of Finance on implementation of the recommendations of the 13<sup>th</sup> FC, the State Government is required to appoint an Ombudsman, to act as an independent quasi-judicial authority for LSGI at the State level, conduct investigations and enquiries in respect of any complaints of corruption and maladministration against the functionaries of Local Bodies (both elected members and officials) and recommend suitable action in accordance with the provisions of the Act. There was no provision in the AM Act, 1956 and GMC Act, 1971 regarding setting up of an Ombudsman for ULBs. As a result, there was no scope for the Ombudsman to conduct investigation into aforesaid areas.

#### **4.8 Social Audit**

The primary objective of Social Audit (SA) is to bring the activities of ULBs under close surveillance, to enable records and documents of ULBs accessible to public as this would promote transparency and accountability in the day-to-day functioning of ULBs.

The State Finance Department issued guidelines (May 2009) for SA which, *inter alia*, included the following:

- Use of Ward Committees as important vehicles for spread of awareness about social audit;
- Appointment of nodal officer at the level of Ward Committee who would register complaints and fix the date for social auditing;
- Wide publication of the date of social audit through local newspapers, hand bills, leaflets and notice boards *etc.*; and
- Presentation by the representatives of ULBs of the relevant data on revenue and expenditure of their organisations including bills, vouchers, muster rolls, measurement books, copies of sanction orders and other books of accounts and papers necessary for the purpose of social auditing.

However, the State Government had not amended (September 2017) the relevant Municipal Act to include a statutory provision for social audit.

#### **4.9 Lokayukta**

The Assam Lokayukta and Upa-Lokayukta Act, 1985 (Assam Act XX of 1985) was enacted to improve the standards of public administration and provided for investigation of complaints against ministers, legislators and public functionaries including those of ULBs. The institution was headed by the Upa-Lokayukta (since March 2001) as the post of Lokayukta had not been filled up (from March 1995 till March 2017).

Although the State Government had taken initiatives for creating public awareness about the Lokayukta and Upa-Lokayukta Act, the Upa-Lokayukta received only 15 complaints during 2016-17, none of which related to ULBs. This situation points the need to further intensify efforts to educate the public in the Municipal areas about the existence and jurisdiction of the institution of the anti-corruption mechanism to make it more effective and useful to the public.

#### **4.10 Service Level Benchmark**

In 2009, the Ministry of Urban Development (MoUD), GoI initiated the process of service level benchmarking (SLB) for basic urban services to ensure performance based accountability and optimal utilisation of infrastructure investments. The 13<sup>th</sup> FC also included SLB as one of the nine conditions to be met by the State Governments to avail performance grants.

As per the 13<sup>th</sup> FC recommendations, the State Governments were to notify or cause all the ULBs to notify the service standards for four basic sectors: water supply, sewerage, storm water drainage and solid waste management proposed to be achieved by them at the end of the succeeding fiscal year. GoA accordingly notified (March 2011) service standards for four Service Sectors to be achieved by the ULBs.

However, SLB for these basic services remain unachieved as detailed in **paragraph 5.7.1**. Moreover, DMA has no information on the status of implementation of SLB of these basic services by the ULB (September 2017).

#### **4.11 Internal Audit and Internal Control system in ULBs**

##### **4.11.1 Internal Audit**

Internal Audit is an important instrument for examining and evaluating the level of compliance with rules and procedures, as envisaged in the relevant Acts and Financial/Accounting Rules, so as to provide independent assurance to management on the adequacy of the risk management and internal control framework in the ULBs.

The system of Internal Audit has not been introduced in the Municipalities in Assam, as there is no provision for Internal Audit in the relevant Municipal Acts and Rules.

##### **4.11.2 Internal control mechanism in ULBs**

The internal control mechanism is an integral function of an organisation, which helps it to discharge its activities effectively to achieve its objectives. It is intended to provide reasonable assurance of proper enforcement of Acts, Rules and Bye-laws minimising the risk of errors and irregularities.

The following deficiencies were observed in the functioning of the ULBs, indicating lack of an effective internal control mechanism therein:

- Periodical reports/returns in respect of implementation of various schemes and other activities in the district, were not submitted to higher authorities. Thus, an effective monitoring system, ensuring compliance in terms of the physical and financial implementation of schemes/programmes did not exist. These facts have been detailed in **Chapter-VI**.
- There was no readily available data on “Own Revenue Resources” of the ULBs and expenditure incurred there against. In spite of repeated requests, the DMA did not provide information on overall collection of own revenues by the ULBs. The DMA stated (September 2017) that there was no centralised system of maintenance of database.

- Out of total 100 ULBs the instances of non-submission of budget proposal is shown in **Table 4.5** below.

**Table 4.5**

Year	2012-13	2013-14	2014-15	2015-16	2016-17
No. of ULBs by whom Budget Proposals were not Submitted during the Year	53	32	38	40	23

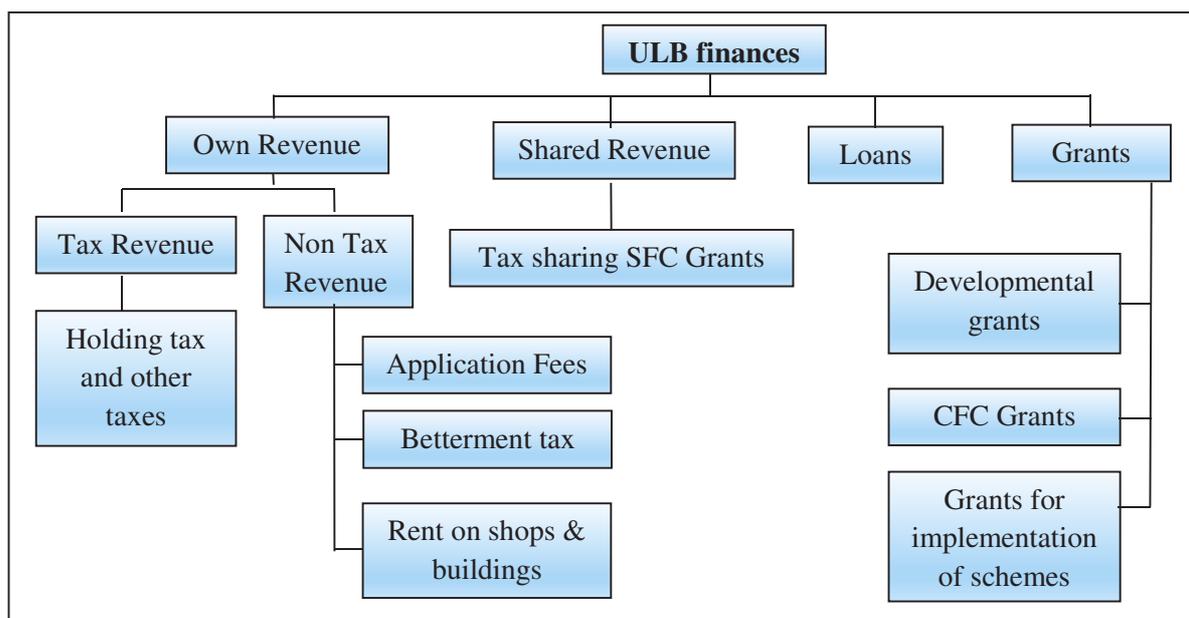
Though these shortcomings were pointed out to ULBs and the State Government in previous Audit Reports, no corrective action in this regard was available on records. The Government may initiate effective action *e.g.*, withholding the grants to the defaulting ULBs, so that the ULBs prepare and submit their budgets regularly.

### Financial Reporting Issues of ULBs

#### 4.12 Sources of Funds

The principal sources of revenue of ULBs are (i) Collection from tax and non-tax sources allocated to them under the relevant Act, (ii) resource transfers from the State in the form of devolution of shared taxes and duties; (iii) grants-in-aid from the Government of Assam (GoA) and (iv) grants-in-aid from Government of India (GoI) under various Centrally Sponsored Schemes (CSS) and under award of successive CFCs. Besides, ULBs also obtain loans from financial institutions for implementation of various schemes relating to Urban Development, Water Supply and Roads *etc.*, as shown in the following **Figure 4.2:**

**Figure 4.2: A flow chart of finances of ULBs**



Under the provision of the Acts in force, all collections such as taxes on holdings, water tax, latrine tax *etc.*, are sources of tax revenue while building plan sanction fees, rents from shops and buildings, tolls and other fees and charges constituted the main sources of non-tax revenue.

The State Government releases grants-in-aid and loans to the ULBs to compensate their establishment expenses. ULBs also receive grants and assistance from the State and Central Governments for implementation of various schemes and projects.

#### 4.12.1 Resource trends of ULBs and their composition

The trend of resources of ULBs, for the period 2012-13 to 2016-17, is shown in the following **Table 4.6:**

**Table 4.6**

Source	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Own Revenue <sup>46</sup>	248.07	50.61	56.05	80.34	93.59
SFC transfers	149.59	133.11	169.07	0.00	92.59
CFC transfers	44.28	0.00	39.74	46.57	0.00
Interest for delayed payment of CFC grants	0.33	0.12	0.18	0.00	1.51
State Sponsored Scheme	4.14	8.22	12.29	0.91	2.28
GoI grants for CSS	33.41	25.57	11.03	15.17	111.29

Source: The FASFC Report and information furnished by DMA and Director, T&CP GoA.

Consolidated figure of actual receipts in respect of own revenues of all the ULBs in Assam was not available with the UDD which indicated lack of monitoring by the Government on the resources of ULBs. Further, under SFC transfers, no fund was released by the Government during 2015-16, whereas in 2016-17 only ₹92.59 crore was released by the Government against the allocated amount of ₹117.89 crore<sup>47</sup>. Non-release/short release of funds under CFC and SFC hampered the ULBs in providing civic amenities to urban population. Also, the Government had to pay penal interest of ₹2.14 crore to ULBs for late release of funds.

#### 4.12.2 Allocation and release of funds

During 2014-15 to 2016-17, public investment in urban development, through major CSS, and the corresponding State share, is shown in the following **Table 4.7:**

**Table 4.7: Statement showing investment through major CSS and SSS**

(₹ in crore)

Sl. No.	Name of schemes	Nature of grants (Share)	2014-15			2015-16			2016-17		
			Budget provision	Allocati on made	Fund released	Budget provision	Allocati on made	Fund released	Budget provision	Allocati on made	Fund released
1	IHSDP <sup>48</sup>	Central	1.71	1.01	1.01	8.77	0.70	0.70	6.56	4.86	4.86
		State	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	UIDSSMT <sup>49</sup>	Central	30.33	30.33	1.06	23.27	23.27	0.00	0.00	0.00	0.00
		State	1.40	1.40	0.00	1.19	1.19	0.00	0.00	0.00	0.00

<sup>46</sup> Own revenue figures for the years 2013-14 to 2016-17 pertained to GMC only as DMA could not provide details of own revenue of ULBs other than GMC.

<sup>47</sup> As per the information furnished by Finance Department, GoA

<sup>48</sup> Integrated Housing and Slum Development Programme.

<sup>49</sup> Urban Infrastructure Development Scheme for Small and Medium Towns.

3	10 per cent Pool Fund	Central	12.79	6.63	6.63	17.24	11.74	11.74	48.75	16.45	16.45
		State	2.00	0.21	0.21	2.37	1.05	1.05	0.25	0.25	0.25
4	Night Shelter for Urban Slum	Central	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		State	2.00	1.00	0.60	1.00	1.00	0.00	0.45	0.44	0.44
5	C.M's Special Package	Central	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		State	1.50	1.50	1.50	9.45	9.45	0.31	0.00	0.00	0.00
6	Basti-sudhar	Central	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		State	1.00	1.00	1.00	0.00	0.00	0.00	0.62	0.62	0.62

Source: Director, MA, Director, T&CP and Secretary, GDD, Assam.

Although information on scheme-wise budget provisions, allocations and releases of funds was provided by the Department, there was no readily available data on how much amount was spent in a particular year on the above mentioned schemes. Hence, there is a need to establish a mechanism for proper accounting of these schemes for better accountability and achieving maximum outcomes.

#### 4.12.3 Fourteenth Finance Commission Grant

The distribution of funds among the States, by the 14<sup>th</sup> Finance Commission (14<sup>th</sup> FC), was done on the basis of 90 per cent on population (as per 2011 population data) and 10 per cent on area. The grant to each States was to be divided into two parts - a grant to duly constituted gram panchayats and a grant to duly constituted municipalities on the basis of the urban and rural population of each State, using the data of Census 2011. An amount of ₹ 970.54 crore was recommended for the ULBs in Assam. The amount so recommended has two components *viz.*, General Basic Grants (80 per cent of the recommended amount) and Performance Grants (20 per cent of the recommended amount).

According to the 14<sup>th</sup> FC, for the period 2015-20, States will be eligible to draw their Basic Grants, which will remain fixed for each State, and Performance Grant can be drawn only after submission of audited annual accounts that relate to a year not earlier than two years preceding a year in which the ULBs seek to claim the performance grant. Moreover, the ULBs will also have to show an increase in the own revenues over the preceding year, as reflected in the audited accounts.

#### 4.12.4 Penal interest for late release of fund by the State Government

The position of grants released to ULBs during 2012-13 to 2016-17 by the GoI, and further released by the State Government, as per the recommendations of the 14<sup>th</sup> FC, is shown in the following **Table 4.8:**

**Table 4.8: Statement showing penal interest for late release of CFC funds to ULBs**  
(₹ in crore)

Programme year	Scheme components	Funds received/released		Penal interest for late release of funds
		Received from GoI	Released to ULBs	
2012-13	General Performance Grant	20.03	3.65	0.33
	General Basic Grant	30.67	30.67	
2013-14	General Performance Grant	23.62	0.00	0.12
	General Basic Grant	34.59	0.00	
2014-15	General Performance Grant	30.52	0.00	0.18
	General Basic Grant	44.84	39.24	
2015-16	General Performance Grant	0.00	0.00	0.00
	General Basic Grant	93.14	46.57	
2016-17	General Performance Grant	0.00	0.00	1.51
	General Basic Grant	0.00	0.00	
<b>TOTAL</b>		<b>277.41</b>	<b>120.13</b>	<b>2.14</b>

Source: Director, Finance (Economic Affairs) Department, GoA.

It was observed that the GoI had released an amount of ₹ 277.41 crore during 2012-13 to 2016-17, out of which the State Government had released only ₹ 120.13 crore to the ULBs (43.30 per cent of the total amount released by GoI). Due to non-release/late release of funds, the State Government had to pay a penal interest of ₹ 2.14 crore to the ULBs.

The delay in release and non-release of funds hampered the timely implementation of the projects in the field as time factor plays an important role in Assam, in view of the season-specific limitations in the execution of works.

#### 4.12.5 Maintenance of records

Maintenance of records and registers is one of the important tools of Internal Control Mechanism. However, compliance audit conducted during 2016-17, it was noticed that in 10 test-checked<sup>50</sup> ULBs, the basic records were not being maintained by ULBs as shown in the following **Table 4.9:**

**Table 4.9: Basic records not being maintained by ULBs**

Register not maintained	Name of ULBs	Implication
Stock Register and Register of Receipt Book	Pacharkuchi TC.	Actual receipt and utilisation of material could not be monitored by the ULBs.
Asset Register	Nagaon MB, Dhekiajuli MB, Bongaigaon MB and Pacharkuchi TC.	The assets of the ULBs could not be monitored, which may cause mis-utilisation/mis-management of assets. Moreover, as some of the assets were revenue generating, the ULBs would not be able to keep track of the revenue generated by such assets, which could also lead to misappropriation of revenue generated by such assets.

<sup>50</sup> Guwahati Municipal Corporation, Nagaon MB, Dhekiajuli MB, Bongaigaon MB, Pacharkuchi TC, Tinsukia MB, Digboi TC, Gosaingaon TC, Basugaon TC, Biswanath Chariali MB.

<b>Advance Register</b>	Nagaon MB and Biswanath Chariali MB	The purpose, duration and amount of advance, to be recovered/adjusted, as on 31 <sup>st</sup> March every year, could not be monitored, which could result in the advance remaining unrecovered even after completion of the work.
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#### 4.12.6 Maintenance of Accounts

The Government of Assam had accepted (March 2011) the National Municipal Accounting Manual (NMAM), which recommends introduction of the accrual-based double entry system and improved financial management in all ULBs in India. As per the NMAM, the ULBs are required to maintain their accounts on accrual basis and to prepare financial statements such as Balance Sheets, Income and Expenditure Statements, Statements of Cash flows and Receipt and Payment Accounts, at the end of each quarter.

Although the DMA stated that the Accrual Based Double Entry Accounting System has been implemented by few of the ULBs, the details were not provided to audit. Further, no information on the present status of preparation of accounts *i.e.* up to which years the accounts were finalised, was available with the DMA.

During the period covered in audit none of the test checked ULBs had prepared the annual accounts. GMC, however, prepared its annual accounts up to 2013-14. As the Annual Accounts were not maintained, head-wise receipts and expenditure and the financial performance of ULBs could not be ascertained.

Moreover, due to non-fulfilment of eligibility conditions by the ULBs *viz.*, making available reliable data on ULBs receipt and expenditure and improvement of its own revenue, GoI did not release GPGs to GoA for the period 2012-15. Due to non-receipt of the GPG, issues like preparation of annual accounts, improvement of own revenue remained unaddressed.

Further, the objective of creation of database and preparation of accounts remained unachieved even after expenditure of ₹ 1.61 crore in 22 test-checked ULBs as detailed in para 5.8.2 of Chapter-V.



# **CHAPTER V**

**Performance Audit of “Utilisation of 13<sup>th</sup> FC and  
14<sup>th</sup> FC Grants by Urban Local Bodies”**



## CHAPTER V

### Performance audit of “Utilisation of 13<sup>th</sup> and 14<sup>th</sup> Finance Commission Grants by Urban Local Bodies”

#### *Executive Summary*

*The 13<sup>th</sup> Finance commission was constituted on 13 November 2007 to make recommendations for the period 2010-15 whereas the 14<sup>th</sup> Finance commission was constituted on 2 January 2013 to make recommendations for the period 2015-20. The 13<sup>th</sup> and 14<sup>th</sup> Finance commissions were mandated to recommend measures needed to augment the Consolidated Funds of the states to supplement the resources of the Local Bodies. This Performance Audit examined the utilisation of 13<sup>th</sup> and 14<sup>th</sup> Finance commissions’ grants by Urban Local Bodies. The Performance of the Urban Local Bodies in Assam with respect to utilisation of 13<sup>th</sup> and 14<sup>th</sup> Finance commissions’ grants was found to be deficient and inadequate due to delay and short release of funds to ULBs. Further, there was absence of proper and sustainable planning to provide basic civic services. There were instances of blockade, diversions of funds, execution of inadmissible and regular works. Local bodies did not keep up-to-date account, indicating poor financial management.*

#### **5.1 Introduction**

As per Article 280 of the Constitution of India, the President of India constitutes a Finance Commission (FC) every fifth year.

The Commission recommends the distribution of the net proceeds of taxes between the Union and the States and also the principles which would govern the Grants-in-aid of the revenues of the States out of the Consolidated Fund of India.

The President constituted the 13<sup>th</sup> FC on 13 November 2007 to make recommendations for the period 2010-15 and the 14<sup>th</sup> FC on 2 January 2013 to make recommendations for the period 2015-20. The 13<sup>th</sup> and 14<sup>th</sup> FCs recommended measures needed to augment the Consolidated Funds of the states to supplement the resources of the Panchayats and Municipalities.

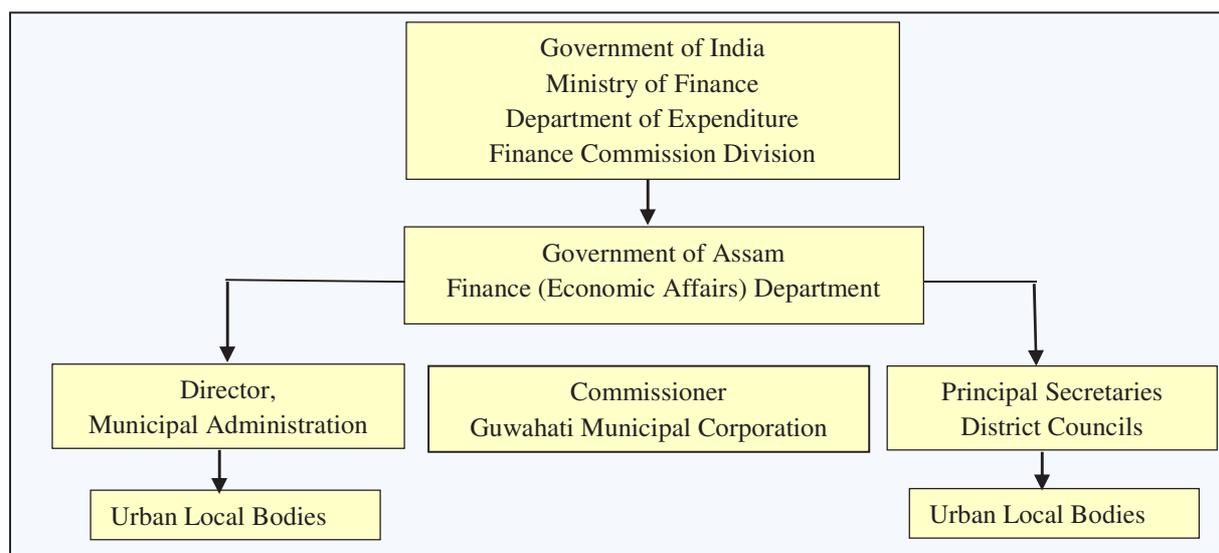
The 13<sup>th</sup> FC had recommended Grant-in-aid to local bodies as a percentage of the previous year’s divisible pool of taxes after converting this share to grant-in-aid. The 14<sup>th</sup> FC has also recommended assured transfers to the local bodies for planning and delivering of basic civic services smoothly and effectively within functions assigned to them under relevant legislation.

#### **5.1.1 Fund flow**

The Government of India (GoI) released grants under 13<sup>th</sup> and 14<sup>th</sup> FCs to the State Governments. The State Governments released the grants meant for Urban Local Bodies (ULBs) accordingly.

The following **Figure-5.1** depicts the funding pattern in respect of ULBs in Assam.

**Figure 5.1: Flowchart showing fund flow under 13<sup>th</sup> FC and 14<sup>th</sup> FC**



ULBs falling under the sixth schedule areas are governed by respective Autonomous District Councils. Hence, these ULBs were not covered under this Performance Audit.

### 5.1.2 Components of grants

The 13<sup>th</sup> and 14<sup>th</sup> FC grants had two components - a basic grant component *viz.*, General Basic Grant (GBG) and a performance based component *viz.*, General Performance Grant (GPG).

GBG is released to provide the ULBs a measure of unconditional support for delivering basic civic services *viz.*, water supply, sewerage, solid waste management and storm water drainage. GPG is released to a state if it complies with nine conditions under 13<sup>th</sup> FC and three conditions under 14<sup>th</sup> FC as detailed in *Appendix-XIII*.

GBG is released for all five years of the award period while GPG is released from the second year of award period subject to compliance of nine conditions stipulated as per 13<sup>th</sup> FC and three conditions as per 14<sup>th</sup> FC.

GPG is forfeited if a State fails to comply with any of the nine stipulated conditions. Out of the forfeited GPG, 50 *per cent* is to be released to both performing and non-performing states and the balance 50 *per cent* amount is to be distributed amongst the performing states which have complied with the stipulated conditions.

GoI releases GBG in two installments every year. The second installment of GBG is released along with GPG for the current year to enable flow of fund to Local Bodies during the year enabling them to plan and execute the work timely and in better manner.

### 5.1.3 Organizational Setup

The Additional Chief Secretary is the administrative head of Urban Development Department (UDD) who looks after matters relating to the administration of the 34 Municipal Boards (MBs) and 59 Town Committees (TCs) and also of Guwahati Development Department (GDD) which looks after matters relating to the administration of Guwahati Municipal Corporation (GMC). Organizational set up of ULBs in Assam is shown in **Figure-4.1**.

### 5.2 Audit Objectives

The Audit Objectives were to assess whether:

- allocation, release and utilisation of fund was made as per guidelines;
- implementation of schemes was done as per guidelines and for the intended purposes; and
- a mechanism for effective monitoring and evaluation of scheme existed.

### 5.3 Audit Criteria

The criteria set out for achieving the objective of the performance audit were:

- recommendations and guidelines of 13<sup>th</sup> FC and 14<sup>th</sup>FC;
- recommendations of 4<sup>th</sup> Assam State Finance Commission;
- orders and instructions issued by GoI and GoA; and,
- National Municipal Accounting Manual (NMAM).

### 5.4 Audit Scope, Sampling and Methodology

This Performance Audit (PA), covering the period 2010-11 to 2016-17 was conducted during April - June 2017. Ten MBs<sup>51</sup> and 12 TCs<sup>52</sup> were selected from eight districts by dividing the state into four geographical strata. The Districts were selected by Probability Proportional to Size Without Replacement (PPSWOR) method. MBs and TCs were selected by Simple Random Sampling Without Replacement (SRSWOR) sampling method. Guwahati Municipal Corporation (GMC) being the only Municipal Corporation was also selected for the PA.

The PA commenced with an Entry Conference on 20 April 2017 with the Secretary, GDD, Additional Secretary, UDD, Joint Secretary, Finance Department, and Director Municipal Administration wherein the objectives, criteria and methodology were discussed. The PA team scrutinised the records of Finance (Economic Affairs) Department, Urban Development

<sup>51</sup> Bongaigaon, Luning, Hojai, Tezpur, BiswanathChariali, Dibrugarh, Dhubri, Barpeta Road, Hailakandi, Jorhat.

<sup>52</sup> Abhayapuri, Daboka, Kampur, Gohpur, Naharkatia, Gouripur, Bilasipara, Howli, Sarthebari, Lala, Mariani, Teok.

Department, Guwahati Development Department, Director of the Municipal Administration and the selected ULBs covered under this audit.

The draft performance report was issued to the Government in August 2017 for its response on the audit findings. The audit findings were also discussed with the Government in an Exit Conference held on 16 October 2017. However, reply from the Government was yet to be received (February 2018).

### ***Audit findings***

#### **5.5 Annual Action Plan**

The 13<sup>th</sup> and 14<sup>th</sup> FC recommended that each state should develop state specific time-bound Action Plan to address the issues highlighted by these FCs for which the states would work closely with the Ministry of Urban Development (MoUD), GoI. GoA had not prepared any specific time bound Action Plan or Annual Action Plan (AAP) based on grass root inputs.

The DMA stated (April 2017) that in spite of repeated requests made, none of the MBs/TCs submitted the AAP for utilisation of FC grants. The Commissioner, GMC also stated (July 2017) that no AAP was prepared by GMC. Thus, the State did not follow bottom-up approach for preparation of Action Plan recommended by 13<sup>th</sup> and 14<sup>th</sup> FC.

#### **5.6 Release of grants**

The year-wise details of grants under 13<sup>th</sup> and 14<sup>th</sup> FC received by GoA during 2010-17 *vis-a-vis* released to ULBs are shown in **Table-5.1** below:

**Table – 5.1: Statement showing the Grants received from GoI and released to DMA & GMC**

(₹ in crore)					
Year	Grants received from GOI	Grants released to ULBs through DMA	Grants released to GMC	Total release	Short release
2010-11	23.30	15.69	5.58	21.27	2.03
2011-12	44.69	32.40	9.15	41.55	3.14
2012-13	37.02	25.27	8.84	34.11	2.91
2013-14	44.43	25.18	10.20	35.38	9.05
2014-15	21.17	17.46	0.00	17.46	3.71
2015-16	46.57	33.14	20.50	53.64	(-) 7.07
2016-17	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>217.18</b>	<b>149.14</b>	<b>54.27</b>	<b>203.41</b>	<b>13.77</b>

NB: Minus balance indicates excess release out of available balance of previous year  
(Source: Information furnished by the department)

It will be seen that out of FC grants of ₹ 217.18 crore released by GoI, GoA transferred ₹ 203.41 crore to ULBs and there was a short release of ₹ 13.77 crore. Reasons for short release were neither found on records nor furnished by GoA though called for.

The selected ULBs covered under this audit utilised ₹ 72.99 crore against release of ₹ 98.06 crore leaving an unutilised balance of ₹ 25.07 crore. Under-utilisation of grants by the ULBs was mainly due to non-completion/non-commencement of works. Thus, non-utilisation of funds in time resulted in blockade of fund besides depriving the citizens of the intended benefits.

### 5.6.1 Delay in release of funds

As per 13<sup>th</sup> and 14<sup>th</sup> FC recommendations the States are required to release the grants to the ULBs within 15 days from the date of receipt of grants. In case of delay the State Government was to release the instalment along with an interest at the bank rate<sup>53</sup> of RBI for the number of days of delay.

GoA, however, could not adhere to the timeline for release of grants fixed by FCs. Details of delay in release of grants by GoA to ULBs is shown in **Table-5.2** below:

**Table-5.2: Statement showing the details of delay in release of grants to ULBs**

(₹ in crore)									
Year	Component	Instalment	GOI to GOA	Released to DMA	Delay (Days)	Interest due to be paid	Released to GMC	Delay (Days)	Interest due to be paid
2010-11	GBG	1 <sup>st</sup>	11.79	7.94	207	0.27	2.82	206	0.10
	GBG	2 <sup>nd</sup>	11.51	7.75	16	0.02	2.76	16	0.72
2011-12	GBG	1 <sup>st</sup>	14.92	9.70	0	0.00	3.93	0	0.00
	GBG	2 <sup>nd</sup>	14.92	9.70	62	0.15	3.93	62	0.06
	GPG	1 <sup>st</sup>	5.04	3.19	16	0.01	1.29	17	0.01
	GPG	2 <sup>nd</sup>	5.14	5.14	23	0.03	0.00	0	0.00
	FPG		4.67	4.67	34	0.04	0.00	0	0.00
2012-13	GBG	1 <sup>st</sup>	15.98	10.39	4	0.01	4.21	0	0.00
	GBG	2 <sup>nd</sup>	17.60	11.44	7	0.04	4.63	2	0.01
	FPG		3.44	3.44	46	0.04	0.00	0.00	0.00
2013-14	GBG	1 <sup>st</sup>	19.37	12.59	26	0.08	5.10	26	0.03
	GBG	2 <sup>nd</sup>	19.37	12.59	04	0.01	5.10	4	0.01
	Forfeited Performance Grant		5.69	0.00	0	0.00	5.69	258	0.36
	GBG	1 <sup>st</sup>	21.17	17.46	280	1.21	1.38	251	0.09
2014-15	GBG	1 <sup>st</sup>	46.57	33.14	146	1.19	13.43	127	0.42
2016-17	Nil	Nil	0.00	0.00	0	0.00	0.00	0	0.00
<b>Total</b>			<b>217.18</b>	<b>149.14</b>	<b>-</b>	<b>3.10</b>	<b>54.27</b>	<b>-</b>	<b>1.81</b>

Thus, grants were released to ULBs with delays ranging from 2 to 280 days. Reason for delay in transfer of funds was neither found on record nor furnished to audit though called for.

Against the interest due to be paid of ₹ 4.91 crore, (₹ 3.10 crore for DMA and ₹ 1.81 crore for GMC), GoA had accorded sanctions of ₹ 1.29 crore for interest payment to ULBs for delayed release of grants under 13<sup>th</sup> FC and intimated the same to GoI. However GoA released only ₹ 0.42 crore to ULBs resulting in short release of interest to the tune of ₹ 4.49 crore.

<sup>53</sup> Bank rate: The rate of interest payable by commercial banks to RBI if they borrow money from the latter in case of shortage of resources.

### **5.6.2 Non-receipt of General Performance Grant**

As per 13<sup>th</sup> and 14<sup>th</sup> FC recommendations, GPG is released from the second year of the award period when stipulated conditions of FCs are complied with by the state.

GoI had allocated ₹ 87.68 crore as GPG to GoA, release of which was subject to compliance of eligibility conditions for the years 2011-12 to 2014-15 as detailed in *Appendix-XIII*. GoA, however, received only ₹ 10.18 crore as GPG for the year 2011-12 on the basis of assurance of compliance of the stipulated conditions.

GoI did not release GPGs to GoA for the period 2012-15 due to non-fulfillment of eligibility conditions by the ULBs. As a result, GoA suffered a loss of GPG of ₹ 77.50 crore. During the period covered in audit, none of the selected ULBs covered under this audit had prepared the annual accounts except GMC which had prepared its annual accounts up to 2013-14. Director, Municipal Administration stated during Exit Conference (October 2017) that non-maintenance of proper account by the ULBs was one of the major issues and efforts in this regard would be taken.

### **5.6.3 Non-submission of Utilisation Certificate**

As per recommendation of FCs, grants were to be released in two instalments in a year and release of the instalment was subject to the submission of Utilisation Certificate (UC) for the previous instalments drawn.

The 13<sup>th</sup> FC in its award period 2010-11 to 2014-15 recommended ₹ 165.62 crore as GBG for ULBs in Assam against which ₹ 146.63 crore was actually released by GoI.

The GoA stated (June 2017) to have furnished UCs to the GoI for the entire amount of ₹ 146.63 crore. However, it was noticed that as of June 2017 UCs for ₹ 41.59 crore was pending from ULBs out of ₹ 146.63 crore released to them. Hence, the GoA stating that entire amount UCs being furnished to the GoI is in contradiction to the information by DMA about pending UCs of ₹ 41.59 crore.

Further, GoA failed to furnish the UCs for the 1<sup>st</sup> instalment of GBGs of 2014-15 due to which GoI did not release ₹ 21.17 crore of the 2<sup>nd</sup> instalment of GBGs for 2014-15. This has caused a loss of ₹ 21.17 crore pertaining to the year 2014-15 due to completion of 13<sup>th</sup> FC award period by 2014-15.

### **5.6.4 Irregular utilisation of fund**

As per 13<sup>th</sup> and 14<sup>th</sup> FC recommendations, grants distributed to the ULBs were to be utilised for delivery of core basic services viz., water supply, sewerage, storm water drainage, solid

waste management, maintenance of community assets, maintenance of roads, street lighting and other functions assigned to them under relevant legislation. The DMA instead of releasing the FC grants to the ULBs, released (between May 2012 and January 2015) ₹ 13.27 crore to the Public Works Department (PWD), Assam for construction of Urban Management Institute at Guwahati which was against the FC recommendations.

Further, the purpose of creation of Urban Management Institute also remained unachieved due to non-completion of the construction work till March 2017.

### 5.7 Delivery of basic services to citizens for their welfare

The FC grants were to be utilised for delivery of core basic services *viz.*, water supply, sewerage, storm water drainage and solid waste management. Status of utilisation of FC grants for basic services are shown in the **Table 5.3** below:

**Table-5.3: Expenditure on basic civil amenities out of FC grants**

<b>Water supply</b>	Out of 23 selected ULBs covered under this audit, only 3 ULBs <i>viz.</i> , Dhubri, Jorhat and Tezpur MB incurred expenditure of ₹ 1.30 crore for renovation/ repairing of water tanks for own water supply schemes whereas two MBs <i>viz.</i> , Howly TC and Barpeta Road MB spent ₹ 1.18 crore towards maintenance of water supply run by PHE department. No fund was utilised by the ULBs for execution of new water supply schemes out of FC grants. Further, the ULBs did not have plan for execution of water supply scheme.
<b>Sewerage</b>	None of the 23 selected ULBs covered under this audit, ULBs had specific plan for sanitation. Only four ULBs <i>viz.</i> , Barpeta Road, Tezpur, Bongaigaon, Naharkatia incurred an expenditure of ₹ 1.06 crore for purchase of cesspool out of FC grants. However, details of utilisation of cesspool were not produced to audit.
<b>Solid Waste Management</b>	The 23 selected ULBs covered under this audit, incurred an expenditure of ₹ 3.18 crore out of 13 <sup>th</sup> and 14 <sup>th</sup> FC Grant. The funds were utilised by the ULBs for procurement of dustbins, JCBs, carts, tricycle <i>etc.</i> , for collection and clearance of garbage. However, except door to door collection of the garbage, no substantial efforts were taken by the ULBs for effective solid waste management.
<b>Storm Water Drainage</b>	All the ULBs did not have specific plan for Storm Water Drainage (SWD). Funds released under FC grants were mostly utilised for construction of roads and road side drains. Out of FC grants, the selected ULBs incurred expenditure of ₹ 5.03 crore for construction of drains and ₹ 7.30 crore for repair/renovation and construction of roads frustrating the objective of SWD to protect the city from flash flood and water logging.

**5.7.1 Service standards for basic services**

As per 13<sup>th</sup> and 14<sup>th</sup> FC recommendations, the State Governments would notify or cause all the ULBs to notify the service standards for four service sectors: water supply, sewerage, storm water drainage and solid waste management. Each ULB had to achieve the notified standard by the end of the succeeding fiscal year. GoA accordingly notified (March 2011) service standards for four Service Sectors to be achieved by the ULBs.

In the 23 ULBs covered in this audit, coverage of basic services is as detailed in **Table-5.4** below:

**Table-5.4: Status of coverage of basic services by the ULBs as reported by the selected ULBs**

Sl. No.	Name of the service	No of ULBs which are providing Basic services	No of ULBs which are not providing Basic services
1.	Water supply	5	18
2.	Sewerage	2	21
3.	Solid Waste Management	16	7
4.	Storm Water Drainage	5	18

It is seen from the above that number of ULBs providing basic services were very few. Further, only a few ULBs reported to achieve set bench marks in terms of water supply, sewerage and storm water drainage. For Solid Waste Management, 16 ULBs though reported achievement of set benchmarks; it was mostly on the basis of expenditure incurred for procuring carts, tricycle, van, JCB for collection of solid wastes.

Nine out of 23 selected ULBs covered under this audit did not have any dumping grounds resulting dumping of solid wastes in nearby low lying areas posing threat to health and causing adverse impact on environment.

In Dibrugarh, solid wastes were dumped on the bank of river Brahmaputra which severely contaminated the river water. Further, segregation and disposal of wastes were not carried out. The untreated dumped wastes as shown in the photographs below, pose serious health hazards.



**Solid Wastes are being dumped in bank of Brahmaputra river in Dibrugarh MB**



**Garbage being thrown on road side by Barpeta Road MB**

Thus, the main objective of providing FC grants for better civic services to urban areas remained unachieved and selected ULBs had failed to provide the intended benefits of FC grants to the citizens.

### 5.7.2 Blockade of fund

As per instructions contained in the sanction letters issued by Finance Department, ULBs should utilise the grant as per provision made and submit the UC to the DMA along with photographic evidence.

Jorhat MB received GBG of ₹ 2.97 crore under 13<sup>th</sup> FC and 14<sup>th</sup> FC during 2013-15. Jorhat MB, instead of utilising the fund, withdrew an amount of ₹ 2.75 crore from its bank account and deposited the same in Fixed Deposit (FD) for one year in Central Bank of India, Gar Ali, Jorhat.

Later, out of the above amount of ₹ 2.75 crore, ₹ 1.25 crore was encashed (Oct 2016) with accrued interest of ₹ 0.03 crore and deposited to the 13<sup>th</sup> FC bank account keeping the balance amount of ₹ 1.50 crore in FD. Parking of money into fixed deposit instead of using it in intended purpose was in violation of Department's order.

### 5.7.3 Diversion of fund

The FCs recommended that GBGs were to be utilised for delivering basic civic services by ULBs. Nine ULBs out of the 23 selected ULBs in violation of FC guidelines incurred expenditure of ₹ 6.89 crore for payment of salary, retirement benefit, electricity bill and honorarium for chairperson and members, *etc.*, out of 13<sup>th</sup> and 14<sup>th</sup> FC grants as detailed in **Table-5.5** below:

**Table-5.5: Statement showing diversion of fund**

(₹ in crore)			
Sl. No.	Name of Unit	Name of work/ scheme	Amount diverted
1	Dhubri MB	Monthly salary to staff , Sweeper & MR Staff	0.86
		Provident Fund & Assam Professional Tax of staff	0.09
		Part payment of Gratuity to the retired employees	0.05
2	Abhyapuri TC	Monthly salary paid to office staff	0.16
		CPF, GSLIS, Assam Professional Tax	0.02
3	Tezpur MB	Monthly salary paid to staff for the month from Jan/2016 to March/2016	0.36
		Fixed pay, Honorarium for chairperson, Vice Chairman & Ward Commissioner, Special Allowance for Executive Officer, Allowances & Inspecting charges to UHO & Vetty. Officials, Festival Advance, Labour payment for cleaning work (Temporary) to Horizon & MR employee	0.11
		Retirement benefits to 8 Nos. of employees @₹ 30000 each	0.02
4	Sarthebari TC	The fund utilised for implementation of schemes under 4 <sup>th</sup> ASFC	0.33

5	Jorhat MB	Payment of salary to staff	0.32
		Payment of Electricity bill	0.23
6	Hailakandi MB	Payment of salary to staff	0.16
7	LalaTC	Payment of salary to staff	0.11
8	GMC	Payment of salary to staff	2.72
9	Lumding MB	Payment of Electricity bill	1.35
		<b>Total</b>	<b>6.89</b>

The expenditure of ₹ 6.89 crore spent on salary and payment of electricity bills was an irregular diversion of FC grants at the cost of providing basic services to the urban population.

#### 5.7.4 Irregular expenditure

(i) Clause 16 of the Bye-Laws, 2000 under GMC Act, 1971 relating to collection, removal and disposal of Municipal Solid Waste (MSW) and efficient cleaning and scavenging of streets, drains and premises states that door to door collection of MSW shall be made by the corporation on full cost recovery basis.

GMC engaged Non-Government Organisations (NGOs) in 31 Wards for primary collection from households and commercial complexes since September 2013.

The NGOs had to collect user charges from the households and commercial complexes at specified rate and deposit the same in the GMC's bank account from which NGOs service charges would be paid. During 2016-17, GMC, however, paid ₹ 0.65 crore as service charges to NGOs from the grants received under 13<sup>th</sup> FC which was irregular. Further, these NGOs were required to segregate waste initially at household level as per instruction of GMC but the same had not been followed. Instead, the collected waste had been dumped at the disposal site at Boragaon within GMC area.



**Dumping site at Boragaon**

(ii) Finance (Economic Affairs) Department, GoA sanctioned and released (23 March 2015) ₹ 5.10 crore being 2<sup>nd</sup> instalment of 2013-14 under 13<sup>th</sup> FC Award to GMC for 2013-14 for utilisation against the core basic services like water supply, sewerage, SWM, storm water drainage, street lighting, roads, markets, etc.

Out of the released amount of ₹ 5.10 crore, the GMC incurred an expenditure of ₹ 0.75 crore from 13<sup>th</sup> FC grants for clearance of outstanding payment to contractors against the works done/executed under 4<sup>th</sup> Assam State Finance Commission award as detailed in **Table-5.6** below :

**Table-5.6: Statement showing details of outstanding payment**

(₹ in crore)				
Sl. No.	Name of the contractor	Item of work done	Cheque no. & date	Amount
1.	Global Trade Enterprise	Improvement of road and drain in GMC areas under 4 <sup>th</sup> FC, 2012-13	579757 dt.30/03/2015	0.33
2.	Oriental Engineers	Beautification protection of river Bharalu under 4 <sup>th</sup> FC, 2011-12	969888 dt.10/04/2015	0.40
3.	Simony System of Solutions	Supply of 5 nos. Acer Laptop	969987 dt.30/07/2015	0.02
			<b>Total</b>	<b>0.75</b>

Thus, the action taken by GMC for clearance of payment to contractors for schemes other than as intended under 13<sup>th</sup> FC was irregular.

#### **5.7.5 Unfruitful expenditure**

(i) The Executive Engineer, Division-II, GMC issued (15 October 2012) work order to a contractor for execution of the work “Construction of drain at Hedyatpur from P.D. Chaliha Road end in Ward No. 34, 35 under 13<sup>th</sup> FC grant” at tendered value of ₹ 10.80 lakh. The work was scheduled to be completed in 60 days. However, after physical progress of 60 *per cent*, the work was abandoned without any recorded reason. GMC paid (December 2012) ₹ 7.46 lakh to the contractor for the works executed. Thus, the expenditure of ₹ 7.46 lakh proved to be unfruitful as the purpose of construction of the drain remained unachieved. The Commissioner, GMC stated (October 2017) that action has been initiated for completing the work departmentally.

(ii) GMC took up a work “Construction of boulder masonry storm water drain from Gandhibasti to Paltanbazar” under 13<sup>th</sup> FC grant at an estimated cost of ₹ 0.95 crore to prevent water logging in the locality due to the artificial flooding during rainy season.

Audit observed that the portion from chainage 42.48 m to 710.26 m (667.78m length) of the existing drain is *Kutch* drain and was already blocked. GMC took up the work measuring 516.92 m from chainage 42.48 m to 559.40 m.

GMC awarded (March 2013) the work to a contractor at tendered value of ₹ 0.79 crore. The work was completed in October 2013 at a cost of ₹ 0.74 crore. GMC, however, did not initiate any action to construct the remaining portion of the drain covering length of 150.86 m. (667.78-516.92) As a result, the purpose of construction of the storm water drain to reduce water logging in the area remained unachieved which resulted in unfruitful expenditure of ₹ 0.74 crore.

### 5.7.6 Inadmissible Works

As per the recommendation of FCs, grants were to be utilised for four core services to achieve the targets set by the State in this regard. The State High Level Monitoring Committee (HLMC) in its meeting held in August 2010 decided that ULBs including GMC would take up all maintenance works relating to the services for four service sectors, street lighting and other public utilities like parks, gardens, playground, places for social event, footpath, community toilet, waiting shed and health & sanitation, roads, markets, office building, etc.

Out of 23 ULBs covered under audit, ten ULBs spent ₹ 4.88 crore for construction of roads, community halls, repairing of departmental vehicles, purchase of tyres, tubes, etc., violating the HLMC's directive, as shown in **Table-5.7**.

**Table-5.7: Statement showing fund incurred on inadmissible works**

(₹ in crore)			
Sl. No.	Name of ULB	Name of work/ scheme	Expenditure
1	Gohpur TC	Construction of community hall	0.03
		Construction of road	0.20
2	Bongaigaon MB	Construction of community hall	0.10
3	Biswanath Chariali MB	Construction of road & <i>Bibah Bhawan</i>	0.34
4	Abhayapuri TC	Construction of road	0.22
5	Tezpur MB	Construction of road	0.17
6	Gouripur TC	Construction of road	0.13
7	Dibrugarh MB	Construction of road	0.03
8	Kampur TC	Construction of road	0.23
9	Daboka TC	Construction of road	0.05
		Construction of road	0.07
10	GMC	Construction of road	3.05
		Repairing of departmental vehicles, purchase of tyres, tubes etc.	0.26
<b>Total</b>			<b>4.88</b>

In the backdrop of ULBs failing to achieve the target of providing core basic services set by GoA as mentioned above, ₹ 4.88 crore incurred on inadmissible items was avoidable.

### 5.7.7 Gross negligence in purchases

As per Rule 129 of the General Financial Rule (GFR), each Drawing and Disbursing Officer (DDO) has to invite tender/quotation from the registered Supplier/Firm while procuring any items.

Four ULBs incurred expenditure of ₹ 2.04 crore out of FC grants without following necessary purchase procedures as shown in **Table-5.8** below:

**Table-5.8: Statement showing fund incurred without necessary procedure****(₹ in crore)**

Sl. No.	Name of ULB	Procurement	Expenditure
1	Jorhat MB	Computer, Compactor machine, Bins, Pressurised plates, Mini refuse collector <i>etc.</i>	1.48
2	Gohpur TC	Open drain cleaning machine ( <i>Nalaman</i> ), Hydraulic Rickshaw Tipper, Garbage picker, Two wheeler Tipping Trolley <i>etc.</i>	0.23
3	Hailakandi MB	construction materials	0.16
4	Mariani TC	Computer related items, mobile garbage container and water tanks <i>etc.</i>	0.17
<b>Total</b>			<b>2.04</b>

Further, the Mariani TC executed seven works valuing ₹ 38.48 lakh through contractor during 2013-14 to 2015-16 without inviting tender.

Thus, due to non-observance of the codal formalities, genuineness of rates remained unassessed.

## **5.8 Monitoring and Evaluation**

As per para 9.1 of 13<sup>th</sup> FC guideline and para 23 of the 14<sup>th</sup> FC guidelines, each State Government had to constitute a High Level Monitoring Committee (HLMC) headed by Chief Secretary with the Finance Secretary and other departmental concerned Secretaries. HLMC was responsible for monitoring and carrying out concurrent evaluation of the Local Bodies receiving the grant to ensure that funds are utilised for the purpose recommended by the Finance Commission.

Accordingly, HLMC was constituted and it decided (26 August 2010) to form three types of monitoring and evaluation committees for proper implementation of schemes within stipulated time.

The proposed committees were:

- Commissioner or Director Level Committee;
- District Level Monitoring Committee (DLMC); and,
- Local Self Government Institute Monitoring Committee (LSGIMC)

GoA did not form the Commissioner/ Director Level Committee. However, DLMC and LSGIMC were formed during March 2016 and January 2016 respectively but no monitoring was carried at any level nor any evaluation of utilisation of FC grants was carried out in the absence of which the grant funds were open to mismanagement and misutilisation.

### **5.8.1 Non-maintenance of separate bank accounts**

As per FC recommendations, GoA transferred funds electronically to bank accounts of the ULBs.

16 out of 23 ULBs covered under this audit did not maintain separate bank accounts for FC grants. ULBs deposited the funds received as FC grants in bank account meant for their own revenues. In Seven ULBs<sup>54</sup>, separate accounts were maintained but interest amounting to ₹ 4.38 crore remained unutilised.

Further, audit observed that GMC maintained two savings accounts (State Bank of India and Axis Bank Ltd.) in respect of FC grants. During the period covered in Audit, GMC earned interest of ₹ 3.93 crore which was not accounted for in the Cash book. Due to non-accountal, the possibility of misutilisation of unaccounted amount existed.

Audit could not ascertain the position of accrual of interest on FC grants and its utilisation in 16 ULBs due to non-maintenance of separate bank accounts for FC grants.

### **5.8.2 Creation of Database**

HLMC in its meeting on 26 August 2010 decided to create database for maintenance of Accounts out of 13<sup>th</sup> FC Grants. GoA accordingly released ₹ 4.84 crore during 2010-11 to 2012-13 to ULBs for preparation of database software for tax and revenue management system as per Assam Municipal Accounting Manual (AMAM). Audit however observed that out of ₹ 1.61 crore released to 22 out of 23 ULBs<sup>55</sup> covered under this audit, nine ULBs did not utilise the funds of ₹ 30 lakh sanctioned for the purpose and six ULBs could not make data base functional, though, an amount of ₹ 29.93 lakh was incurred on it as detailed in *Appendix-XIV*. The ULBs failed to achieve the objective of creation of database and preparation of accounts even after expenditure of ₹ 1.61 crore.

### **5.8.3 Tax Revision**

As per recommendation of 13<sup>th</sup> and 14<sup>th</sup> FC, every ULB had to ensure proper tax reform including objective determination of the base and its regular revision to adjust for inflation.

Except GMC, none of the ULBs revised taxes as intended to improve their own revenues. As a result of non-revision of tax rates, the ULBs failed to generate additional revenue to augment their resources from time to time. It also resulted in denial of GPG to GoA as discussed in paragraph 5.6.2 above.

<sup>54</sup> Barpeta Road MB, Bongaigaon MB, Jorhat MB, Tezpur MB, Sarthebari TC, Teok TC and GMC.

<sup>55</sup> No fund was released to GMC for creation of database.

## 5.9 Conclusion

Based on the units covered under this audit, performance of the urban local bodies in Assam with respect to utilisation of 13<sup>th</sup> and 14<sup>th</sup> FC grants was found to be deficient and inadequate as detailed below.

- Proper and sustainable planning to provide basic services, as envisaged under the FC recommendations was absent.
- Delayed and short release of funds to ULBs was common.
- GPG and Second instalment of GBG for 2014-15 and 2015-16 could not be released due to non-compliance of eligibility conditions and non-submission of UCs respectively.
- Full funds were not utilised which resulted in blockade of central funds; besides, there were diversion of funds, execution of inadmissible and irregular works.
- Database for tax and revenue management system was not created in the MBs and TCs although funds were provided to them.
- Local bodies did not keep up to date accounts, indicating poor financial management.
- Monitoring and evaluation were not carried out in time to facilitate mid-course correction.
- Violation of General Financial Rules was observed in purchasing of items.
- Basic civic services *viz.*, water supply, sewerage, SWM and SWD could not be provided as per the set benchmarks.

## 5.10 Recommendations

GoA may implement the following recommendations for proper utilisation of FC grants:

- Strengthening of internal control and monitoring system for appropriate financial management, evaluation and timely intervention for effective implementation of programmes and utilisation of resources.
- Timely and full release of Grants to ULBs.
- Timely submission of UCs and compliance of eligibility conditions for GPG.
- Proper planning and utilisation of FC grants for the intended purposes
- Compliance of General Financial Rules in all transactions.
- Government should take urgent initiative to start SWM in at least selected cities/towns.



# **CHAPTER VI**

## **Compliance Audit of Urban Local Bodies**



## Chapter-VI

### COMPLIANCE AUDIT OF ULBs

#### 6.1 Misappropriation in Guwahati Municipal Corporation

*The cashier of the Guwahati Municipal Corporation misappropriated ₹1.84 crore by not depositing the amount collected in cash from different branches of Guwahati Municipal Corporation in the bank accounts of Guwahati Municipal Corporation.*

Rule 95 of the Assam Financial Rules (AFR) states that:

- Each entry in the cash book should be verified daily by the head of the office or by a gazetted officer authorised by him. The head of the office will be responsible for the accuracy of the cash book and of the cash balance.
- The cash book should be closed and balanced each day and the head of the office or his duly authorised representative should put his dated initials in the cash book.
- The balance of each column at the end of the month should also be verified with the balance of cash in hand and a certificate to the effect should be recorded in the cash book.
- When government moneys in the custody of a government officer are paid into the treasury or the bank, the head of the office making such payments should compare the treasury officer's or the bank's receipt on the challan or his pass book with the entry in the cash book before attesting it and satisfy himself that the amounts have been actually credited into the treasury or the bank.

The Guwahati Municipal Corporation (GMC) maintained 11 bank accounts for deposit of revenue collected from 14<sup>56</sup> different sources/branches. The branches were to deposit the revenue in the form of cash and cheque in the Cash Branch of GMC and get it acknowledged by the cashier. The cashier was to deposit the cash received from various branches, in the GMC's Bank Account on the same day and record it in the cash book maintained by the Cash Branch.

Audit noticed irregularities in maintenance of cash book for the years 2013-16. However, the irregularities still (April 2017) existed as scrutiny of cash book maintained by the Cash Branch for the year 2015-16 revealed that:

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<sup>56</sup> 1. Vehicle auction 2. Damping 3. Penalty 4. Miscellaneous/Copying 5. Septik Tank (Cess Pool) 6. Planning Branch 7. Veterinary Branch 8. Market Branch 9. Tender 10. Mutation 11. Slow Moving Vehicles (SMV) Branch 12. NGO 13. Health Branch and 14. Hoarding and Advertisement.

- The cashier worked out neither opening balance nor closing balance at the end of each day/month.
- The Drawing and Disbursing Officer (DDO) never certified the cash book during the period covered by audit.
- The cashier recorded the cash (amounting to ₹ 7.68 crore during 2015-16) and cheques receipts from the different branches of GMC daily in the receipt side of the cash book. The cashier, however, had not recorded all entries for the cash deposited in bank regularly in the payment side of the cash book.

Scrutiny (January-March 2017) of bank accounts and cash book maintained by the cash branch of GMC revealed that during the year 2015-16, ₹ 7.68 crore was collected in cash. Out of ₹ 7.68 crore, the cashier deposited only ₹ 5.94 crore in the respective bank accounts, resulting in non-deposit of ₹ 1.74 crore. A consolidated statement of cash received by the Cash Branch from different sources/branches and amount actually deposited in the respective bank accounts is shown in **Table 6.1** below:

**Table-6.1: Short deposit of the collected revenue in the bank during 2015-16**

(Amount in ₹)

Sl. No	Sources/Branches	Cash received as per cash book	Cash deposited in Bank as per Bank Statement	Cash not deposited in Bank account	Account Number
1	Vehicle auction, Damping, Penalty, Miscellaneous/Copying, Septic Tank	40,98,834	28,76,315	12,22,519	10823642869
2	Septic Tank <sup>57</sup>	22,47,866	11,67,984	10,79,882	34560040260
3	Planning Branch	2,75,90,116	2,23,54,805	52,35,311	10823647040
4	Veterinary Branch	18,81,700	11,03,330	7,78,370	32342154488
5	Market Branch	2,04,32,442	1,87,91,785	16,40,657	34560062455
6	Tender	6,25,950	4,97,600	1,28,350	32343473152
7	Mutation	2,08,029	1,83,890	24,139	32343448784
8	Slow Moving Vehicle (SMV)	34,17,954	12,55,470	21,62,484	32342133105
9	NGO	8,24,660	7,55,550	69,110	32343542492
10	Health	1,54,30,570	1,03,69,760	50,60,810	32345420970
<b>Total</b>		<b>7,67,58,121</b>	<b>5,93,56,489</b>	<b>1,74,01,632</b>	

Further cross verification of deposit sheets collected from different branches of GMC, receipt books, bank statement and cash book maintained by the Cash Branch for the year 2015-16 revealed that though the cashier received ₹ 9.67 lakh in cash against 31 money receipts/deposit sheets from four<sup>58</sup> branches, it was neither recorded in the cash book nor deposited in GMC's bank account.

<sup>57</sup> A separate bank account (account no.-34560040260) for depositing the revenue from septic tank (cess pool) was opened and started depositing cash w.e.f. 17.11.2015.

<sup>58</sup> Planning, Market, Health and Slow moving vehicle Branches

The detail of cash received by the cashier which was neither recorded in the cash book nor deposited in the bank is shown in **Table 6.2** below:

**Table 6.2****(Amount in ₹)**

Sl. No.	Amount received from	Date of receipt	Amount	Reference	
				Receipt Book No.	Leaf no.
1	Planning Branch	15.10.15 to 20.01.2016	8,01,971	2927	292636-292640
				2928	292723-292733 and 292758-292765
				3783	378207
2	Market Branch	30.05.15, 2.11.15, 13.01.16, 21.10.16	80,484	Deposit sheets of Market Branch acknowledged by cashier	
3	Heath Branch	22.09.2015	51,500	Deposit sheets of Health Branch acknowledged by cashier	
4	SMV Branch	16.11.2015	33,290	Cash book of SMV Branch where cashier of cash branch had received cash.	
<b>Total</b>			<b>9,67,245</b>		

The Commissioner, GMC who was also the DDO, was responsible to certify the cash book after ensuring that the amounts have been actually credited in the bank account. However, he was unaware of the short deposit of ₹ 1.74 crore and non-accountal of receipt of ₹ 0.10 crore as he never verified the cash receipt with the bank deposit during the period covered in audit. Moreover, he did not detect the discrepancies in the cash book through the prescribed monthly checks on the closing balance of cash. Thus there was no supervision upon the cash actually collected and deposited in the bank by the cashier.

At the instance of audit, GMC conducted a departmental enquiry (July 2017) and lodged a FIR against the cashier and the police arrested the cashier (July 2017). However, the misappropriated money is yet to be recovered.

Thus, failure of the Commissioner, GMC to exercise necessary oversight over cash management not only allowed the cashier to violate Financial Rules by not depositing the revenue in the bank on receipt from different sources/branches but also resulted in misappropriation of ₹ 1.84 crore, (short deposit: ₹ 1.74 crore and non-accountal: ₹ 0.10 crore) as the whereabouts of the money is not known.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

## 6.2 Loss of revenue to Guwahati Municipal Corporation

*Guwahati Municipal Corporation suffered loss of revenue of ₹16.08 lakh due to lack of monitoring of deposit of lease value by lessee of the Beltola Bi-weekly market besides suspected misappropriation of ₹6.49 lakh.*

As per Clause 3 of Guwahati Municipal Corporation (Lease of Parking places and Markets) Bye-Laws, 2009, the Commissioner, GMC is competent to lease out parking places and markets belonging to the Corporation annually with the approval of the Standing Finance Committee or the Corporation as the case may be. Further, clause 13 of the Bye-Laws states that the lessee shall deposit 50 *per cent* of the settled value as advance deposit. The balance 50 *per cent* shall be paid in equal number of weekly/monthly instalments as may be fixed in advance.

(A) The Commissioner, GMC invited (23.03.2015) tender for settlement of five GMC notified markets which included Beltola Bi-weekly market. The Commissioner, GMC allotted the lease<sup>59</sup> of Beltola Bi-weekly market to M/s Puja Construction, being the highest eligible bidder, for an amount of ₹ 88.51 lakh for 2015-16. However, due to delay in finalisation of lease, GMC restricted the operation period to a period of 11 months 9 days (*w.e.f.* 22.04.2015 to 31.03.2016) at a reduced rate of ₹ 83.45 lakh.

The Bye-Laws stated that the lessee shall deposit 50 *per cent* of the settled value as advance deposit but the agreement prescribed 30 *per cent* of the settled value to be paid as advance. The lessee had to, accordingly, pay an advance of ₹ 25.03 lakh. Further, the lessee had also to pay an instalment of ₹ 6.49 lakh along with the advance payment and the remaining amount in eight equal instalments of ₹ 6.49 lakh. If the lessee fails to pay any of the instalments on the scheduled date, 20 *per cent* surcharge was to be paid. Further, the agreement also envisaged that if the lessee fails to pay two consecutive instalments together with surcharge, the lease settlement shall be terminated forthwith and earnest money and 30 *per cent* deposit as advance payment shall be forfeited.

Scrutiny of records of the Market Branch of GMC revealed that the lessee paid (20-04-2015) ₹ 31.52 lakh in monthly instalments by cheque as well as cash (July 2015 to October 2016) as detailed in **Table 6.3** below:

<sup>59</sup> *Markets belonging to GMC are leased out on an annual basis to a private party which bids highest revenue & pay lumpsum amount to the GMC and thereby gets the right to collect toll at the rate fixed by the GMC, from the shops and vendors of the market on behalf of GMC.*

**Table 6.3: Payment made by the lessee of Beltola Bi-weekly market to GMC****(Amount in ₹)**

Sl. No	Instalment due on		Instalment paid on		Remark
	Date	Amount	Date	Amount (Cash)	
1	31.05.2015	6,49,052	28.09.2015	6,49,052	Cheque no. 989415 dated 10.07.15 bounced. Cash paid after a delay of 120 days.
2	30.06.2015	6,49,052	24.07.2015	6,49,052	Cheque no.989428 was encashed. (Delay of 24 days).
3	31.07.2015	6,49,052	17.10.2015	6,49,052	Cheque no- 977223 dated 26.08.15 bounced. Cash paid after a delay of 78 days.
4	31.08.2015	6,49,052	-	-	Cheque no. 977225 dtd 08.10.15 bounced No repayment was made against the bounced cheque.
5	30.09.2015	6,49,052	30.10.2015	6,49,052	Cash paid after a delay of 30 days.
6	31.10.2015	6,49,052	30.11.2015	6,49,052	Cash paid after a delay of 11 days.
7	30.11.2015	6,49,052	22.12.2015	6,49,052	Cash paid after a delay of 22 days.
8	31.12.2015	6,49,052	27.01.2016	2,50,000	₹ 2.50 lakh paid (27.01.16) in cash and ₹ 3,99,052 in cheque (30.01.16) but cheque bounced. Against which, ₹ 2.00 lakh paid in cash. Remaining amount of ₹ 318768 (including penalty of ₹ 119716 was paid vide cheque No.-512279 dated 05.10.2016.
			05.10.2016	3,99,052	
<b>Total</b>		<b>51,92,416</b>		<b>45,43,364</b>	<b>₹ 6,49,052 remained outstanding</b>

- As seen from the above table, four out of five cheques deposited by the lessee had bounced due to which the lessee paid the instalments in cash at a later date for the bounced cheques except Cheque no. 977225 for ₹ 6.49 lakh against which no repayment was made.
- The lessee was supposed to pay an amount of ₹ 51.92 lakh through eight instalments, whereas, the lessee paid ₹ 45.43 lakh by way of seven instalments. Hence, there was a short payment of one instalment *i.e.*, ₹ 6.49 lakh.
- The lessee had to pay instalments on the last day of every month in advance but the same was also delayed every time. As payment of all the eight instalments were delayed, the lessee had to pay surcharge amount of ₹ 9.59 lakh but the same was not charged by the GMC as shown in the **Table 6.4:**

**Table-6.4: Details of penalty not levied on the lessee**

(Amount in ₹)

Sl. No	Amount	Due date of instalment	Instalment paid on	Penalty (@ 20 per cent of ₹ 649052)	Remarks
1	649052	31.05.2015	28.09.2015	129810	No penalty was levied
2	649052	30.06.2015	27.07.2015	129810	
3	649052	31.07.2015	17.10.2015	129810	
4	649052	31.08.2015	Not deposited	129810	
5	649052	30.09.2015	30.10.2015	129810	
6	649052	31.10.2015	30.11.2015	129810	
7	649052	30.11.2015	22.12.2015	129810	
8	250000	31.12.2015	27.01.2017	50000	The balance amount of ₹ 399052 was paid vide cheque and penalty was also levied for late payment.
<b>Total</b>				<b>958670</b>	

Further, the GMC also refunded the Earnest Money and Security Deposit amounting to ₹ 1.77 lakh (₹ 1,32,004 + ₹ 45,010) stating that the lessee had paid the full amount. However, the lessee had not paid full lease value as per agreement.

Thus, GMC suffered a loss of revenue of ₹ 16.08 lakh (₹ 6,49,052 remained outstanding against the lessee and penalty of ₹ 9,58,670 not charged upon the lessee) due to lack of monitoring by the Market Branch and the Accounts Officer of GMC.

(B) Further scrutiny revealed that though seven instalments amounting to ₹ 45.43 lakh were received from the lessee, only six instalments amounting to ₹ 38.94 lakh were deposited in the Bank account (SBI a/c no. - 34560062455) which was in violation of the financial rules and resulted in short deposit of ₹ 6.49 lakh in the bank.

Thus, the lessee neither deposited ₹ 6.49 lakh in the bank account nor was it found in cash leading to suspected misappropriation of the said amount.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

**6.3 Undue benefit to contractor by grant of mobilisation advance and loss due to non-levy of interest by Gossaigaon Town Committee**

*Gossaigaon Town Committee irregularly granted mobilisation advance to the contractor beyond the prescribed limit besides incurring a loss of ₹21.64 lakh for not levying interest on the advance released to the contractor.*

Assam Public Works Department Code does not provide for Mobilisation Advance (MA) to contractors. However, Section 31.5 of the Central Public Works Department (CPWD) Manual 2007 provides for grant of Mobilisation Advance (MA) to contractors against a Bank Guarantee

of a scheduled bank for the full amount of advance. The advance is limited to 10 *per cent* of the tendered amount on which simple interest at 10 *per cent* per annum is to be charged from contractor.

Government of Assam, accorded (24 March 2009) Administrative Approval and financial sanction of ₹ 2.02 crore for the project “Storm Water Drainage” at Gossaigaon Town under the Urban Infrastructure Development Schemes for Small & Medium Towns under the Jawaharlal Nehru National Urban Renewal Mission during 2009-2010. The Director, Public Works Department, Bodoland Territorial Council (BTC), Kokrajhar prepared estimate for the work as per APWD Code. The Director also approved technical sanction to the work. Gossaigaon TC awarded (4 August 2011) work to a contractor at the tendered cost of ₹ 2.00 crore and the contractor completed the work in December 2015.

Scrutiny (March 2017) of records of the Chairman, Gossaigaon TC revealed that even though the estimates were prepared based on APWD code, ₹ 1.00 crore was paid as MA to the contractor in three instalments (January 2012: ₹ 30 lakh, March 2012: ₹ 10 lakh and July 2012: ₹ 60 lakh) extending the benefit available under the CPWD Code. However, the CPWD Code was not followed by the GoA. Further, it was seen that:

- Gossaigaon TC had not followed the norms fixed by the CPWD Manual 2007. It released ₹ 1 crore (being 50 *per cent* of the value of the entire work: ₹ 2 crore) to the contractor as MA against the limit of 10 *per cent* i.e., ₹ 20 lakh.
- Gossaigaon TC released MA to the contractor without any Bank Guarantee from Scheduled Bank, which was mandatory as per CPWD Manual 2007.
- Gossaigaon TC levied no interest upon the contractor against release of ₹ 1.00 crore as MA, thereby suffering a revenue loss of ₹ 21.64 lakh.
- There was a provision in the agreement for charging penalty for delay in completion of work. The rate at which the penalty was to be charged was not specified and it was to be decided by the TC. Audit found that the contractor was not charged any penalty in spite of delay in completion of work by 46 months<sup>60</sup>. The Chairperson, Gossaigaon TC had not received any extension request from the contractor for completing the work. He did not take any action to ensure completion of the work in time by the contractor.

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<sup>60</sup> Date of completion as per work order: February 2012  
Actual date of completion of work as per Progress Report: 24.12.2015

Thus, Gossaigaon TC irregularly granted MA of ₹ 1.00 crore against permissible limit of ₹ 20.00 lakh<sup>61</sup>, extending undue financial aid to the contractor. This also resulted in a loss of ₹ 21.64 lakh due to non-levy of interest on the MA.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

#### **6.4 Avoidable expenditure in Dhekiajuli Municipal Board**

*Dhekiajuli Municipal Board incurred avoidable expenditure of ₹11.45 lakh by not deducting 10 per cent contractor's profit for the works executed departmentally.*

Government of Assam, Urban Development Department (UDD) accorded administrative approval and sanctioned ₹ 7.23 crore to Dhekiajuli Municipal Board (MB) for the project "Storm Water Drainage" at Dhekiajuli Town under the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT).

Out of ₹ 7.23 crore released, Dhekiajuli MB incurred ₹ 1.26 crore on execution of 19 works<sup>62</sup> as detailed in *Appendix-XV*, which were departmentally executed by the MB. The Assistant Engineer, Dhekiajuli MB prepared estimates of the works.

As per Assam Public Works Department (APWD) Roads, Schedule of Rates (SOR), 2010-11, all items of civil works include 10 per cent contractor's profit over and above the cost of material and wages of labourers. When work is executed departmentally, without engaging contractor, the work will involve only cost of material and wages of labourers as no profit needs to be paid to any contractor. Thus, the contractor's profit element should not be included in the estimated cost (₹ 1.26 crore).

Test-check (June 2016) of records of the Chairperson, Dhekiajuli MB revealed that the estimates for all the 19 works were prepared on the basis of APWD (Roads), SOR, 2010-11 without deducting the contractor profit element. The Chairman paid full amount of ₹ 1.26 crore for the 19 works which included ₹ 11.45<sup>63</sup> lakh of the contractor's profit element.

Accepting the audit observation, the Chairperson, Dhekiajuli MB stated (June 2016) that the contractor's profit element was not deducted due to oversight.

<sup>61</sup> (Tendered value of work: ₹ 2.00 crore

Admissible MA 10 per cent of tendered value: ₹ 20 lakh)

<sup>62</sup> Works relating to construction of brick masonry drains and RCC box culvert in different wards under Dhekiajuli.

<sup>63</sup> Estimates for 19 works including contractor's profit: ₹ 1.26 crore

Element of contractor's profit to be deducted: ₹ 1.26 crore  $\times 10 \div 110 = ₹ 11.45$  lakh

Dhekiajuli MB incurred an avoidable expenditure of ₹ 11.45 lakh by not deducting 10 per cent contractor's profit element from the estimated value of work executed departmentally.

The Government should instruct all MBs to strictly follow the provisions of the SOR while preparing estimates to avoid such extra expenditure.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

  
(RASHMI AGGARWAL)

Accountant General (Audit), Assam

GUWAHATI  
THE 17 April 2018

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

NEW DELHI  
THE 23 April 2018



# APPENDICES



**Appendix – I**  
**(Ref: Paragraph 1.4.1)**

**Roles and Responsibilities of Standing Committees of PRIs**

Sl. No.	Category of PRI	Political Executive	Name of Standing Committee	Responsibilities
1.	GP	President is the Chairman of each of the three committees	i) Development Committee	Functions relating to agricultural production, animal husbandry and rural industries and poverty alleviation programmes.
			ii) Social Justice Committee	(a) Promotion of educational, economic, social, cultural and other interests of Scheduled castes, Scheduled Tribes and Backward Classes; (b) protection of such castes and classes from social injustice and any form of exploitations; (c) welfare of women and children.
			iii) Social Welfare Committee	Functions in respect of education, public health, public works and other functions of the GP.
2.	AP	President is the Chairman of each committees	i) General Standing Committee	Establishment matters, communication, buildings, rural housing, relief against natural calamities, water supply and all miscellaneous residuary matters.
			ii) Finance, Audit and Planning Committee	Finance of the AP, training, budget scrutinising proposals for increase of revenue, examination of receipts and expenditure statement, consideration of all proposals affecting the finance of the AP and general supervision of the revenue and expenditure of the AP and Planning and consolidating the AP Plans, Co-operation, small saving schemes and any other function relating to the development of AP areas.
		Vice President is the Chairman	iii) Social Justice Committee	Same as in case of GP
3.	ZP	President is the Chairman of each committees	i) General Standing Committee	Same as in case of AP
			ii) Finance, Audit and Planning Committee	Same as in case of AP
		Chairman is elected amongst the elected members of each committee.	iii) Social Justice Committee	Same as in case of AP
	iv) Planning and Development Committee		Activities relating to (a) education, adult literacy and cultural activities as the ZP may assign to it; (b) Health Service, Hospital, Water Supply, Family, Welfare and other allied matters; (c) agricultural production, animal husbandry co-operation, contour [“bundling”] and reclamation; (d) village and cottage industries; (e) Promotion of industrial development of the district.	

**Appendix-II**  
**(Ref: Paragraph 1.12.2)**

**Internal Control System at the level of PRIs**

Provision	Authority	Gist of the provision
Accounts	Section 28, 60 and 97 of AP Act read Rule 8 of AP (F) Rule, 2002.	The Panchayat shall maintain such Book of Accounts and other books in relation to its Accounts.
Budget	Section 27, 59 and 96 of AP Act.	Budget proposal shall be prepared by the respective standing committees taking into account the estimated receipts and disbursement of the following year submitted to the Government for approval.
Reporting of loss due to fraud, theft or negligence	Rule 37 (iv), AP (F) Rules 2002.	To be reported by an officer authorised to inspect the documents of PRIs.
External Audit	Section 29, 61 & 98 of AP Act and Rule 37 (ii) of AP (F) Rules, 2002.	The State Government may prescribe an authority to conduct audit of accounts of PRIs.
Inspections	Section 112 of AP Act and Rule 37 of AP (F) Rules, 2002.	Government or any officer empowered by the Government may inspect any works which are being carried out by GP or AP or ZP.
Execution of works	Rule 36 and 38 of AP (F) Rules, 2002.	Procedure for execution of public works. Fixing of rates in preparation of estimates, powers of various authorities to give Technical Sanction, Invitation of tenders.
Asset Register	Rule 19 of AP (F) Rules, 2002.	To be maintained in the format prescribed under the rule.
Office Procedure Manual	NA	Not prescribed under AP Act, 1994 and AP (F) Rules, 2002.
Internal Audit	Rule 18 of AP (F) Rules, 2002.	Departmental internal auditors to conduct internal audit of PRIs.
Ombudsmen	NA	Not introduced for PRIs in Assam.
Lokayukta	NA	Applicable to all tiers of PRIs.
Citizen Charter	NA	Not introduced for PRIs in Assam.
Right to Information	As per RTI Act, 2005.	Applicable to all tiers of PRIs.
Conduct Rules	State Government.	Rules/Orders Specific to PRIs not available.
Social Audit	As per AREG Scheme 2006.	For MGNREG scheme and IAY.

## Appendix-III

(Ref: Paragraph 2.6)

Status of recommendations/ suggestions made by 4<sup>th</sup> ASFC in respect of PRIs and accepted by GoA

Sl. No.	Recommendation	Status of implementation
1	Revision of rates of remuneration to elected representative of PRIs.	Implemented.
2	The rural part of the DP shall be allocated among different districts on the basis of weighted average of population 50 <i>per cent</i> , geographical area 25 <i>per cent</i> and per capita District Development Plan 25 <i>per cent</i>	Implemented.
3	The district-wise allocation of rural part to be vertically apportioned among the three tiers of PRIs at the ratio of 10:25:65 respectively for ZP, AP and GP	Implemented.
4	The share of each AP and GP to be on the basis of their respective population as per 2001 census	Implemented.
5	Award period of Central and State Finance Commissions to be made co-terminus	Implemented.
6	An untied grant of ₹ 3 lakhs per GP per year.	Partially implemented.
7	Specific purpose grant of ₹ 120.28 crore per year for construction of functional and residential buildings for PRIs at all levels	Partially implemented.
8	Registration of births and deaths to be transferred to the PRIs.	Not implemented.
9	15 <i>per cent</i> of net proceeds of state taxes to form part of the Divisible Pool (DP) in each year	Not implemented.
10	Specific purpose grant of ₹ 852.30 crore for four years for construction/improvement of markets, cremation and burial grounds at all level of PRIs and cold storage for selected GPs.	Not implemented.
11	Grant of ₹ 50 lakh at the rate of ₹ 12.50 lakh per year for training of Auditors in the Directorate of Audit, Local Fund (DLF).	Not implemented.
12	Grant of ₹ 20 crore at the rate of ₹ 5 crore per year for strengthening of SFC Cell.	Not implemented.
13	The release of fund against devolution to be made expeditiously on quarterly basis. General purpose grant for the GPs also to be released quarterly. Release of fund against specific purpose grant to be made quickly on receipt of proposal preferably in two instalment	Not implemented.
14	A permanent SFC Cell to be set up in State Finance Department fully equipped with staff and required physical infrastructure	Not implemented.
15	Panchayat financial year to conform to that of government financial year	Not implemented.
16	Apart from the High Level Monitoring Committee headed by the Chief Secretary, a Monitoring and Evaluation Cell to be set up in the nodal Heads of Department.	Not implemented.
Sl. No.	Suggestion	Status of implementation
1	FASFC has suggested that salary burden of Chief Executive Officer (CEO) and Executive Officer (EO) of Zilla Parishad (ZP) and Anchalik Panchayat respectively currently filled up on deputation are met from the relevant functional head of account. It would be appropriate to meet their non-salary burden from the head of account "3604"-Compensation and Assignment".	Implemented.

2	FASFC has suggested that Annual Technical Inspection Report of the C&AG and Audit Report of the Director of Audit (Local Fund) may be placed before the State Legislature.	Implemented.
3	FASFC has suggested that a local body budget supplement may be presented along with the State budget every year and steps may be taken for incorporation of a similar statement in the Finance Accounts of the State.	Partially implemented.
4	FASFC has suggested that PRIs and ULBs must appreciate that transfer to fund from higher levels of Governments are meant to supplement and not to substitute their own source of revenue and that determined and sustained efforts have to made by them to raise their own resources from all sources allocated to them.	Not implemented.
5	FASFC has given some suggestions for PRIs and ULBs in respect of proper maintenance of accounts and its audit.	Not implemented.
6	FASFC has suggested that in order to motivate that PRIs to be proactive in internal mobilisation the required legal and administrative framework need to be firmly put in place.	Not implemented.
7	FASFC has suggested that annual sale value of ferries, fisheries and hats settled by APs and ZPs may be determined with due regard to prevailing market price and revised annually.	Not implemented.
8	FASFC has suggested that in order to facilities full exploitation of the revenue sources available to the PRIs, the relevant rules and bye-laws may be put in palace first.	Not implemented.
9	FASFC has suggested that for collection of water charges for irrigation works, Water Users Association may be formed by the PRIs.	Not implemented.
10	FASFC has suggested that there is need to spread awareness about the importance of PRIs among general public and PRI functionaries.	Not implemented.
11	FASFC has suggested that the GPs may be reconstituted through merger and reorganisation to make the size of public and PRI functionaries.	Not implemented.
12	FASFC has suggested that all activities listed Schedule XI and XII may be transferred to the local bodies at the appropriate level along with funds and functionaries.	Not implemented.
13	FASFC has suggested that Local bodies may prepare their budget and maintain their accounts in the formats prescribed by C&AG.	Not implemented.
14	FASFC has suggested that in respect of training of PRI personnel, Action Plan on Capacity Building prepared by SIRD appears to be satisfactory and as usual the implementation may be integrated with Centrally Sponsored Scheme of Backward Region Grant Fund (BRGF).	Not implemented.

**Appendix-IV**  
(Ref: Paragraph no. 2.6.5)

**Details of revenue earning sources envisaged for PRIs in the Act/Rules**

Gaon Panchayat	Anchalik Panchayat	Zilla Parishad
<ol style="list-style-type: none"> <li>1. House hold tax @ ₹ 150 and ₹ 250 p.a. for bricks or RCC buildings use for residential or commercial purposes respectively by the owner</li> <li>2. House hold tax @ ₹ 10; ₹ 50 and ₹ 2,000 p.a. for houses constructed by bamboo thatch, C.I. sheet for residential and business purposes by the owner.</li> <li>3. Tax on trade, callings, manufacture and production @ ₹ 350 p.a.</li> <li>4. An additional stamp duty @ 1 admission of each entertainment</li> <li>5. Fee ₹ 2.00 per diem for providing sanitary arrangement at places work, pilgrimage, fairs or <i>melas</i>.</li> <li>6. Water tax ₹ 10 and ₹ 20 p.a. for arrangement of drinking and use for irrigation (per <i>Bigha</i>) purposes</li> <li>7. Light tax not exceeding @ ₹ 10 per point p.m. on arrangement of street light</li> <li>8. Conservancy tax not exceeding @ ₹ 100 and ₹ 50 per occasion for arrangement of cleaning private latrine and urinal respectively.</li> </ol>	<ol style="list-style-type: none"> <li>1. Tolls on persons, vehicle, animal of any class of them at any toll-bar establish by AP</li> <li>2. Toll on ferry establish by AP</li> <li>3. Settlement of Hats and Ghats</li> <li>4. Surcharge of the land revenue at prescribed rate</li> <li>5. Cess or water rate recovery of cost of minor irrigation within the AP's jurisdiction</li> <li>6. Tax on supply of water and lighting</li> <li>7. Tax on profession, trades, manufacturer and production within AP's jurisdiction</li> <li>8. Fees on cinema hall, bricks or tile kilns, saw mills, timber depot, rice mill and hullers, fairs, confectionery and bakery, Pvt. Fisheries and vegetable garden used for commercial purpose.</li> </ol>	<ol style="list-style-type: none"> <li>1. Levy tolls in respect of any ferry establish by it under its establishment</li> <li>2. Fees on registration of boat and vehicles</li> <li>3. Fee providing sanitary arrangement at such places of worship or pilgrimage, fairs and <i>melas</i>.</li> <li>4. Fee for licenses for fair and meals</li> <li>5. Lighting charge where arrangement for lighting public street</li> <li>6. Water charge where arrangement of water supply were made</li> </ol>

**Appendix V**  
**(Ref: Para 2.7.1)**

**Statement showing year wise ZP wise details of UC furnished /not furnished**

**(₹ in crore)**

Sl. No.	Name of ZP	Fund released				UC furnished				UC not furnished			
		2011-12	2012-13	2014-15	Total	2011-12	2012-13	2014-15	Total	2011-12	2012-13	2014-15	Total
1	Barpeta	14.89	6.88	18.52	40.29	9.69	0	0	9.69	5.2	6.88	18.52	<b>30.6</b>
2	Bongaigaon	7.54	3.79	10.4	21.73	0	0	0	0	7.54	3.79	10.4	<b>21.73</b>
3	Cachar	15.09	7.16	19.13	41.38	0	0.98	7.13	8.11	15.09	6.18	12	<b>33.27</b>
4	Darrang	10.15	5.53	11.18	26.86	0	0	0	0	10.15	5.53	11.18	<b>26.86</b>
5	Dhemaji	7.27	2.92	11.01	21.2	3.32	1.44	0	4.76	3.95	1.48	11.01	<b>16.44</b>
6	Dhubri	17.68	7.71	20.54	45.93	10.28	1.14	0	11.42	7.4	6.57	20.54	<b>34.51</b>
7	Dibrugarh	9.31	2.97	15.34	27.62	6.42	0.64	0	7.06	2.89	2.33	15.34	<b>20.56</b>
8	Goalpara	7.95	3.41	12.35	23.71	0	0	0	0	7.95	3.41	12.35	<b>23.71</b>
9	Golaghat	11.24	7.98	13.23	32.45	0	0	0	0	11.24	7.98	13.23	<b>32.45</b>
10	Hailakandi	6.36	2.72	9.22	18.3	0	0	0	0	6.36	2.72	9.22	<b>18.3</b>
11	Jorhat	10.79	4.64	14.55	29.98	1.77	4.89	0	6.66	9.02	-0.25	14.55	<b>23.32</b>
12	Kamrup	15.79	7.68	19.73	43.2	9.29	0	0	9.29	6.5	7.68	19.73	<b>33.91</b>
13	Karimganj	10.4	4.9	13.13	28.43	0	0	0	0	10.4	4.9	13.13	<b>28.43</b>
14	Lakhimpur	9.86	3.45	11.48	24.79	0	0	0	0	9.86	3.45	11.48	<b>24.79</b>
15	Morigaon	4.51	3.79	11.37	19.67	4.51	0.38	0	4.89	0	3.41	11.37	<b>14.78</b>
16	Nagaon	20.76	9.76	25.87	56.39	12.72	1.22	0	13.94	8.04	8.54	25.87	<b>42.45</b>
17	Nalbari	7.3	3.61	10.58	21.49	3.9	0.23	0	4.13	3.4	3.38	10.58	<b>17.36</b>
18	Sivasagar	11.23	5.07	14.71	31.01	6.03	0.45		6.48	5.2	4.62	14.71	<b>24.53</b>
19	Sonitpur	16.07	6.57	21.46	44.1	0	0	0	0	16.07	6.57	21.46	<b>44.1</b>
20	Tinsukia	9.71	3.6	14.39	27.7	5.94	0.62	0	6.56	3.77	2.98	14.39	<b>21.14</b>
<b>Total</b>		<b>223.9</b>	<b>104.14</b>	<b>298.19</b>	<b>626.23</b>	<b>73.87</b>	<b>11.99</b>	<b>7.13</b>	<b>92.99</b>	<b>150.03</b>	<b>92.15</b>	<b>291.06</b>	<b>533.24</b>

**Appendix VI**  
**(Ref: Para 2.7.3)**

**Statement showing PRI wise year wise details of amounts drawn through self-cheque**

Sl. No.	Name of PRI	Amount drawn through self cheque					(₹ in lakh)
		2012-13	2013-14	2014-15	2015-16	2016-17	Total
1	Kamrup ZP	198.93	107.75	32.37	7.73	2.88	349.66
2	Rajajbazar AP	0	0	4.17	0.34	0	4.51
3	Salchapra AP	0	0	4.83	5.15	2.18	12.16
4	Borthal Thailoo GP	0	0	1.64	3.8	0.84	6.28
5	Dighli Lakhicherra GP	0	0	0.84	1.3	0	2.14
6	Bhangrapar GP	0	0	0.67	3.08	0	3.75
7	Kumarpara GP	0	0	0.05	1.88	0	1.93
8	Tingkhong AP	0	0	0	11.26	1.48	12.74
9	Lahowal AP	0	0	2.4	1.73	2.37	6.5
10	Dhaman GP	0	0	0.65	0.12	0	0.77
11	Rohmorla GP	0	0	0	0.14	0	0.14
12	Hiloidhari GP	0	0	0	0.11	0.16	0.27
13	Sivasagar ZP	111.93	214.57	0	0	0	326.5
14	Hollowphukan GP	0	0	0.24	0.42	0.07	0.73
15	Nimonagarh GP	0	0	0	0.12	0.57	0.69
16	Milon GP	0	0	0.77	5.67	0.83	7.27
17	Bharalipukhuri GP	0	0	0.25	3.25	0	3.5
18	Dhubri ZP	2.23	33.95	50.8	24.58	0.66	112.22
19	Jamadarhat AP	0	0	11.25	6.24	0	17.49
20	Golakganj AP	0	0	0	0	12.68	12.68
21	Tarangajhar GP	0	0	0	0.9	2.13	3.03
22	Chirakuti GP	0	0	0	5.06	0	5.06
	<b>Total</b>	<b>313.09</b>	<b>356.27</b>	<b>110.93</b>	<b>82.88</b>	<b>26.85</b>	<b>890.02</b>

**Appendix-VII**

(Para ref: Para 2.8.4, Table 2.10, Sl.no 2)

**Details of material procured in lesser quantity and works executed less by five of the sampled PRIs**

<b>Material procured in less quantity</b>					
<b>Name of PRI</b>	<b>Estimated Quantity</b>	<b>Quantity procured</b>	<b>Less quantity procured</b>	<b>Rate (in ₹)</b>	<b>Value (4) × (5) (in ₹)</b>
(1)	(2)	(3)	(4)	(5)	(6)
Dhubri ZP	27.45 qntl.	18.15 qntl.	9.3 qntl.	6026.82	56049.43
Sivasagar ZP	32.89 qntl.	21.18 qntl.	11.17 qntl.	4761.37	53184.50
Salchapra AP	0.68 qntl.	0	0.68 qntl.	6767.66	4602.00
Tingkhong AP	11.44 qntl.	10.00 qntl.	1.44 qntl.	6902.86	9940.12
Hiloidhari GP	4.92 qntl.	4.00 qntl.	0.92 qntl.	7158.90	6587
	4.92 qntl.	2.40 qntl.	2.52 qntl.	7158.90	18040.43
<b>Total</b>					<b>148402.67</b>
<b>Quantity of work executed less</b>					
Salchapra AP	11.52 sq.m	0	11.52 sq.m	653.01	7522.67
	274.80 cum	145.20 cum	129.60 cum	105.25	13640.40
	18.39 sq.m.	0	18.39 sq.m.	653.01	12008.85
	9.855 sq.m.	0	9.855 sq.m.	405.53	3996.48
Tingkhong AP	142.32 cum	48.10 cum	94.22	345.61	32563.37
Hiloidhari GP	6.362 cum	3.36 cum	3.00 cum	5496.65	16489.95
	27 cum	0	27 cum	345.61	9331.47
	6.624 cum	4.950	1.674	5860.86	9811.08
	6.362	3.36	3.00	5496.65	16489.95
<b>Total</b>					<b>121854.22</b>
<b>Grand Total</b>					<b>270256.90</b>

**Appendix-VIII**  
**Para Ref. (Para 2.8.6)**

Statement showing the PRI wise details of income generating and non-income generating schemes executed (₹ in lakh)							
Sl. No.	Name of PRI	Amount released	Amount utilised	Total no. of Schemes	No. of income generating Schemes	No. of non-income generating Schemes	Per cent of income generating schemes
<b>Kamrup District</b>							
1	Kamrup ZP	320.12	235.07	255	2	253	0.78
2	Bezera AP		16.2	8	0	8	0.00
3	Chayani Barduar AP		3.3	20	0	20	0.00
4	Bihdia Jajikona AP		22.73	13	0	13	0.00
5	Lachitgarh GP		12.68	10	0	10	0.00
6	Agdola GP		2.82	6	0	6	0.00
7	Kochpara GP		6.92	4	0	4	0.00
8	Barenti Maniari Parakuch		5.21	2	0	2	0.00
9	Haradutta		8.11	6	0	6	0.00
10	Karara		7.08	4	0	4	0.00
	<b>Total</b>		<b>320.12</b>	<b>328</b>	<b>2</b>	<b>326</b>	<b>0.61</b>
<b>Cachar District</b>							
11	Cachar ZP	326.03	291.02	174	0	174	0.00
12	Rajapara AP		3.65	5	1	4	20.00
13	Salchapra		8.68	4	2	2	50.00
14	Dighli Lakhicherra GP		4.68	3	1	2	33.33
15	Borthal Thailoo GP		6.28	3	0	3	0.00
16	Kumarpara GP		6.31	3	0	3	0.00
17	Bhangarpa GP		5.41	4	0	4	0.00
	<b>Total</b>		<b>326.03</b>	<b>196</b>	<b>4</b>	<b>192</b>	<b>2.04</b>
<b>Nagaon District</b>							
18	Nagaon ZP	426	334.33	354	29	325	8.19
19	Jugijan AP		16.33	7	2	5	28.57
20	Raha AP		19.79	2	2	0	100.00
21	Khagarijan AP		15.63	11	0	11	0.00
22	Pub Dhaniram Patahar GP		7.47	3	0	3	0.00
23	Ashinagar GP		6.86	3	0	3	0.00
24	Salmara GP		5.48	2	2	0	100.00
25	Pramila GP		7.91	2	1	1	50.00
26	Senchowra GP		6.13	3	0	3	0.00
27	Bebejia Dimow Bangthai GP		6.07	3	1	2	33.33
	<b>Total</b>		<b>426</b>	<b>390</b>	<b>37</b>	<b>353</b>	<b>9.49</b>
<b>Sivasagar District</b>							
28	Sivasagar ZP	200.66	117.69	220	8	212	3.64
29	Mahmora AP		32.95	5	1	4	20.00
30	Lakuwa AP		9.08	17	1	16	5.88
31	Bharalipukhuri GP		10.37	4	0	4	0.00

32	Nimonagarh GP		9.79	10	0	10	0.00
33	Hollowphukan GP		8.83	6	0	6	0.00
34	Milon GP		11.95	8	1	7	12.50
	<b>Total</b>		<b>200.66</b>	<b>270</b>	<b>11</b>	<b>259</b>	<b>4.07</b>
<b>Dibrugarh District</b>							
35	Dibrugarh ZP	270.01	168.3	154	4	150	2.60
36	Tingkhong AP		44.76	6	0	6	0.00
37	Lahowal AP		11.41	14	2	12	14.29
38	Rajgarh GP		14.51	3	0	3	0.00
39	Dhaman GP		9.7	3	0	3	0.00
40	Hiloidhari GP		11.95	4	0	4	0.00
41	Rahmoria GP		9.38	3	0	3	0.00
	<b>Total</b>		<b>270.01</b>	<b>187</b>	<b>6</b>	<b>181</b>	<b>3.21</b>
<b>Dhubri District</b>							
42	Dhubri ZP	383.09	317.11	196	2	194	1.02
43	Golokganj AP		26.55	5	0	5	0.00
44	Jamadarhat AP		13.63	7	0	7	0.00
45	Barundamga GP		9.08	8	0	8	0.00
46	Kachokhana GP		5.4	4	0	4	0.00
47	Chirakuti GP		5.07	4	0	4	0.00
48	Tarangjhar GP		6.25	4	0	4	0.00
	<b>Total</b>		<b>383.09</b>	<b>228</b>	<b>2</b>	<b>226</b>	<b>0.88</b>
	<b>Grand Total</b>	<b>1925.91</b>	<b>1925.91</b>	<b>1599</b>	<b>62</b>	<b>1537</b>	<b>3.88</b>

**Appendix-IX**  
**(Ref: para 3.1.5)**

**Statement showing Contribution made by the States and Union Territories in  
addition to GoI contribution towards IGWPS**

<b>Sl. No.</b>	<b>Name of the State/UTs</b>	<b>IGNWPS</b>
<b>States</b>		<b>(₹)</b>
1.	Andhra Pradesh	1000
2.	Bihar	100
3.	Goa	1700
4.	Gujrat	450
5.	Haryana	900
6.	Himachal Pradesh	300
7.	J&K	200
8.	Jharkhand	300
9.	Karnataka	200
10.	Kerala	400
11.	Maharashtra	400
12.	Punjab	250
13.	Rajasthan	200
14.	Sikkim	400
15.	Tamil Nadu	700
16.	Telangana	1000
17.	Tripura	200
18.	Uttar Pradesh	300
19.	Uttarakhand	700
20.	West Bengal	300
<b>Union Territories</b>		
21.	A&N Island	1700
22.	Chandigarh	500
23.	D&N Haveli	700
24.	Daman & Diu	700
25.	NCT Delhi	1200
26.	Lakshadweep	1000
27.	Puducherry	1200

**Appendix-X**  
**(Ref: Para 3.1.9)**

**Statement showing list of death certificates having same serial numbers**

<b>Sl. No.</b>	<b>Name of beneficiary</b>	<b>Name of bread-winner</b>	<b>Date of death</b>	<b>Date of issue of death certificate</b>	<b>Serial No. of death certificate</b>
1.	Rahiel Surin	Lt. Leobi Surin	07-07-2002	24-09-2002	0014385
2.	NirupamaTati	Lt. SubothTati	10-01-2002	24-09-2002	0014385
3.	Komoloni Kashop	Lt. Benade Das	10-05-2002	24-09-2002	0014385
4.	Promola Sangma	Lt. Recert Sangma	13-09-2002	24-09-2002	0014385
5.	Ambika Devi	Lt. Tilak Sangma	10-09-2002	24-09-2002	0014385
6.	Lecis Topno	Lt. Heren Topno	04-03-2002	24-09-2002	0014385
7.	Tagori Borah	Lt. Mohen Burah	01-04-2002	24-09-2002	0014385
8.	Saraswati Bora	Lt. Basanta Bora	07-08-2002	24-09-2002	0014385
9.	Promila Kaso	Lt. Ananoda Kaso	10-11-2006	24-09-2002	0014385
10.	Aruna Borah	Lt. Umakanta Borah	10-09-2002	24-09-2002	0014385
11.	Harumi Borah	Lt. Mumol Borah	01-01-2002	24-09-2002	0014385
12.	Pina Saikia	Lt. Jiten Saikia	20-05-2002	24-09-2002	0014385
13.	Humitra Borah	Lt. Akri Borah	10-06-2002	24-09-2002	0014385
14.	Nirce Borah	Lt. Honli Borah	08-09-2002	24-09-2002	0014385
15.	Puneswari Borah	Lt. Podma Borah	10-08-2002	24-09-2002	0014385
16.	Telaswari Borah	Lt. Umakanta Borah	05-06-2002	24-09-2002	0014385
17.	Sangkari Ghosh	Lt. Dilip Ghosh	10-06-2002	24-09-2002	0014385
18.	Maloti Tanti	Lt. Dulal Tanti	10-02-2002	24-09-2002	0014385
19.	KanchaSonari	Lt. Chandra Mohan Sonari	15-08-2002	24-09-2002	0014385
20.	Saraswati Das	Lt. Mintu Das	10-09-2002	24-09-2002	0014385

**Appendix-XI**  
**(Ref: Para 3.1.11)**

**Statement showing delay in release of NFBS fund to the beneficiaries**

Name of District	Sl. No.	Name	Name of Block	Date of death of Bread-winner	Date of sanction	Delay in accordance with sanction to beneficiaries
Nagaon	1	Bina Devi Bhuyan	Kathiatoli	11-06-1997	7-09-2015	18 years 2 months
	2	Minati Bordoloi	West Kaliabor	09-02-1998	7-09-2015	17 years 6 months
	3	Amina Begum	Do	24-02-1998	7-09-2015	17 years 6 months
	4	Azifa Khatun	Rupahihat	25-11-2002	7-09-2015	12 years 9 months
	5	Alifjan Bibi	Binakandi	15-02-2003	7-09-2015	12 years 6 months
	6	Mossa Rahila Khatun	West Kaliabor	28-12-2003	20-12-2016	12 years 11 months
	7	Ranju Das	Kapili	06-03-2004	4-11-2015	11 years 7 months
	8	Jyoti Moni Bordoloi	Odali	11-03-2004	4-11-2015	11 years 7 months
	9	Lakhi Ghosh	Kaliabor	27-06-2004	7-09-2015	11 years 2 months
	10	Bagimai Boro	West Kaliabor	06-04-2005	20-12-2016	11 years 8 months
	11	Ayatun Neesa	Do	23-04-2005	7-09-2015	10 years 4 months
	12	Pinki Tanti	West Kaliabor	04-05-2006	20-12-2016	10 years 7 months
	13	Bina Laskar	Raha	29-03-2007	4-11-2015	8 years 7 months
	14	Malaya Bordoloi	Do	15-10-2007	4-11-2015	8 years
	15	Jahera Khatun	Rupahihat	01-01-2008	7-09-2015	7 years 8 months
	16	Kanika Saikia	Kakhiatoli	09-04-2008	7-09-2015	7 years 4 months
	17	Monowara Begum	Pakhimoria	26-05-2008	7-09-2015	7 years 3 months
	18	Smriti Rani Das	Lanka	11-03-2009	7-09-2015	6 years 5 months
	19	Umme Kulsum	West Kaliabor	05-04-2009	7-09-2015	6 years 5 months
	20	Mods Romesa Khatun	West Kaliabor	10-10-2009	7-09-2015	5 years 10 months
Karbi Anglong	21	Kare Taropi	Samelangso	10-05-1985	30-8-2013	28 years 3 months
	22	Promila Teronpi	Samelangso	10-05-1998	30-8-2013	15 years 3 months
	23	Kajor Terangpi	Samelangso	15-07-1998	30-8-2013	15 years 1 months
	24	Kare Teronpi	Samelangso	15-06-1999	30-8-2013	14 years 2 months
	25	Kache Timungpi	Samelangso	15-12-1999	30-8-2013	13 years 8 months
	26	Sangmir Killingpi	Samelangso	21-07-2002	30-8-2013	11 years 1 months
	27	Kache Killingpi	Samelangso	03-08-2002	30-8-2013	11 years
	28	Amphu Rongpipi	Samelangso	19-08-2003	30-8-2013	10 years
	29	Sika Killingpi	Samelangso	12-06-2004	30-8-2013	9 years 2 months
	30	Kareng Rongpipi	Samelangso	05-06-2007	30-8-2013	6 years 2 months
	31	Bakhanti Basumatary	Samelangso	10-6-2004	30-8-2013	9 Years 2 Months
	32	Mwlee Basumatary	Samelangso	20-2-2001	30-8-2013	12 Years 6 Months
	33	Kajok Engtipi	Samelangso	30-6-1999	30-8-2013	14 Years 2 Months
	34	Kave Beypi	Samelangso	16-4-2009	30-8-2013	4 Years 4 Months
	35	Donde Engtipi	Samelangso	19-4-2004	30-8-2013	9 Years 4 Months
	36	Amphu Rongpharpi	Samelangso	19-8-2003	30-8-2013	10 Years 0 Months
	37	Kadom Engtipi	Samelangso	6-4-2002	30-8-2013	11 Years 4 Months
	38	Kasang Singnarpi	Samelangso	15-6-2008	30-8-2013	5 Years 2 Months
	39	Kave Beypi	Samelangso	2-5-2005	30-8-2013	8 Years 3 Months
	40	Sika Kilingpi	Samelangso	12-6-2004	30-8-2013	9 Years 2 Months
	41	Hukuri Beipi	Samelangso	10-2-2000	30-8-2013	13 Years 6 Months
	42	Sira Beipi	Samelangso	10-8-2002	30-8-2013	11 Years 0 Months
	43	Rani Tokbipi	Samelangso	19-11-2009	30-8-2013	3 Years 9 Months
	44	Kare Teronpi	Samelangso	15-6-1999	30-8-2013	14 Years 2 Months
	45	Kajir Lekhthepi	Samelangso	16-5-2007	30-8-2013	6 Years 3 Months
	46	Amphu Rongpharpi	Samelangso	27-12-2008	30-8-2013	4 Years 8 Months
	47	Kache Kilingpi	Samelangso	3-8-2002	30-8-2013	11 Years 0 Months
	48	Kajok Tokbipi	Samelangso	16-3-2009	30-8-2013	4 Years 5 Months
	49	Kache Rongpipi	Samelangso	9-11-2007	30-8-2013	5 Years 9 Months
	50	Engle Terangpi	Samelangso	12-3-2009	30-8-2013	4 Years 5 Months
	51	Sampi Engtipi	Samelangso	29-12-2008	30-8-2013	4 Years 8 Months
	52	Len Tokbipi	Samelangso	1-3-2007	30-8-2013	6 Years 5 Months
	53	Basapi Ronghangpi	Samelangso	12-1-2007	30-8-2013	6 Years 7 Months
	54	Reena Terangpi	Samelangso	21-4-2009	30-8-2013	4 Years 4 Months
	55	Manai Teronpi	Samelangso	16-4-2007	30-8-2013	6 Years 4 Months
	56	Kache Teranpi	Samelangso	12-9-2005	30-8-2013	7 Years 11 Months
	57	Basapi Tissopi	Samelangso	20-3-2007	30-8-2013	6 Years 5 Months
	58	Kasang Teronpi	Samelangso	12-3-2007	30-8-2013	6 Years 5 Months
	59	Dimi Teronpi	Samelangso	12-3-2007	30-8-2013	6 Years 5 Months

	60	Chemar Englengi	Samelangso	24-7-1998	30-8-2013	15 Years 1 Months
	61	Kave Engtipi	Samelangso	21-4-2003	30-8-2013	10 Years 4 Months
	62	Kache Timungpi	Samelangso	15-12-1999	30-8-2013	13 Years 8 Months
Kamrup	63	Anima Kalita	Rangia	21/11/98	05.10.16	17 yrs 10 months
	64	Sajina Bibi	Chaygaon	20/10/09	16.09.16	6 yrs 11 months
	65	Alka Dekka	Rangia	27/04/11	05.10.16	6 yrs 4 months
	66	Sarla Das	Chayani Barduar	14/04.11	05.06.16	6 yrs
	67	Dipti Das	Chayani Barduar	13/08/09	05.06.16	7 yrs 9 months

**Appendix-XII**  
**(Ref: Para 3.4)**

**Statement showing settlement of lease resulting in loss of revenue (Amount in ₹)**

Sl. No.	Year	Name of Hat/Bazar /Beel	Highest bid value	Name of the Highest bidder	settled bid value	Name of the bidder whose lower bid was accepted	Loss
<b>2013-14</b>							
1	2013-14	Ambagan bi weekly	12,14,412	Anil Roy	9,73,200	Gouranga Mallik	2,41,212
2	2013-14	Kandhulimari beel	7,01,100	Mostak Ahmed	1,43,600	Md. Mahiuddin	5,57,500
3	2013-14	Chapanala weekly	1,62,699	Amarjyoti Gogoi	1,20,000	Tutumonin Dey	42,699
4	2013-14	Nakhuti weekly	3,85,212	Md. Habibur Rehman	2,29,476	Md. A. Shahid	1,55,736
<b>Total</b>							<b>9,97,147.00</b>
<b>2014-15</b>							
5	2014-15	Nanoi Bi-Weekly	1,22,600	Dhaneshwar Bora	1,12,560	Kamal Mudoi	10,040
6	2014-15	Singia Bi Weekly	9,66,012	Md. R. Ullah	5,04,012	Kamal Uddin	4,62,000
7	2014-15	Nokhuti Weekly Bazar	3,42,024	Md. A Ahmed	2,77,356	A. Swahid	64,668
8	2014-15	Dangori Beel	1,92,000	Pooja Hira	1,53,003	Rabin Hira	38,997
9	2014-15	Kandhulimari Beel	51,00,000	Md. Mustak Ahmed	1,00,100	Mahiuddin	49,99,900
<b>Total</b>							<b>55,75,605</b>
<b>2015-16</b>							
10	2015-16	Barma Bi weekly	3,61,212	A shahid	1,20,012	Jainal Abdin	2,41,200
11	2015-16	Sutirpar Bi weekly	3,68,051	Md. Ismat Ali	1,01,100	Ainul Haque	2,66,951
12	2015-16	Jakhalabandha Dewboria	6,40,060	Ranjit Pradhan	4,81,200	Nandalal Chouhan	1,58,860
13	2015-16	Rangaloo Bi Weekly	2,52,012	Md. Samshe Jahan Saikia	2,05,200	Nurul Islam	46,812
14	2015-16	Borhatimura Saruhatimura Sapekhaity Beel	5,01,151	Dulu Hira	3,85,000	Fanku Sing Hira	1,16,151
15	2015-16	Kandhulimari Beel	29,00,720	Md. Afzalur Rehman	2,22,200	Mustak Ahmed	26,78,520
16	2015-16	Uluwani Weekly	1,21,164	Jogen Bora	1,08,000	Dhan Das	13,164
<b>Total</b>							<b>35,21,658</b>
<b>Grand Total</b>							<b>1,00,94,410</b>

### Appendix – XIII

**(Ref: Para No 5.1.2 & 5.6.2)**

#### **Conditions for drawal of Performance Grant under 13<sup>th</sup> & 14<sup>th</sup> FC by a State**

(a) **13<sup>th</sup> FC** - For the years 2011-12, 2012-13, 2013-14 and 2014-15, a State Government will be eligible to draw down its share of the general performance grant shown in Annex 10.15b only if it complies with the following nine conditions. These conditions must be met by the end of a fiscal year (31 March) for the state to be eligible to draw down its performance grant for the succeeding fiscal year.

- (i) The State Government must put in place a supplement to the budget documents for local bodies (separately for PRIs and ULBs) furnishing the details (other than those relating to Finance Accounts) indicated in Para 10.110. They should require the PRIs to maintain accounts as specified in paras 10.111 and 10.112. They should also require urban local bodies to maintain accounts as provided in Para 10.116. To demonstrate compliance with this condition, a State Government should: (a) submit the relevant supplement to the budget documents and (b) certify that the accounting systems as recommended have been introduced in all rural and urban local bodies.
- (ii) The State Government must put in place an audit system for all local bodies (all categories in Para 10.121 above). The C&AG must be given TG&S over the audit of all the local bodies in a state at every tier/category and his Annual Technical Inspection Report as well as the Annual Report of the Director of Local Fund Audit must be placed before the state legislature. Certification from the C&AG will demonstrate compliance with this condition.
- (iii) The State Government must put in place a system of independent local body ombudsmen who will look into complaints of corruption and maladministration against the functionaries of local bodies, both elected members and officials, and recommend suitable action. This system should be made applicable to all elected functionaries and officials in all municipal corporations, municipalities and Zilla Parishads at least. The passage of relevant legislation and its notification will demonstrate compliance with this condition. In the event that all or a class of the functionaries mentioned above fall under the jurisdiction of the Lok Ayukta of the state, we leave it to the state to decide whether to continue with these arrangements or to shift the functionaries to the jurisdiction of the ombudsman. Self-certification by State Government will demonstrate compliance with this condition.
- (iv) The State Government must put in place a system to electronically transfer local body grants provided by this Commission to the respective local bodies within five days of their receipt from the Central Government. Wherever this is not possible due to lack of easily accessible banking infrastructure, the State Governments must put in place alternative channels of transmission such that funds are transferred within ten days of their receipt. Self-certification by the State Governments with a description of the arrangements in place will demonstrate compliance with this condition.
- (v) The State Government must prescribe through an Act the qualifications of persons eligible for appointment as members of the SFC consistent with Article 243I (2) of the Constitution. The passage of relevant legislation and its notification will demonstrate compliance with this condition.

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- (vi) All local bodies should be fully enabled to levy property tax (including tax for all types of residential and commercial properties) and any hindrances in this regard must be removed. Self-certification by the State Government will demonstrate compliance with this condition.
  - (vii) State Governments must put in place a state level Property Tax Board, which will assist all municipalities and municipal corporations in the state to put in place an independent and transparent procedure for assessing property tax. The Board (a) shall, or cause to, enumerate all properties within the jurisdiction of the municipalities and corporations; (b) shall review the present property tax system and make suggestions for a suitable basis for assessment and valuation of properties; and (c) shall make recommendations on modalities for periodic revisions. The findings, suggestions and recommendations of the board will be communicated to the respective urban local bodies for necessary action. The exact model to be adopted is left to the respective state. The board should be staffed and equipped in such a manner as to be able to make recommendations relating to at least 25 *per cent* of the aggregate number of estimated properties across all municipal corporations and municipalities in the state by 31 March 2015. The board should prepare a work plan indicating how it proposes to achieve this coverage target and the human and financial resources it proposes to deploy. Passage of the relevant legislation or issue of the necessary executive instructions by the State Government for creation of the Property Tax Board as well as publication of the work plan by the Board in the State Government gazette will demonstrate compliance with this condition.
  - (viii) Lack of resources often results in local bodies diluting the quality of services provided by them. State Governments must gradually put in place standards for delivery of all essential services provided by local bodies. For a start, State Governments must notify or cause all the municipal corporations and municipalities to notify by the end of a fiscal year (31 March) the service standards for four service sectors-water supply, sewerage, storm water drainage, and solid waste management proposed to be achieved by them by the end of succeeding fiscal year. This could be in the form of a declaration of a minimum level of service for the indicators mentioned against each of these four service sectors in the Handbook on Service level Benchmarks published by the Ministry of Urban Development. For example a State Government may notify before 31 March 2011 that by 31 March 2012, all municipalities and municipal corporations in the state will provide a specified minimum level of service for each of the indicators for the four service sectors of water supply, sewerage, storm water drainage and solid waste management. These levels may be different for different municipalities. We envisage such a commitment to be achieved through a consultative process with the local bodies. Such a notification will be published in the State Government gazette and the fact of publication will demonstrate compliance with this condition.
  - (ix) All municipal corporations with a population of more than 1 million (2001 census) must put in place a fire hazard response and mitigation plan for their respective jurisdictions. Publication of these plans in the respective State Government gazettes will demonstrate compliance with this condition.
- (b) **14<sup>th</sup> FC** - the FFC has recommended that detailed procedure and the operational criteria, including quantum of incentives to be given, for disbursement of performance grants to Gram Panchayats and Municipalities will be decided by the State Governments concerned, subject to the eligibility conditions as described below:
-

- (i) The Municipalities will have to submit audited accounts that relate to year not earlier than two years preceding the year in which the Municipality seeks to claim the performance grant.
- (ii) The Municipality will have to show an increase in its own revenues over the preceding year as reflected in the audited accounts. The improvement in revenues will be determined on the basis of these audited accounts and on no their basis. For computing the increase in own revenues in a particular year, the proceeds from octroi and entry tax must be excluded.
- (iii) The Municipality must measure and publish the Service Level Bench Marks relating to basic urban services each year for the period of the award and make it publically available. The Service Level Bench Mark of the Ministry or Urban Development may be used for this purpose.

**Appendix – XIV**  
(Ref: Para No. 5.8.2)

**Details of expenditure incurred in Database Management**

(in ₹)

Name of Unit	Amount Sanctioned for database	Expenditure incurred on database	Whether functional or not functional
Dhubri MB	1300000	1300000	Yes
Gouripur TC	333400	0	
Bilashipara TC	333400	250000	No
Barpeta Road MB	1301367	400000	No
Howli TC	333400	0	
Sarthebari TC	333400	0	
Hailakandi MB	833400	833400	Yes
Lala TC	333400	0	
Jorhat MB	2500000	2500000	Yes
Moriani TC	333400	0	
Teok TC	333400	0	
Bongaigaon MB	833400	500000	No
Abhayapuri TC	333400	0	
Tezpur MB	1500000	500000	No
Biswanath Chariali MB	833400	500000	No
Gohpur TC	333400	333000	Yes
Hojai MB	833400	833400	Yes
Lumding MB	833400	833400	No
Kampur TC	333400	0	
Dabaka TC	333400	0	
Dibrugarh MB	1300000	1300000	Yes
Naharkatia TC	333400	333400	Yes
<b>Total</b>	<b>16069167</b>		

**Appendix-XV**  
**(Ref: Para 6.4)**

**List of works done departmentally without deducting the contractor's profit element**

(₹ in lakh)

Sl. No.	Name of the works	Estimated amount	Expenditure incurred	Cost of work, if done departmentally <sup>64</sup>	Avoidable extra expenditure (3)-(5)
(1)	(2)	(3)	(4)	(5)	(6)
1	Const. of brick masonry drain along the western side of weekly market.	2.42	2.41	2.20	0.22
2	Const. of brick masonry drain with RCC cover slab along the northern side NH-52 towards the river Godhajuli at Ward-5	6.64	6.54	6.04	0.60
3	Const. of brick masonry drain along the RJPA road last portion ward-6	4.50	4.45	4.09	0.41
4	Const. of brick masonry drain with RCC slab along the northern side of Sankar Mandir road at ward no-7	8.34	8.29	7.58	0.76
5	Const. of brick masonry drain along the southern side of Sankar Mandir at ward no-8	14.45	14.43	13.14	1.31
6	Const. of brick masonry drain along the western side of LGB road towards river Dherai at ward-10	7.50	7.50	6.82	0.68
7	Const. of RCC Box Culvert at tamuli road at ward no-8	2.12	2.12	1.93	0.19
8	Const. of brick masonry drain with RCC slab along the western side of khageswar Talukdar road ward no-1	7.68	7.68	6.98	0.70
9	Const. of brick masonry drain with RCC cover slab at ward no-6 RJPA road east side	12.00	12.00	10.91	1.09
10	Const. of brick masonry drain with RCC culvert along the eastern side of Tamuli road from Sankar mandir to Lerela kachari at ward -8	8.42	8.42	7.65	0.77
11	Const. of brick masonry drain with RCC culvert along the northern side of Lachit Borphukon road at ward-8	10.89	10.89	9.90	0.99
12	Const. of brick masonry drain with RCC culvert along the eastern side of Netaji road (Lachit Borphukon road) upto RCC culvert at ward-8	5.25	5.25	4.77	0.48
13	Const. of RCC culvert at Khageswar Talukdar Road at ward no-10.	1.38	1.38	1.25	0.13

<sup>64</sup> As work was done departmentally, element of contractor's profit was to be deducted from the estimate. Thus, cost of work done should be = Estimated amount - (Estimated amount × 10/110)

14	Const. of brick masonry drain with RCC culvert along the Batashipur road by lane-III towards the west ward-2	4.46	4.46	4.05	0.41
15	Const. of brick masonry drain with RCC culvert along the western side of PNGB road ward-no2	4.31	4.31	3.92	0.39
16	Const. of brick masonry drain with cover slab along the western side of LOKD road ward no-7	6.50	6.50	5.91	0.59
17	Const. of brick masonry drain with partly slab along the southern side of Swahid Park at Hari mandir Road ward-7	3.74	3.74	3.40	0.34
18	Const. of brick masonry drain with partly slab along the western side of Bhupen Hazarika road ward-5	10.80	10.80	9.82	0.98
19	Const. of brick masonry drain along the western side of Hasiram Das Road at ward-10	4.60	4.60	4.18	0.42
	<b>Total</b>	<b>126.00</b>	<b>125.77</b>	<b>114.55</b>	<b>11.45</b>



**GLOSSARY OF ABBREVIATIONS**

<b>Sl. No.</b>	<b>Abbreviation</b>	<b>Description</b>
1	3Fs	Funds, Functions and Functionaries
2	AAP	Annual Action Plan
3	ACA	Additional Central Assistance
4	ACS	Assam Civil Service
5	ADCs	Autonomous District Councils
6	ADPC	Additional District Programme Co-ordinator
7	AE	Administrative Expenses
8	AFR	Assam Financial Rules
9	AM	Assam Municipal
10	AMA	Assam Municipal Accounts
11	AMRUT	Atal Mission for Rejuvenation and Urban Transformation
12	AP	Anchalik Panchayat
13	APO	Additional Programme Officer
14	APWD	Assam Public Works Department
15	AREG	Assam Rural Employment Guarantee
16	ASFC	Assam State Finance Commission
17	ATIR	Annual Technical Inspection Report
18	BDO	Block Development Officer
19	BRGF	Backward Regions Grant Fund
20	CAG	Comptroller and Auditor General
21	CEO	Chief Executive Officer
22	CFC	Central Finance Commission
23	CoLFA	Committee on Local Fund Accounts
24	CPWD	Central Public Works Department
25	CSS	Centrally Sponsored Schemes
26	DALF	Director of Audit, Local Fund
27	DDO	Drawing and Disbursing Officer
28	DLMC	District Level Monitoring Committee
29	DMA	Director, Municipal Administration
30	DPC	District Planning Committee
31	DRDA	District Rural Development Authority
32	EA	Economic Affairs
33	EO	Executive Officer
34	FD	Fixed Deposit
35	GBG	General Basic Grant
36	GDD	Guwahati Development Department
37	GMC	Guwahati Municipal Corporation
38	GoA	Government of Assam
39	GoI	Government of India
40	GP	Gaon Panchayat
41	GPG	General Performance Grant
42	HLMC	High Level Monitoring Committee
43	HTW	Hand Tube Well
44	IAS	Indian Administrative Service
45	IEC	Information, Education and Communication
46	IGNDPS	Indira Gandhi National Disability Pension Scheme
47	IGNOAPS	Indira Gandhi National Old Age Pension Scheme
48	IRs	Inspection Reports

49	JE	Junior Engineer
50	LBs	Local Bodies
51	LSG	Local Self Government
52	LSGIMC	Local Self Government Institute Monitoring Committee
53	LSG	Local Self Government
54	MA	Mobilisation Advance
55	MAS	Model Accounting System
56	MB	Municipal Board
57	MC	Municipal Corporation
58	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
59	MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
60	MoRD	Ministry of Rural Development
61	MoUD	Ministry of Urban Development
62	MPC	Metropolitan Planning Committee
63	NFBS	National Family Benefit Scheme
64	NGOs	Non-Government Organisations
65	NIT	Notice Inviting Tender
66	NMAM	National Municipal Accounting Manual
67	NRLM	National Rural Livelihood Mission
68	NSAP	National Social Assistance Programme
69	P&RD	Panchayat and Rural Development
70	PO	Programme Officer
71	PPSWOR	Probability Proportional to Size Without Replacement
72	PRDD	Panchayat and Rural Development Department
73	PRI	Panchayati Raj Institution
74	PTB	Property Tax Board
75	PVC	Property Valuation Cell
76	SA	Social Audit
77	SAU	Social Audit Unit
78	SFC	State Finance Commission
79	SIRD	State Institute of Rural Development
80	SLB	Service Level Benchmarking
81	SOR	Schedule of Rates
82	SRSWOR	Simple Random Sampling Without Replacement
83	SSS	State Sponsored Schemes
84	SWD	Storm Water Drainage
85	SWM	Solid Waste Management
86	T&CP	Town & Country Planning
87	TC	Town Committee
88	TGS	Technical Guidance and Support
89	UC	Utilisation Certificate
90	UDD	Urban Development Department
91	UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
92	ULBs	Urban Local Bodies
93	VAT	Value Added Tax
94	ZP	Zilla Parishad



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