

Chapter-IV

Compliance Audit Observations

4.1 Avoidable/Wasteful Expenditure

Rule 14 of BTC Fund Rules stipulates that every public officer should exert the same vigilance in respect of public expenditure and public funds as a person of ordinary prudence would exercise in respect of expenditure and the custody of his own money. Further, Government of Assam, Finance Department's order (August 2010) stipulates that open tenders are to be invited by the Government Departments for purchase of any items or stores involving public funds and in case of any doubt about the reasonableness of the rates of such items, the purchasing authority may confirm the actual market price from the Commissioner of Taxes, or from the local Superintendent of Taxes.

(i) Purchase of patrolling gears

As per the proposal (February 2019) of the Additional Principal Chief Conservator of Forest-cum-Council Head of Department, Joint Secretary, BTC accorded (March 2019) administrative approval of ₹ 7.93 crore for procurement of monsoon patrolling gears for the frontline staff of the Forest Department. Supply orders for five items⁹ valuing ₹ 7.93 crore were issued (June 2019) to M/s Galaxy Enterprise being the lowest tenderer. The materials were supplied to six Forest Divisions¹⁰ during June 2019 and payment of ₹ 7.93 crore (February 2020) was made to the supplier.

Audit, however, noticed that while evaluating the bids, the Purchase Committee did not call for the actual market price from the Commissioner of Taxes or from the local Superintendent of Taxes as required under the Rules. The bills and vouchers submitted by the supplier also did not mention the specifications, brand name of the materials supplied to the Forest Department.

Further comparison of the rates accepted by the Purchase Committee with that of the Commissioner of Taxes, Kokrajhar revealed that the rate accepted by the BTC was higher than the market rates as shown in **Table 4.1**.

Table: 4.1 Materials procured in excess of the prevailing market rate

Name of items ¹¹	Quantity items purchased	Rate at which procured (₹)	Bill claimed and paid (₹)	Market or printed Rate (₹)	Total value as per market/ printed rate (₹)	Excess expenditure (₹ in lakh)
Search Light	4,000	12,095	4,83,80,000	2,100	84,00,000	399.80
Odomos cream	6,000	167	10,02,000	48	2,88,000	7.14
Total			4,93,82,000		86,88,000	406.94

⁹ Raincoat, Khukri, Odomos cream, Search light and Gumboot

¹⁰ 1) Field Director, Manas Tiger Project, 2) DFO, Chirang Division Kajalgaon, 3) DFO, Parbatjhora Division 4) DFO, Haltugaon 5) DFO, Baksa Forest Division, 6) DFO, Dhansiri Forest Division. However, delivery challan in r/o DFO, Haltugaon could not be furnished to audit.

¹¹ Observations on Raincoat, Gumboot and Khukri have not been made due to lack of specifications.

It can be seen that due to finalisation of rates without obtaining the prevailing market rates from the Commissioner of Taxes as required under the Rules, an avoidable excess expenditure of ₹ 4.07 crore was incurred by the BTC.

Reply of the Additional Principal Chief Conservator of Forest-cum-Council Head of Department was awaited (July 2023).

(ii) Purchase of cotton yarn

Based on the proposal by Director, Panchayat and Rural Development (P&RD), BTC, the Secretary, BTC, approved (January 2019) purchase of 2,40,000 mosquito nets¹² and 1,06,000 bundle of Cotton Yarn¹³ for distribution to the BPL families of BTC area under SOPD, 2018-19.

The Director, P&RD invited (March 2019) quotation for supply of the Mosquito Net and Cotton Yarn through e-procurement portal. Three suppliers participated in the bidding and all of them quoted ₹ 650 for per piece of Mosquito net and ₹ 2,350 for per bundle of Cotton yarn. The matter was referred to the Purchase Board of P&RD Department which in its meeting (June 2019) recommended to refer the matter to Handloom & Textiles Department, BTC and Health & Family Welfare Department, BTC for purchase of Cotton yarn and Mosquito nets respectively.

Audit, however, noticed that the Director, P&RD in contravention of the recommendation of the Purchase Board, issued supply order (August 2019) to M/s M Brahma Enterprise for supply of 97,490 bundles of cotton yarn @ ₹ 2,350 and 1,78,462 pieces of mosquito nets @ ₹ 650. The supplier supplied 1,78,462 mosquito nets and 89,000 bundles of cotton yarn to PD, DRDA Kokrajhar¹⁴ and Udalguri¹⁵ for a total amount of ₹ 32.52 crore¹⁶. The Secretary, BTC accorded *ex-post facto* administrative approval (March 2020) and sanctioned ₹ 32.52 crore and payment of full amount was made (March 2020) to the supplier.

Further, a comparison of the accepted rates with that of the Commissioner of Taxes, Kokrajhar revealed that the prevailing market rate of cotton yarn of the same specification as mentioned in the tender was ₹ 1,550 per bundle during 2019-20 instead of ₹ 2,350 per bundle. Thus, failure to obtain market rate from the Commissioner of Taxes, as required under the Rule, BTC incurred avoidable excess expenditure of ₹ 7.12 crore¹⁷.

Further, in respect of purchase of mosquito nets, P&RD purchased 1,78,462 @ ₹ 650 at the total amount of ₹ 11.60 crore without obtaining the relevant market rates which was violation of the Rules. However, Audit could not assess the rate difference due to non-furnishing of details of the mosquito nets purchased by the BTC. The reply is awaited in Audit.

¹² 6 ft x 4.5 ft x 5.5 ft

¹³ 4.5 kg, 2/40, Yellow/Grey Colour

¹⁴ 50,000 mosquito nets and 80,000 bundles cotton yarn

¹⁵ 28,462 mosquito nets and 9,000 bundles cotton yarn

¹⁶ mosquito net @ ₹650 per piece and cotton yarn @ ₹2350 per bundle

¹⁷ {(₹ 2,350 - ₹ 1,550) = ₹ 800} x 89,000 = ₹ 7,12,00,000

(iii) Purchase of PVC dustbins

Secretary, BTC accorded (June 2018) Administrative approval for procurement and distribution of PVC dustbins to Market/Hat/Ghat under the Development Blocks of BTC. Supply order valuing ₹ 50 lakh was issued by Council Head of Department (CHD), Market and Fairs, BTC (October 2018) to the lowest bidder for supply of 488 Nilkamal 240 litres PVC dustbins to General Administration Department, BTC at approved rate of ₹ 10,250 per dustbin. The supplier supplied the materials between November 2018 and July 2019 to different Blocks under Bodoland Territorial Area Development and payment of ₹ 50 lakh was made to the supplier between January 2020 and May 2021.

Audit obtained the prevailing market rate of Nilkamal 240 litres PVC dustbins from the Assistant Commissioner of State Tax, Kokrajhar, Assam and found that the Maximum Retail Price (MRP) of PVC Dustbin (Nilkamal Brand) of 240 litres capacity prevalent during the period 2018-19 was only ₹ 3,500 (including transportation cost). Thus, BTC incurred avoidable excess expenditure of ₹ 32.94 lakh by not obtaining the prevailing market rate from the Commissioner of Taxes.

Reply of the Council was awaited (July 2023).

4.2 Payment without receipt of materials

Rule 113 of the BTC Fund Rules, 2012 provides that payment for supplies is not permissible unless the stores have been received and surveyed. Further, Rule 114 of BTC Fund Rules, 2012 provides that bills in support of payment for purchases of stores shall be accompanied by a certificate that the articles detailed in the vouchers have been actually received and entered in the stock register, that their quantities are correct and their quality good.

Scrutiny of records of Director-cum-Council Head of the Department, (CHD) Tourism Dept. of BTC revealed that CHD, proposed (March 2019) to General Administration Department of BTC, for procurement of materials such as Paraglider, Inflatable boats, Life Jackets, Mountain and all terrain bikes, water proof tents, gloves *etc.*, worth ₹ 14.03 crore for promotion of tourism at various tourist stations at Manas, Dhansiri, Bornadi, Sonkosh, Sareswar *etc.*, located under Bodoland Territorial Area development. Administrative approval for an amount of ₹ 14.00 crore was accorded on 11 June 2019 and a supply order was issued in August 2019 by CHD to the lowest bidder (M/s Chilaram Narzary) for supply of 33 items¹⁸ valuing ₹ 14 crore. As per Bills and Challans, all the items were supplied on 26 August 2019 by the firm and payment of ₹ 14.00 crore was made to the supplier (October 2019).

However, further scrutiny of the Stock Register *vis-à-vis* delivery challan, revealed that as against 14 items shown to have been supplied, there was short supply of

¹⁸ Paraglider ENA, Inflatable boat made of high density Polymide Fabric quoted with Neoprene and Hyplon rubber with 25 HP OBM & 10 pax capacity, Life Jacket, Mountain + All terrain bike (Fire Fox), Field party tent air (white water proof 4 pax tent), Cockpit, Gloves, Night vision Binoculars, Pumper, Tandem sets *etc.*

materials worth ₹ 3.99 crore as detailed in **Appendix-VII**. No reason for short receipt of materials was on record.

Thus, payment to the supplier by BTC without verifying the actual quantity of materials supplied or received, resulted in extra payment of ₹ 3.99 crore for materials not actually supplied.

Further, all the items received were issued to the Public Representative and diverted to tourist destinations at Bogamati, Baksa district instead of targeted tourist destination namely, Manas, Dhansiri, Bornadi, Sonkosh and Sareshwar beel near Rupshi Airport.

Action should be initiated against the officials concerned for payment of ₹ 3.99 crore for materials not supplied, and against the supplier for taking payment without actually supplying materials by showing it in the delivery challan. The amount of over payment should be recovered from the contractor at the earliest under intimation to Audit.

Reply of the Director-cum-CHD, Tourism Department, BTC was awaited (July 2023).

4.3 Lack of competitiveness in tendering

Rule 14 of BTC Fund Rules stipulates that every public officer should exert the same vigilance in respect of public expenditure and public funds as a person of ordinary prudence would exercise in respect of expenditure and the custody of his own money. Further, Government of Assam, Finance Department's order (August 2010) stipulates that open tenders are to be invited by the Government Departments for purchase of any items or stores involving public funds and in case of any doubt about the reasonableness of the rates of such items, the purchasing authority may confirm the actual market price from the Commissioner of Taxes, or from the local Superintendent of Taxes. Further, Clause 35 A (2) (b) of Assam Public Procurement Act, 2017, envisages that in order to ensure effective competition during tendering, not less than three potential bidders be selected in non-discriminatory manner. If the number is less than three and considered necessary by the procuring authority to continue with the procurement process, reasons should be recorded in writing and included in the record of the procurement proceedings.

The Additional Principal Chief Conservator of Forest -cum-Council Head of Department (CHD) submitted (March 2019) a proposal for procurement 3,000 bundles of TATA Shakti GCI sheet¹⁹ @ ₹ 9,200 per bundle for distribution among the forest villagers of Chirang district whose houses were damaged during storm. The proposal was approved (June 2019) by the Additional Principal Secretary, BTC.

Accordingly, *e-tender* was floated (August 2019) by Additional Principal Conservator of Forests-cum-CHD, BTC, in response to which, only two bidders participated in the tender process. However, in violation of the Rules the bids were accepted and a supply order for supply of 3,000 TATA Shakti GCI sheet @ ₹ 9,200 per bundle valuing ₹ 2.76 crore was issued (December 2019) by the CHD to the bidder (lower

¹⁹ TATA SHAKTI (0.45 mm, 9ft x 3ft)

bid price) without any recorded reasons in the ‘Minutes of the Purchase Board Meetings’. The supplier supplied (January 2020) the GCI sheet and payment of ₹ two crore was made (March 2020) leaving a liability of ₹ 76.00 lakh as on the date of Audit (May 2022).

Moreover, no steps was taken by CHD to ascertain the reasonableness of the rate from the Commissioner of Taxes before issue of the supply order as required under Government of Assam order dated August 2010. As per the rate obtained from the Asstt. Commissioner of Taxes, Kokrajhar, the market rate of TATA Shakti GCI sheet²⁰ was ₹ 6,500 per bundle whereas CHD procured it @ ₹ 9,200 per bundle resulting in avoidable excess expenditure of ₹ 81.00 lakh²¹.

Thus, issue of supply order by CHD without obtaining competitive rate or ascertaining the reasonableness of the rate from the Commissioner of Taxes in violation of the Rules resulted in avoided expenditure of ₹ 81 lakh towards procurement of TATA Shakti GCI sheets.

Reply of the Additional Principal Conservator of Forests-cum-CHD, BTC was awaited (July 2023).

4.4 Unfruitful expenditure under RIDF scheme

Rural Infrastructure Development Fund (RIDF) was introduced in 1995-96 by Government of India (GoI) and Reserve Bank of India (RBI) to give access to low cost funds to extend the coverage of infrastructure for economic growth and poverty alleviation. The eligible activities are classified under three broad categories of Agriculture, Social and Rural Connectivity sectors under the scheme.

Under the category ‘Agriculture’, infrastructure projects, protection of agriculture land from bank erosion, water harvesting, restoration of degraded agriculture area, construction of drainage, *etc.*, are carried out to improve the livelihood and socio-economic status of the local people and the Village along with employment generation of the people.

The Divisional Officer, Soil Conservation Division, Chirang prepared a Detailed Project Report (DPR) of ₹ two crore for Water Harvesting and Distribution Project (WHDP) of Mozabari Area at Sidli Block in Chirang District of Assam, under RIDF – XXI for 2017-18. According to the DPR, 13 works²² were to be executed which included construction of Gully Control Project²³ (GCP), Fishery Pond and channel repairing, *etc.*, with the objective of ensuring double cropping in 556.95 hectare of

²⁰ TATA SHAKTI (0.45 mm, 9ft x 3ft)

²¹ {3,000 x ₹2,700 (₹9,200-₹6,500)} = ₹81.00 lakh

²² Water Harvesting and Distribution Project of Mozabari area at Sidli Block, Chirang, under RIDF-XXI (Deolguri GCP Part I, Deolguri GCP Part II, Deolguri GCP Part III, Deolguri GCP Part IV, Deolguri GCP Part V, Dologaoon GCP Part VI, Dologaoon GCP Part VII, Dologaoon GCP Part VIII, Dologaoon GCP Part IX, Mozabari Boulder Pitching Part-X, Dologaoon Boulder Pitching Part XI, Mozabari Fishery Pond Part XII and Deolguri Channel Repairing Part XIII)

²³ Gully Control Projects are Concrete structure constructed in non-perennial river or stream to harvest water during monsoon session and for distribution through distribution network to fields that is in need of water during non-rainy season.

agricultural land and increased production leading to socio-economic upliftment of the people of the area.

Test check of records (March 2022) of the Divisional Officer (DO), Soil Conservation Division, Chirang showed that an amount of ₹ two crore was received by the DO between March 2019 and March 2020 from the Director of Soil Conservation, Assam. It was reported that the entire amount was spent and 13 works were completed between March and April 2018.

A Joint Physical Verification (JPV) of seven projects out of 13 works was carried out on April 2022 where deviation was noticed against five works and the status of which are detailed in **Table-4.2**.

Table 4.2 Status of five projects noticed during JPV.

Sl. No.	Name of the project	Date of commencement/ completion	Estimated cost	Expenditure (₹ in lakh)	Audit Findings
1	Water Harvesting and Distribution Project (Deolguri GCP Part -I)	25/12/2017/ 24/03/2018	16.00	16.00	The project was not implemented in the regular river. It was constructed in the paddy field drains. There was neither a harvesting water project nor the water distribution system attached to the project. Project was constructed, which could not harvest water in the rainy seasons also. Project constructed in the site is not fruitful for water harvesting and irrigation purpose in the paddy field area.
2	-do- Part-III	25/12/2017/ 29/03/2018	16.70	16.70	
3	-do- Part-VI	25/12/2017/ 27/03/2018	17.45	17.45	
4	-do- Part-VII	25/12/2017/ 02/04/2018	15.22	15.22	
5	-do- Part-VIII	25/12/2017/ 04/04/2018	15.22	15.22	
Total				80.59	



Thus, it is evident that an expenditure of ₹ 80.59 lakh incurred on the above five GCP works did not achieve the objective of providing irrigation to agricultural land through water harvesting and distribution for increase production and double cropping, rendering the expenditure unfruitful.

Reply of the Divisional Officer, Soil Conservation Division, Chirang was awaited (July 2023).

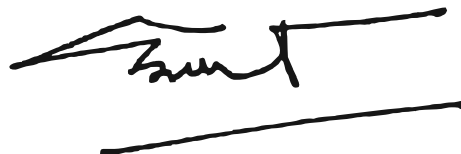
4.5 Conclusion

The audit of accounts of BTC for 2019-20 disclosed that:

- i. Finalisation of rates without assessing the prevailing market rates towards procurement of materials made by different departments of BTC led to avoidable/wasteful expenditure of ₹ 11.52 crore.
- ii. Payment to the supplier, without verifying the actual quantity of materials supplied or received, resulted in extra payment of ₹ 3.99 crore for materials not actually supplied.
- iii. Lack of competitive tendering without ascertaining the reasonableness of the rate resulted BTC to incur extra expenditure of ₹ 81 lakh on procurement of Tata Shakti GCI Sheets.

4.6 Recommendations

- *Council should investigate to fix responsibility on erring officials who had recorded the items of work in the MBs not actually executed and resulted in excess payment to the Contractors.*
- *Council should initiate necessary steps for revision of its Fund Rules to clearly prescribe the role and responsibilities of the Purchase Committee and the Executives towards procurements of materials and payment to the contractors to avoid excess/wasteful expenditure from public purse.*



Guwahati
The 28 December 2023

(JOHN K. SELLATE)
Principal Accountant General (Audit), Assam

Countersigned



New Delhi
The 09 January 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India