

## CHAPTER-I SOCIAL SECTOR

### 1.1 Introduction

This Chapter contains findings based on audit of State Government departments/offices under the Social Sector.

During 2022-23, against a total budget provision of ₹64,722.80 crore, 19 departments, including three Autonomous District Councils viz., Bodoland Territorial Council under Welfare of Bodoland Department; North Cachar Hills Autonomous Council and Karbi Anglong Autonomous Council under Hill Areas Department incurred an expenditure of ₹53,431.66 crore. **Table 1.1.1** gives details of Department-wise budget provision and expenditure incurred thereagainst by these departments.

**Table-1.1.1: Department-wise budget provision and expenditure during 2022-23**

(₹ in crore)

Sl. No.	Department	Grant No. and Name	Budget provision		Expenditure	
			Revenue	Capital	Revenue	Capital
1.	Co-operation	43 – Co-operation	107.84	109.58	94.56	34.81
2.	Cultural Affairs	27 – Art and Culture	163.92	119.78	103.36	49.49
		28 – State Archives	2.14	0.50	1.64	0.34
3.	Higher Education	26 – Education (Higher)	3,482.56	301.47	3,017.21	139.81
4.	Food, Civil Supplies and Consumers Affair	46 – Weights and Measures	20.06	0.43	13.99	0.43
		37 – Food Storage and Warehousing	1,374.52	8.84	776.80	1.67
5.	Health and Family Welfare	29 – Medical and Public Health	7,057.80	843.91	5,993.62	560.36
		24 – Aid Materials	0.009	0	0	0
6.	Labour and Employment	36 – Labour Welfare, Skill, Employment & Entrepreneurship	246.48	286.69	169.61	253.95
7.	Public Health Engineering	30 – Water Supply and Sanitation	476.06	1,335.39	369.51	863.29
8.	Social Welfare	39 – Social Security, Welfare & Nutrition	3,460.70	51.61	2,590.85	19.38
		40 – Social Security and Welfare (Freedom Fighter)	67.58	0	58.40	0
9.	Minorities Welfare and Development	42 – Other Social Services (Welfare of Minorities & Development)	269.64	0.65	208.11	0.37
10.	Sports and Youth Welfare	74 – Sports and Youth Welfare	164.95	92.35	107.64	60.80
11.	Welfare of Tea Tribes	38 – Welfare of SC, ST and OBC	1,339.30	434.54	1,192.37	106.09
12.	Department of Tribal Affairs (Plain)	78 – Bodoland Territorial Region	3,425.36	159.08	3,331.82	321.20*
13.	Welfare of Bodoland	79 – Welfare of Bodoland	0	5.00	0	0
14.	<b>Indigenous and Tribal Faith and Culture Department</b>	80 – Indigenous and Tribal Faith and Culture	87.20	18.38	16.07	9.66
15.	Guwahati Development	73 – Housing and Urban Affairs (Guwahati Development)	434.56	706.35	300.29	133.97
16.	Secondary Education	71 – Education (Elementary, Secondary <i>etc.</i> )	17,482.60	846.93	13,824.10	261.73
17.	Elementary Education					
18.	Pension and Public Grievances	23 – Pension & Other Retirement Benefits	16,893.00	0	16,398.52	0
19.	Hill Areas	70 – Hill Areas	8.64	2.16	1.92	0
		76 – Karbi Anglong Autonomous Council	1,729.90	101.80	1,492.67	3.15
		77 – Dima Hasao Autonomous Council	839.73	162.81	809.42	59.88
Total			59,134.55	5,588.25	50,872.48	2,559.18
Grand Total (includes Charged)			64,722.80		53,431.66	

**Source: Appropriation Account 2022-23.**

\* Expenditure was met from earlier year's allocated funds which was kept under the Head 8443 of Autonomous District and Regional Fund.

### 1.1.1 Planning and conduct of audit

Performance Audit and Compliance Audit are conducted as per the Annual Audit Plan. Auditable entities for Compliance Audit are selected following risk assessment methodology of the Apex Units, Audit Units and Implementing Units involving matters of financial significance, past audit coverage, findings of previous Audit Reports, media reports, etc. In case of Performance Audit, criteria are framed on the basis of financial significance, major policy announcements/initiatives of Government included in the Budget Speech, budget allocation, etc. Inspection Reports are issued to the heads of units after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as Compliance Audit Paragraphs for inclusion in the Audit Report of the Comptroller and Auditor General of India.

During 2022-23, out of 865 auditable entities under Social Sector, 145 auditable entities<sup>1</sup> were audited involving an expenditure of ₹ 17,136.14 crore (including expenditure incurred in earlier years). This chapter contains two Performance Audits on **Welfare of Building and Other Construction Workers** and **Working of Assam Tea Employees Provident Fund Organisation**, two Subject Specific Compliance Audits on **Public Health Infrastructure and Management of Health Services** and **Functioning of selected Autonomous Councils, Assam** and three Compliance Audit Paragraphs.

## Performance Audit

### Labour Welfare Department

### 1.2 Performance Audit on Welfare of Building and Other Construction Workers

*Government of India (GoI) enacted (August 1996) the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (the Act) to regulate employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures. Under the Act, State Governments were to constitute the Building and Other Construction Workers' Welfare Board. To augment resources of the Building and Other Construction Workers' Welfare Board through levy and collection of cess on the cost of construction incurred by the employers, GoI also enacted (August 1996) Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act). Government of Assam (GoA) framed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Assam Rules in 2007 (State Rules) and constituted (February 2008) the Assam Building and Other Construction Workers' Welfare Board (Board) to examine and consider the welfare schemes to be provided to the building workers. The State Rules were subsequently amended in September 2017. Audit however, observed instances of non-compliance to the provision of Acts/Rules, weakness in monitoring and control of registration process of establishments and workers. The*

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<sup>1</sup> Out of 153 auditable entities planned, 145 auditable entities (including 183 implementing units) covered during 2022-23.

Board did not have any mechanism to know cess amount receivable, collected and remitted by different agencies. Besides, there was lack of awareness campaign and publicity of various welfare schemes among the registered and unregistered workers and poor supervision and monitoring of health and safety norms by the Government. The budget proposals were un-realistic and weak scheme implementation capacities led to huge year end fund balances despite substantial accumulation of funds over the years.

**Highlights:**

**State Building and Other Construction Workers Advisory Committee (SAC) and the Board were essentially meant to strengthen the implementation mechanism. However, shortfalls in holding meetings of the SAC/Board and delay in re-constitution of the SAC after expiry of its term threw poor light on the implementation of the Act and State Rules.**

**(Paragraphs 1.2.4.1.4 and 1.2.4.1.5)**

**Despite having mechanism for registration of establishments, there existed large number of un-registered establishments in 20 units test checked in five selected districts. Lack of co-ordination between Real Estate Regulatory Authority (RERA)/ construction permission granting authorities and the Labour Welfare Department, non-compliance to instructions issued by the Department, Government functionaries and Local Bodies/Urban Development Authorities was attributable reasons for poor registration. Due to non-maintenance of database and maintenance of incomplete details of establishments, the working conditions for workers in the registered establishments in the State could not be assessed by the Department.**

**(Paragraphs 1.2.4.2.2, 1.2.4.2.3 & 1.2.4.2.4)**

**Beneficiary survey conducted on 438 BOC workers by Audit disclosed that 68 per cent of the registered workers were unaware of the functions of the Board and its welfare schemes.**

**(Paragraph 1.2.4.3.4)**

**Due to lack of action on the part of Assessing Officers in the five test-checked districts, assessment of cess vis-à-vis actual remittances or deposit of cess to the Board were not carried out, checked or verified during 2017-18 to 2021-22. As a consequence, instances of short collection of advance cess of ₹9.17 crore, delay in remittances of cess ranging from 12 to 92 days by test checked Local Bodies/Urban Development Authorities and Works Executing Divisions respectively came to notice.**

**(Paragraphs 1.2.4.5.1, 1.2.4.5.2 & 1.2.4.5.4)**

**The Board is yet to implement online cess collection system even after two years of issuance of SOP for overall operations including online cess collection by the Board.**

**(Paragraph 1.2.4.5.3)**

**Inspection of construction sites were not given due priority. Audit however, in course of Joint Physical Verification found issues affecting health and safety of workers and**

***no Safety Committee was found constituted.***

***(Paragraphs 1.2.4.6.1, 1.2.4.6.2 & 1.2.4.6.3)***

***Total fund of ₹1,783.07 crore was available with the Board during 2017-18 to 2021-22. While receipts under the fund showed an increasing trend, the expenditure on schemes actually decreased from ₹92.37 crore (7.12 per cent of total fund) in 2019-20 and to ₹78.95 crore (4.43 per cent of total fund) in 2021-22.***

***(Paragraph 1.2.5.2)***

***The Board and its district offices were manned by contractual staff. The Board and its lower level functionaries were handicapped by shortage of manpower at various levels which adversely affected Board's efficiency in utilisation of the budgetary provisions made towards various welfare schemes for beneficiaries.***

***(Paragraph 1.2.5.7)***

### **1.2.1 Introduction**

Government of India (GoI) enacted (August 1996) the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (the Act) and the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act) to regulate employment and conditions of service and provide safety, health and welfare measures to building and other construction workers. Accordingly, GoI framed (March 1998) the Building and Other Construction Workers Welfare Cess Rules, 1998 (Cess Rules). Ministry of Labour vide its notification dated 26 September 1996, stipulated levy of cess at the rate of one *per cent* of the total cost of construction on the employer. The provision of the Act applied to "every establishment<sup>2</sup> which employs or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction work". Further, the Act provides that every building worker who has completed 18 years of age, but has not completed 60 years of age and who has been engaged in any building or other construction work for not less than 90 days during the preceding twelve months shall be eligible for registration as a beneficiary under the Act.

For implementation of the Act in the State, Government of Assam (GoA) framed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Assam Rules in 2007 (State Rules) and constituted (February 2008) the Assam Building and Other Construction Workers' Welfare Board (Board) to examine and consider the welfare schemes to be provided to construction workers. The State Rules were subsequently amended (September 2017) and the age criteria of workers for registration as beneficiary under the Rules was reduced from 18 to 60 years to 18 to 55 years.

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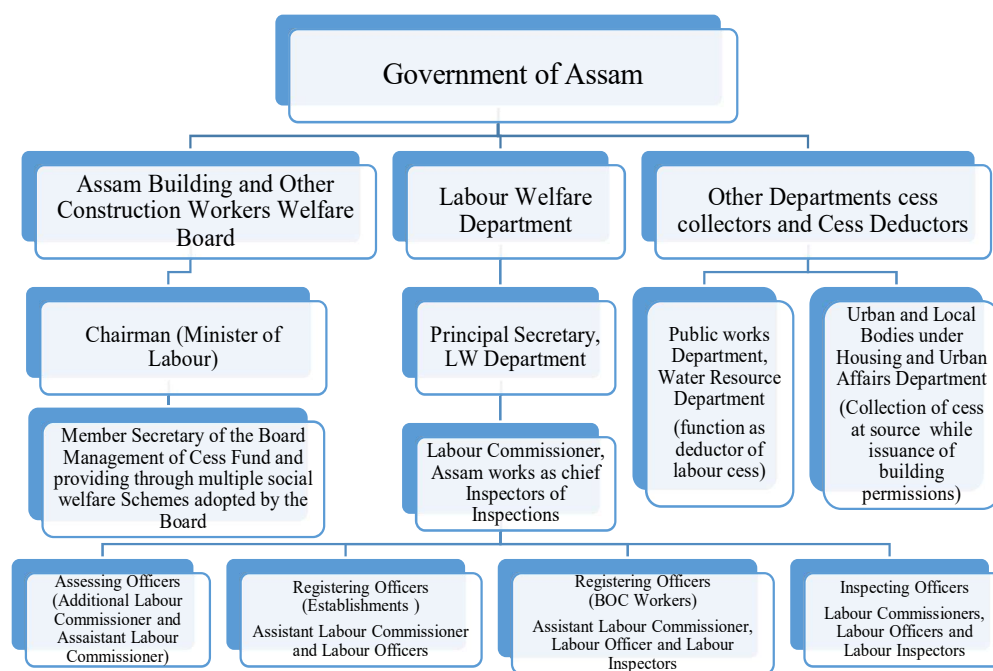
<sup>2</sup> Establishment means any establishment belonging to, or under the control of, Government, any body corporate or firm, an individual or association or other body of individuals which or who employs building workers in any building or other construction work; and includes an establishment belonging to a contractor but does not include an individual who employs such workers in any building or construction work in relation to his own residence, the total cost of such construction not being more than ₹ 10 lakh.



### 1.2.2 Organisational Set up

The Board is headed by the Labour Minister and the Labour Commissioner, Labour Welfare (LW) Department, Government of Assam is Member Secretary of the Board. Member Secretary of the Board is responsible for administration of the fund for implementation of various welfare schemes. State Government constituted (February 2008) the State Advisory Committee (SAC) for a term of three years to advise the State Government on such matters arising out of the administration of the Act. The organisational set-up is depicted in **Chart 1.2.1**:

**Chart 1.2.1: Organisational Set-up of BOCW Board**



*Source: Departmental Records.*

The Labour Commissioner was designated as Chief Inspector of Inspections and other officers of the LW Department were appointed as Inspectors, Registering Officers, Assessing Officers, *etc.* Government of Assam entrusted duties of collection/deduction of cess to officers of other work executing Departments under the Act.

### 1.2.3 Audit Framework

#### 1.2.3.1 Audit Objectives

Audit objectives were to assess whether:

- the rules notified by the Government under the Act are consistent with the spirit of both the Acts;
- there was effective system for registration of establishments and beneficiaries;
- the cess assessment, collection and transfer of collected cess to the Fund was effective;

- Government prescribed appropriate health and safety norms and system of inspection to check and to ensure an environment of compliance to those norms by Employers; and
- administration and utilisation of fund for implementation of welfare schemes by the Board was efficient and effective and as per Act and Rules framed by the State Government.

#### **1.2.3.2     *Audit Criteria***

The audit findings were benchmarked against criteria derived from the following sources:

- Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996.
- Assam Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Assam Rules, 2007.
- Building and Other Construction Workers' Cess Act 1996 and Cess Rules, 1998.
- Assam Financial Rules, 2017.
- Resolutions passed by the Board.
- Inspection Policy notified by State Government.

#### **1.2.3.3     *Audit Scope and Methodology***

The Performance Audit of Welfare of Building and Other Construction Workers for the period 2017-18 to 2021-22 was conducted during October 2022 to March 2023. Audit scope involved test-check of all relevant records/documents of the Assam Building and Other Construction Workers Welfare Board along with Commissionerate office of LW Department and their subordinate offices in the selected districts. Besides, Audit also covered sampled Divisions of Works Department (PWD), Public Health Engineering Department (PHED), Water Resources Department (WRD) and Municipal Boards in the selected districts.

Beneficiary survey of Building and Other Construction Workers employed in establishments (both registered and unregistered) were also conducted in the selected districts. The Performance Audit commenced with an Entry Conference (October 2022) with the Secretary, Housing and Urban Affairs Department, Government of Assam and Deputy Labour Commissioner cum Deputy Chief Executive Officer, Assam Building and Other Construction Workers Welfare Board wherein the audit objectives, scope and audit criteria were discussed, and the inputs of the Department were obtained.

The Performance Audit Report was issued (September 2023) to the Principal Secretary, Labour Welfare Department and Labour Commissioner, Government of Assam for their comments. The findings of audit were also discussed in an exit meeting held on 13 October 2023 and the Department's views were suitably incorporated in the Report.

### 1.2.3.4 Sampling Methodology

Five districts<sup>3</sup> (15 per cent) out of total 33 districts in the State were selected for audit based on maximum amount of benefits disbursed<sup>4</sup> under welfare schemes. Kamrup (M) was selected on the basis of highest population and having sizable number of construction related activities while Cachar was selected in order to maintain a fair geographical representation, as other selected districts were concentrated in Upper Assam region.

Ten Local Bodies/Urban Development Authorities (two Local Bodies/Urban Development Authorities from each sampled districts) were also selected. In addition, 10 works executing divisions (two each from five sampled districts) were also selected based on highest expenditure incurred by the executing divisions to assess the extent of registration of works/ establishments. Further, four registered establishments and four unregistered establishments were selected by using Probability Proportional to Size Sampling Without Replacement (PPSWOR) from each sampled district for conducting Joint Physical Verification (JPV). Out of 15 welfare schemes implemented by the Board during the Audit period, 10 welfare schemes were selected by applying Stratified Random Sampling method to assess the extent of benefits delivered to the beneficiaries. In addition, survey of 438 beneficiaries (387 registered and 51 unregistered) in the five selected districts was conducted to assess the quantum of benefits received and level of awareness about the various welfare schemes operated by the Board.

### 1.2.3.5 Acknowledgement

Audit acknowledges the co-operation extended by the LW Department, the Board, PWD, PHED, WRD, Irrigation Department, *etc.*, and Housing and Urban Affairs Department in the conduct of the Performance Audit.

## 1.2.4 Audit Findings

The results of the Performance Audit are discussed in the succeeding paragraphs.

### 1.2.4.1 Non-compliance with Acts and Rules

#### 1.2.4.1.1 Disparity in age criteria for registration of workers

Section 62 of the Act stipulates that the State Government may, after consultation with an Expert Committee, make Rules for carrying out the provisions of the Act. Section 12 of the Act prescribes that every building worker who is between 18 and 60 years of age and who has been engaged in any building or other construction work for not less than ninety days during the preceding twelve months shall be eligible for registration as a beneficiary under the Board.

Audit observed that GoA framed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Assam Rules, 2007 (State Rules). However, the amendment made to Rule 269 of the State Rules in 2017 reduced the upper age limit of worker for registration as a beneficiary under the Act from 60 years to 55 years which is not in consonance with the upper age limit of 60 years for registration of workers as beneficiaries prescribed in the Act of Parliament.

<sup>3</sup> Kamrup (Metropolitan), Golaghat, Lakhimpur, Dhemaji, Cachar.

<sup>4</sup> Golaghat, Lakhimpur, Dhemaji.

This would have an adverse impact on those construction workers between the age group of 55 and 60 years excluding them from registering as beneficiaries to avail benefits of the welfare schemes undertaken by the Board from time to time.

This was also not consistent with the spirit and provision of the Act which intended to cover vulnerable age group of 55 and 60 years to be the beneficiaries of schemes implemented by the Board.

In reply, the Department stated (October 2023) that necessary steps would be taken for re-examination in consultation with Government of Assam.

#### **1.2.4.1.2 Format of accounts not specified**

Section 27 of the Act stipulated that the Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

Audit, however, observed that the State Rules had not provided any format for preparation of Annual Accounts in consultation with the Comptroller and Auditor General of India. The Board had prepared its Annual Accounts till 2021-22 of which annual accounts up to 2017-18 were adopted in the Board meeting and a separate audit report on the same has been issued by the CAG in which, it was pointed out that the Annual Accounts of 2017-18 did not charge depreciation on its fixed assets which was against the provision of the Generally Accepted Accounting Principles. Further, the Board also did not reconcile its bank balances as shown in the cash book with that of the balances in the pass book.

With regard to the annual accounts of 2018-19 and 2019-20, it was observed that though the annual accounts for these years were prepared by the Board in November 2020 and July 2021 respectively, they were yet (March 2022) to be adopted by the Board. The Board while preparing the annual accounts for 2020-21 and 2021-22 charged depreciation on its fixed assets as well as reconciled the bank balances as per the cash book with that of the passbook and included it as a part of the annual accounts for better disclosure. However, due to change in the treatment of depreciation, the comparison of surplus/deficit across the five years could not be done.

Thus, absence of uniform format of accounts has caused inconsistencies in the preparation and treatment of items in the Annual Accounts of the Board.

#### **1.2.4.1.3 Penal provisions not included in the State Rules**

Section 46 of the Act provides that an employer in connection with any building or other construction work shall submit a notice to the Inspector of the Department intimating the actual date of the commencement or completion of such building or other construction work. Further, Section 48 the Act stipulates that an employer who fails to give notice of the commencement of the building or other construction works within the prescribed time limit of 30 days, shall be punishable with imprisonment for a term up to three months, or with fine up to ₹2,000 or with both.

Audit observed that though the State Rules prescribed for submission of notice of commencement/ completion of works in Form IV under Rule 26 (3) and 239 (1), no

penal provisions for non-submission of such notice by the employers as envisaged in the Act were incorporated in the State Rules. Absence of penal provisions in the State Rules will have a bearing on the compliance to the provisions of the Act and the Rules by various establishments and authorities who employed workers/employees.

In reply, the Department stated (October 2023) that the penalty provision is under consideration.

#### **1.2.4.1.4 Delay in implementation of provisions of the Act**

(i) GoI enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act in 1996.

Audit noticed that the State Government notified the State Rules only after a gap of 10 years of the enactment of the Act.

Sub-section 1 of Section 18 of the Act specifies that every State Government shall, with effect from such date as it may, by notification, appoint, constitute a Board. The State Government constituted the Board only in February 2008, after a gap of 11 years from the enactment of the Act. This implied that building & Construction workers under various establishments were not regulated as per the provision of the Act for 11 years.

(ii) As per the State Rules (Rule 10), SAC was to be constituted to advise the State Government on such matters which may be referred to it in the administration of the Act.

Audit noticed that in February 2008, the SAC was constituted, to be reconstituted every three years thereafter. The term of the SAC constituted in February 2016 for a term of three years had expired in February 2019. However, the SAC was re-constituted only on 15 March 2024 after a gap of more than four years during which no meetings of the SAC was held.

#### **1.2.4.1.5 Regular meetings not held by Board and State Advisory Committee**

Rule 255 of the State Rules provided that the Board should ordinarily meet once in two months. Similarly, Rule 20 stipulated that the SAC should meet once in six months.

Audit noticed that against the requirement of 30 meetings by the Board and 10 meetings of the SAC during the period from 2017-18 to 2021-22, only eleven<sup>5</sup> and two<sup>6</sup> meetings of the Board and SAC were held respectively during this period. This indicated the extent of engagement on the part of the Board and the Committee in implementation of the provisions of the Act.

In reply, the Department stated (October 2023) that steps will be taken for scheduling Board meetings regularly.

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<sup>5</sup> 2017-18: 04.08.2017 and 07.11.2017; 2018-19: 22.05.2018, 12.10.2018 and 25.02.2019; 2019-20: 29.05.2019, 03.01.2020 and 17.03.2020; 2020-21: 29.01.2021; and 2021-22: 22.07.2021 and 10.09.2021

<sup>6</sup> Date of meetings of SAC: 28.03.2018, 10.01.2019.



### 1.2.4.2 Registration of establishments and beneficiaries

#### 1.2.4.2.1 Status of Registration of Establishments

As per Section 2 (1) (j) of the Act “Establishment means any establishment belonging to, or under the control of, Government, anybody, corporate or firm, an individual or association or other body of individuals which or who employs building workers in any building or other construction work; and includes an establishment belonging to a contractor but does not include an individual who employs such workers in any building or construction work in relation to his own residence, the total cost of such construction not being more than ₹10 lakh”.

Section 7 of the Act read with Rule 23 of the State Rules stipulated that every employer who was undertaking a construction work should register the establishment<sup>7</sup> by submission of an application in Form-I with the LW Department in which building or other construction work is to be carried on, accompanied by demand draft showing payment of prescribed fees<sup>8</sup> for registration of the establishment within a period of sixty days from the date of commencement of the establishment.

Overall position of establishments registered with the LW Department, Government of Assam during 2017-18 to 2021-22 was as shown in **Table 1.2.1**:

**Table-1.2.1: Number of registered establishments in Assam**

Year	No. of establishments registered with the Department	Annual increase/decrease in registration	Percentage increase/decrease in registration
2017-18	1,499	-	--
2018-19	1,584	85	(+) 5.67
2019-20	3,007	1423	(+) 89.84
2020-21	2,942	(-) 65	(-) 2.16
2021-22	3,626	684	(+) 23.24
<b>Total</b>	<b>12,658</b>		

Source: Departmental Records.

It can be seen from **Table 1.2.1** that a total of 12,658 establishments were registered with LW Department during the five-year period 2017-18 to 2021-2022. Audit noticed that between 2017-18 and 2021-22, the registration of establishments with LW Department increased from 1,499 in 2017-18 to 3,626 in 2021-22, constituting an increase of approximately 142 *per cent*. However, there were variations in the yearly increase in registration ranging from a high of 89.84 *per cent* in 2019-20 to a low of (-)2.16 *per cent* in 2020-21.

Status of registered establishments in the five sampled districts was as depicted in **Table 1.2.2**:

<sup>7</sup> The word ‘establishment’ has not been defined in the State Rules. Rule 3 of State Rules specified that words and expressions not defined in these Rules but defined or used in the Act shall have the same meaning as assigned to them in the Act.

<sup>8</sup> Up to 100 employees:- ₹100; between 100 and 500 employees:- ₹500; and above 500 employees:- ₹1,000.

Table-1.2.2: Number of registered establishments in the sampled Districts

Name of district	Year wise registered establishments					Total No. of establishments registered in the districts
	2017-18	2018-19	2019-20	2020-21	2021-22	
Golaghat	0	0	4	7	2	13
Kamrup (M)	594	35	17	14	35	695
Cachar	18	286	393	203	58	958
Dhemaji	0	0	0	0	0	0
Lakhimpur	4	0	1	5	3	13
<b>Total</b>	<b>616</b>	<b>321</b>	<b>415</b>	<b>229</b>	<b>98</b>	<b>1,679</b>

Source: Departmental Records.

It can be seen from **Table 1.2.2** that there were wide variations in the registration of establishments in five sampled districts during the period 2017-18 to 2021-22.

Only two out of five selected districts, namely, Cachar (958) and Kamrup (M) (695) showed higher number of establishments being registered by the employers with the Registering Officers. In Kamrup (M), the number of registrations fell sharply from 594 in 2017-18 to 35 in 2018-19 and only 66 new registrations were added during 2019-20 to 2021-22. Similarly, in Cachar, the number of registered establishments increased from 18 in 2017-18 to 286 and 393 in 2018-19 and 2019-20 respectively. Thereafter, it decreased to 203 in 2020-21 and 58 in 2021-22. Further, in Lakhimpur and Golaghat districts, while the total registered establishments were only 13 each, in Dhemaji district, not a single establishment was registered during the entire five-year period 2017-18 to 2021-22 which did not even maintain register for recording details of registered establishments.

On the whole, it was noticed that while the total number of registered establishments in five sampled districts was showing a decreasing trend from 616 in 2017-18 to just 98 in 2021-22, however, at the State level, there was substantial increase in the number of registered establishments from 1,499 in 2017-18 to 3,626 in 2021-22. Thus, the position in the five sampled districts indicated that the system of registration of establishments was weak and ineffective which is also described in **Paragraph 1.2.4.2.2**.

In reply, the Department stated (October 2023) that steps are under consideration for mandatory registration of establishments.

#### **1.2.4.2.2 Large number of establishments not registered**

To further assess as to what extent establishments were not registered in the five selected districts, a test check of records was conducted of works executed by two works divisions each, and the permissions granted to private constructions by two Municipal Boards/Corporations/ Development Authorities each during the period 2017-18 to 2021-22. Details of selected divisions and ULBs/UDAs in five sampled districts are as shown in **Appendix 1.1**.

It was observed that the Real Estate Regulatory Authority (RERA), Assam has become functional with effect from 13.02.2020 but there was no co-ordination between Municipal Corporation/RERA and the LW Department for registration of establishments.

Details of construction works executed by 10 works divisions and construction permissions granted by 10 ULBs/UDAs during the five-year period 2017-18 to 2021-22 were as shown in **Table 1.2.3**:

**Table-1.2.3: Status of unregistered establishments in the sampled Districts**

Name of district	No. of construction permissions granted by sampled MBs/MCs/DAs	No. of Govt. works executed by sampled works divisions	Total No of Works/ establishments (2+3)	Total No. of establishments registered with the Department
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Cachar	4,165	563	4,728	958
Kamrup (M)	9,177	1,407	10,584	695
Golaghat	207	67	274	13
Lakhimpur	274	573	847	13
Dhemaji	590	247	837	0
<b>Total</b>	<b>14,413</b>	<b>2,857</b>	<b>17,270</b>	<b>1,679</b>

*Source: Departmental Records.*

It can be seen from **Table 1.2.3** that in the five sampled districts, 14,413 building construction permissions were granted by 10 sampled ULBs/DAs and 2,857 construction works were executed by 10 selected divisions during the period of five years 2017-18 to 2021-22.

Thus, existence of large number of un-registered establishments in 20 units test checked in five selected districts showed lack of co-ordination between RERA/ construction permission granting authorities and the LW Department leading to such a situation. Presence of such high number of unregistered establishments in the remaining districts cannot be ruled-out.

The Board stated (October 2023) that the online registration portal is under development by NIC to address all such problems.

#### **1.2.4.2.3 Non-identification of establishments**

Labour Commissioner, LW Department, GoA had instructed (August 2015) all the District Offices to ensure submission of periodical reports on payment of statutory cess (as per prescribed forms) under the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Rules framed thereunder by all cess collectors/ deductors within 10 days of a month. The instructions *inter-alia* include nature of constructions, name and address of the contractors/private owners, estimated cost of construction, *etc.*

However, submission of such periodical reports was not found on record in any of the five test-checked districts. Further, none of the Registering Officers, being Inspecting Officers of establishments, in five sampled districts conducted inspections of worksites during 2017-18 to 2021-22 to identify eligible establishments for registration.

Thus, due to non-compliance to the instructions issued (August 2015) by the Labour Commissioner, LW Department, GoA by the Registering/Inspecting Officers in the sampled districts, a large number of establishments remained unregistered. Regular inspection of worksites by Registering Officers would have enabled identification of

unregistered establishments and thereby the coverage of workers employed at these worksites to increase the coverage on registration of establishments/workers.

The Department stated (October 2023) that penalty provision would be proposed for non-compliance with registration as per the Act.

*The existing system of inspections of worksites by Inspecting officers and authorities/bodies and regular submission of periodical reports by authorities responsible for granting building permits and execution of works may be strengthened to make registration of establishment and beneficiaries more effective.*

#### 1.2.4.2.4 Poor maintenance of Register/absence of database for establishments

Rule 24 (2) of the State Rules stipulated that the Registering Officer shall maintain a register in Form-III annexed to these rules showing the particulars of establishments in relation to which certificate of registration has been issued under Form-II by him, which included, *inter-alia*, name, address and location of the establishments, name of the employer and address, probable dates of commencement and completion of the work, and maximum number of building workers to be employed by the employer on any day.

The status of maintenance of registers for registered establishments by Registering Officers in the five selected districts was as shown in **Table 1.2.4**:

**Table-1.2.4: Status of register of establishments maintained by Registering Officers in five sampled districts**

Name of district	No. of Registered establishments	Whether Register of Establishments was maintained	Information not recorded in the Register
Golaghat	13	Yes	(i) Name, address and location of the worksites (ii) Probable duration of building or other Construction works and probable date of completion.
Kamrup (M)	695	Yes	Register was maintained with columns for all relevant information.
Cachar	958	Yes	(i) Name & address location of the establishment. (ii) Probable date of commencement of work. (iii) Probable duration of work & probable date of completion.
Dhemaji	0	No	-
Lakhimpur	13	Yes	(i) Name & address location of the establishment. (ii) Probable date of commencement of work. (iii) Probable duration of building or other Construction works & probable date of completion.
<b>Total</b>	<b>1,679</b>		

**Source: Departmental Records.**

It can be seen from **Table 1.2.4** that all four out of five sampled districts, maintained register of establishments by respective Registering Officers except in Dhemaji district. However, none of the four districts except Kamrup (M) recorded complete details of establishments as required under the Rules.

Due to deficiencies in the maintenance of register of establishments by the Registering officers, even the registered worksites could not be located for site inspection in three selected districts of Cachar, Golaghat and Lakhimpur. None of the Registering Officers could produce copies of Registration Certificates issued to the establishments for verification in Audit. Further, the Department also had not developed database for capturing details of establishments from various sources of Central and State PSUs, authorities/bodies executing construction works and Local Bodies/ Development Authorities which granted building permits. These are not only required for monitoring of compliance to Rules by the employers but to also ensure registration of all eligible establishments in the State.

Due to absence of database, large number of establishments and workers remained unregistered in the State. Non-maintenance of complete details of establishments in the registers would hamper monitoring of compliance to Rules at worksites by Registering officers and Inspecting officers. Thus, there was no effective system of ensuring registration of establishments and their workers in the Department.

The Board stated (October 2023) that online registration portal is under development by the NIC to address all such problems. A penalty provision will also be proposed for non-compliance with registration as per the Act.

#### **1.2.4.2.5 Non-submission of returns by employers of registered establishments**

Rule 271 of the State Rules stipulated that every employer shall before the 15<sup>th</sup> day of every month submit returns in Form XXIX to the Board with the details of workers entitled to be registered under the Board as well as those who left the service during the preceding month from the establishment. Rule 242 of State Rules stipulated that every employer of the registered establishments shall send annually a return relating to an establishment in Form XXV to the Registering Officers before 15<sup>th</sup> February following the end of each calendar year with a copy to Inspector having jurisdiction.

Audit scrutiny showed that in the five selected districts, none of the registered employers had furnished requisite returns (monthly/annual returns) to the Department and to the Board during the period 2017-18 to 2021-22. However, no follow-up action was taken to ensure submission of these returns by the employers.

It is evident that due to non-submission of returns by registered employers as required under the Rules, the details of workers employed and their registration status, details of worker's health and safety condition, *etc.*, at work sites would not be available with the Board and Department. Absence of these returns would have also put constraints on identification process of unregistered workers and monitoring compliance to the provision of the Rules at worksites.

The Department stated (October 2023) that steps will be taken for inclusion of penalty provision.



### 1.2.4.3 Registration of Beneficiaries

#### 1.2.4.3.1 Status of registration of BOC Workers as beneficiaries

Section 12 of the Act read with Rule 269 of the State Rules<sup>9</sup> provided that every building worker between 18-55 years of age and not a member of any other lawfully established welfare funds, engaged in building and other construction works for at least 90 days in the preceding 12 months is eligible for registration<sup>10</sup> under the Board as a beneficiary.

The year-wise details of Building and Other Construction (BOC) workers registered in the State during 2017-18 to 2021-22 were as shown in **Table 1.2.5**:

**Table-1.2.5: Position of registered workers during 2017-18 to 2021-22**

Year	Beneficiaries under the Act		
	Opening Balance	No. of workers registered during the year	Closing Balance
2017-18	91,365	38,506	1,29,871
2018-19	1,29,871	89,736	2,19,607
2019-20	2,19,607	96,619	3,16,226
2020-21	3,16,226	1,17,761	4,33,987
2021-22	4,33,987	2,11,575	6,45,562

*Source: Departmental Records.*

It can be seen from **Table 1.2.5** that the total number of workers registered with the Board as on March 2022 was 6,45,562. The yearly increase in registered beneficiaries during 2017-18 to 2021-22 ranged between 37.24 per cent and 69.10 per cent.

However, this figure was much lower than the estimated number of 10 lakh workers projected by LW Department in 2021 by 35 per cent.

The Department stated (October 2023) that instruction has already been issued for effective monitoring.

*The Board may intensify its efforts to increase the coverage of unregistered workers in the State by strengthening its existing system of registration.*

#### 1.2.4.3.2 Status of registered workers in five sampled districts

The position of registered workers with the Board in the five selected districts during 2017-18 to 2021-22 was as given in **Table 1.2.6**:

**Table -1.2.6: Number of workers registered during 2017-18 to 2021-22 in the selected Districts**

Districts	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Lakhimpur	4,456	10,719	11,523	13,666	18,873	59,237
Dhemaji	3,499	8,431	9,063	10,749	19,507	51,249
Golaghat	2,598	8,195	8,809	10,448	18,769	48,819
Cachar	650	2,358	2,535	3,007	7,240	15,790
Kamrup (M)	225	1,880	2,021	2,397	4,478	11,001
<b>Total</b>	<b>11,428</b>	<b>31,583</b>	<b>33,951</b>	<b>40,267</b>	<b>68,867</b>	<b>1,86,096</b>

*Source: Departmental Records.*

<sup>9</sup> Rule 269 of State Rules as amended in 2017.

<sup>10</sup> Every eligible building and other construction workers is required to submit an application in Form XXVI along with a nomination Form XXVII as prescribed under sub-rule (4) & (7) of Rule 269 of State Rules and other necessary documents in support of his/her eligibility for registration as beneficiary under the Act.

It can be seen from **Table 1.2.6** that registration of BOC workers as beneficiaries in five sampled districts for five years was 1,86,096. This increased from 11,428 in 2017-18 to 68,867 in 2021-22. The rate of growth in the registration of workers during the four-year period ranged between 7.50 *per cent* and 71.03 *per cent* as compared to the State level position of 37.24 and 69.10 *per cent* as outlined in **Table 1.2.5**.

The number of registered workers in Lakhimpur was the highest (59,237) followed by Dhemaji (51,249), Golaghat (48,819), Cachar (15,790) and Kamrup (M) (11,001) during five-year period.

The Department stated (October 2023) that instruction has already been issued for effective monitoring.

#### **1.2.4.3.3 Inadequate publicity campaign**

Parliamentary Standing Committee on Labour pointed out (August 2017) non-availability of proper mechanism for wide publicity on welfare schemes. The Committee, therefore, recommend that wide publicity be given to the welfare schemes and the benefits of registering as a construction worker so that workers may come forward on their own for registration.

Audit noticed that the Board incurred an expenditure of ₹20.31 lakh towards awareness through publicity campaign in print and electronic media during 2017-18 to 2021-22 (**Appendix 1.2**).

Further, in test checked five districts, it was observed that Assistant Labour Commissioners (ALC)/Labour Officers (LO) of two districts (Cachar & Lakhimpur<sup>11</sup>) organised eight awareness programme. However, in other three districts (Kamrup (M) Golaghat & Dhemaji), no information regarding conduct of awareness camps/programme held during the period 2017-18 to 2021-22 could be furnished to Audit for verification.

The Department stated (October 2023) that necessary steps are in process.

#### **1.2.4.3.4 Lack of awareness and large numbers workers/ establishments not registered**

The Hon'ble Supreme Court emphasised (March 2018) strengthening of registration machinery for registration of both establishments and construction workers.

Audit conducted beneficiary survey in five sampled districts<sup>12</sup> at 25 worksites to assess the extent of awareness amongst the workers/beneficiaries about benefits and welfare schemes of the Board.

**(i) Beneficiary survey:** Out of 438 BOC workers surveyed, 387 were registered workers and 51 workers were unregistered. The findings of audit are summarised below:

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<sup>11</sup> **Cachar:** 05.05.2018, 09.06.2018, 25.07.2018 and 23.11.2022; and **Lakhimpur:** 16.12.2017, 05.05.2018, 16.05.2018 and 05.03.2019.

<sup>12</sup> **Kamrup (M):** Establishment: 08, Number of workers: registered 53 and unregistered 35; **Cachar:** Establishment: 04, Number of workers: registered 90 and unregistered 10; **Golaghat:** Establishment: 05, Number of workers: registered 100 and unregistered 06; **Lakhimpur:** Establishment: 04, Number of workers: registered 44 and unregistered nil; and **Dhemaji:** Establishment: 04, Number of workers: registered 100 and unregistered nil.

- 263 out of 387 registered workers (68 *per cent*) were not aware about the functions of the Board and its welfare scheme and benefits.
- 43 out of 387 registered workers (11 *per cent*) availed benefits of more than two schemes and 166 out of 387 registered workers (43 *per cent*) availed benefits of only one welfare scheme.
- 178 out of 387 registered workers (46 *per cent*) had not received any benefit of welfare schemes.
- All the 51 unregistered workers who were surveyed were unaware of the welfare schemes and the benefits.

Thus, it is clear that the publicity initiative of the Board was not effective enough to bring awareness amongst the workers in the sampled districts.

#### (ii) Joint Physical Verification at work sites

Audit also conducted Joint Physical Verification (January-February 2023) at 18 different worksites pertaining to four registered establishments<sup>13</sup> in Kamrup (M) and 14 unregistered establishments<sup>14</sup> located in three sampled districts to assess extent of registration of workers at work sites.

It was noticed that there were 141 workers in these work sites and all of them were unregistered (51 workers in registered work sites and 90 workers in unregistered sites). These unregistered workers were completely unaware of the welfare schemes implemented by the Board.

Thus, there is a need to further strengthen the registration machinery of the Board/LW Department by effectively identifying eligible workers and establishments from different work sites for registration.

Further, the Board/LW Department need to ensure (i) regular inspections by LOs and LIs; (ii) creation of database for registration of workers; and (iii) mandatory submission of returns (Form XXV & XXIX) by employers.

The Department stated (October 2023) that necessary steps are in process.

#### 1.2.4.4 Non-assessment of cess

Rule 6 of the Cess Rules stipulated that every employer should furnish a return in Form I annexed to the Cess Rules to the Assessing Officer within 30 days of commencement of work showing details of establishment and works undertaken. Section 5 of the Cess Act read with Cess Rule 7 further specified that the Assessing Officer shall assess the amount of cess payable by the employer after scrutiny of the return(s) as submitted by the employer in Form I and make an order of assessment within six months indicating

<sup>13</sup> Out of 20 sampled registered establishments (four establishments in each sampled district), Joint Physical Verification could not be carried out in 16 establishments (Cachar-4, Golaghat-4 & Lakhimpur-4 due to deficiencies in the maintenance of the register of establishments and in Dhemaji-4, due to non-registration of establishments).

<sup>14</sup> Out of 20 sampled unregistered establishments, 19 establishments were completed but could not be verified physically. Audit randomly selected 13 unregistered establishments for physical verification.

the amount of cess payable by the employer. If the employer fails to furnish reply of the notice within 15 days or when the employer fails to furnish information in Form I, the Assessing Officer shall proceed to make the assessment based on available records and other information incidental thereto.

In August 2015, the Labour Commissioner instructed all ALCs and LOs to direct all cess payers under their jurisdiction to submit information about payment of statutory cess every month in prescribed format by 10<sup>th</sup> of the following month and to make correspondence with other Works Executing Departments and the Local Bodies (July 2020) to estimate the quantum of construction works being undertaken within their jurisdiction and make a fair estimate of cess receivable.

Audit noticed that for assessment of cess, GoA appointed (February 2008 & August 2012) Additional Labour Commissioner as State Level Assessing Officer and ALCs (January 2016) as Assessing Officer of the districts. In five sampled districts, three out of five ALCs were in position while post of ALC was not sanctioned in Lakhimpur and Dhemaji (which is being looked after by ALC Tezpur).

Audit however observed that:

- No assessment of cess was conducted by any of ALCs in any of the five sampled districts during the audit period.
- No returns in Form I were submitted by registered employers to ALCs.
- None of ALCs/LOs directed cess payers to submit information on cess every month in prescribed format by 10<sup>th</sup> of the following month as instructed by Labour Commissioner.
- None of ALCs/LOs made any correspondence with other Works Executing Departments and Local Bodies to identify the quantum of construction works being undertaken under their jurisdiction to make fair estimates of the cess receivable.

Due to lack of action on the part of ALCs/LOs in the five test-checked districts, assessment of cess *vis-à-vis* actual remittances or deposit of cess to the Board was not carried out, checked or verified during the Audit period.

In reply, the Department stated (October 2023) that online portal was under development which would resolve the matter.

#### **1.2.4.5 Collection of cess**

##### **1.2.4.5.1 Status of cess collection**

Section 3(2) of the Cess Act, 1996 provide for collection of cess (not exceeding two *per cent*, but not less than one *per cent* of the cost of construction incurred by an employer) from every employer including deduction at source in relation to building or other construction work of Government or of Public Sector Undertaking or advance collection through a local authority where approval of such building or other construction works by such local authority is required. Rule 5 of Cess Rules, 1998 provides that the amount of cess collected shall have to be transferred by the State Government, Public Sector

Undertakings, Local Authorities or cess collectors to the Board along with the form of challan under the accounting procedure of the State within 30 days of collection of the cess.

Position of cess receipts during 2017-18 to 2021-22 was as given in **Table 1.2.7**:

**Table-1.2.7: Year-wise receipt of cess by the Board**

Year	Cess received during the year (₹in crore)
2017-18	143.48
2018-19	217.21
2019-20	240.69
2020-21	223.30
2021-22	310.13
<b>Total</b>	<b>1,134.81</b>

*Source: Annual Accounts of the Board.*

It can be seen from **Table 1.2.7** that ₹1,134.81 crore was received by the Board as cess during 2017-2022. Year-wise collection of cess increased from ₹143.48 crore in 2017-18 to ₹310.13 crore in 2021-22.

However, for the estimation of cess receivable, the works executed by the Central PSUs, Central Autonomous Bodies (AB) and other departments of GoI, had not been included due to lack of information. Further, Audit observed that the annual receipts of cess was based on balances reflected in the four bank accounts maintained by the Board. Audit could not verify the cess deposited/collected *vis-à-vis* cess payable due to non-filing of returns by the employers as pointed out in **Paragraph 1.2.4.2.5**.

Due to absence of such supporting documents as required by the Cess Rules, the correctness of deposit/remittance of the cess could not be verified in Audit. Besides, there is no mechanism in the Board to carry out reconciliation of the cess receivable from different sources with that of the receipts of cess as reflected in bank accounts.

#### **1.2.4.5.2 Short collection of advance cess**

Rule 4 (5) of the Cess Rules, 1998 also provided that an employer may pay in advance an amount of cess calculated on the basis of the estimated cost of construction along with the notice of commencement of work by a crossed demand draft in favour of the Board and payable at the station at which the Board is located. The Board issued instructions (September 2010) to all departments and local bodies for collection of cess at source during payment of bill to contractors for construction works or on granting building permits.

The status of approval of building or construction works and collection of advance cess in 10 selected ULBs/UDAs of five sampled districts during 2017-18 to 2021-22 was as shown in **Table 1.2.8**.



**Table-1.2.8: Status of Cess collection against permissions granted by sampled ULBs/UDAs during 2017-18 to 2021-22**

Name of District/ LBs	Number of permissions		Estimated cost of construction	Amount of advance cess to be collected against estimated cost	Amount of cess actually collected (at the rate of one <i>per cent</i> )	Amount of non- collection of cess
	granted without declaration of Estimated cost	against which estimated cost were available				
(₹in crore)						
Kamrup (M) <sup>15</sup>						
Guwahati MC	Nil	9121	7476.73	74.76	74.76	Nil
GMDA*	Nil	56	85.30	0.85	0.85	Nil
Golaghat						
Golaghat MB	Not furnished	147 <sup>16</sup>	48.81	0.49	0.49	Nil
Bokakhat MB	Nil	60	17.15	0.17	0.04	0.13
Cachar						
Silchar MB	1487	517	424.95	4.25	0.00	4.25
Silchar DA	1278	883	431.33	4.31	0.00	4.31
Dhemaji						
Dhemaji MB	590	Nil	Nil	Nil	Nil	Nil
Silapathar MB	Nil	Nil	Nil	Nil	Nil	Nil
Lakhimpur						
North Lakhimpur MB	Nil	199	68.15	0.68	0.20	0.48
Narayanpur MB	75	Nil	Nil	Nil	Nil	Nil
Total	3430	10983	8552.42	85.51	76.34	9.17

Source: Records furnished by respective ULBs/UDAs. \* Guwahati Metropolitan Development Authority

From **Table 1.2.8**, Audit observed as follows:

- 3,430 out of total 14,413 construction permissions were granted by three sampled Municipality Boards (MBs) (Silchar, Dhemaji & Narayanpur) and one Development Authority (DA) (Silchar) without either obtaining estimated cost of construction or collecting of advance cess receivable.
- Against a total of 10,983 building permissions granted by the sampled Urban Local Bodies (ULBs) having an estimated cost of ₹8,552.42 crore, only ₹76.34 crore was actually collected against ₹85.51 crore (being one *per cent* of estimated cost of construction) due for collection as advance cess. This resulted in short collection of ₹9.17 crore (10.72 *per cent*).
- Major defaulters were Dhemaji MB which neither assessed nor collected any cess during the entire period of audit. Silchar MB & Silchar DA only made partial assessment but no advance cess was collected during the same period.
- Short collection of ₹9.17 crore was noticed in Silchar MB, Silchar DA, Bokakhat MB (Golaghat) and North Lakhimpur MB.

<sup>15</sup> In Kamrup (M) district, the building permissions were being granted by both GMC and GMDA in 2017-18 and 2018-19, after which the building permissions were granted by only GMC since 2019-20.

<sup>16</sup> 2020-21: 04; and 2021-22: 143

Thus, 10 test checked ULBs/UDAs in five sampled districts did not ensure assessment and collection of advance cess as required under the Rules.

The Board stated (October 2023) that steps shall be taken for realisation of short collection of cess.

#### **1.2.4.5.3 Online cess deposit not in place**

As per Standard Operating Procedure (SOP) for overall operations of Assam Building & Other Construction Workers' Welfare Board (ABOCWWB) issued in 2021, all non-treasury cess deposits must be made through online system.

Audit, however, observed that the Board had not computerised or implemented online cess collection system during the audit period. For this purpose, the Board would need to create database for cess collectors and deductors/depositors of all concerned agencies including Central, State and private authorities and institutions involved in construction works and granting building permissions.

Until online cess collection system is put in place in the State, the Board would not be in a position to properly assess cess receivable, the actual cess receipts and the shortfall in cess collection. As the present system of cess collection through drafts/cheques and RTGS, NEFT mode without any dedicated portal for capturing details of cost of construction, establishment/work, *etc.*, is opaque, the actual cess receivable cannot be assessed. The manual system of cess collection coupled with lack of proper maintenance of records and challans, made the present system of cess collection ineffective.

Thus, Board may give higher priority to implement online collection of cess through e-Gras deposit system within a specified time frame to comply with provisions of the Rules to ensure that all eligible employers/establishments pay cess due to the Board.

#### **1.2.4.5.4 Delay in remittance of cess by sampled divisions**

In terms of the Rule 5 (1) of the Building and Other Construction Workers' Welfare Cess Rules, 1998, the proceeds of the cess collected under Rule 4 shall be transferred by such Government office, Public Sector Undertakings, local authority, or cess collector, to the Board along with the form of challan prescribed under the accountings procedures of the State. Rule 5 (3) specified that the amount collected shall be transferred to the Board within 30 days of its collection.

Test check of 50 selected works of 10 sampled Works Executing Divisions (five works from each Division) in PWD, PHE, Water Resources and Irrigation Department in five sampled districts was conducted. It was noticed that in only six out of 50 works in respect of three districts, there were delays in remittance of cess to the Board beyond 30 days. No delay in remittance of cess was noticed in respect of 44 works.

Details of deduction *vis-à-vis* remittance of cess during 2017-18 to 2021-22 in respect of six cases were as shown in **Table 1.2.9**.

Table-1.2.9: Position of deduction of cess *vis-à-vis* remittance of cess

(in ₹)

Name of District	Name of Division	Bill value	Amount of Cess deducted	Date of deduction of cess from the bill	Date of deposit of Cess	Delay in deposit of Cess (beyond 30 days)
Cachar	Silchar & Udharbond Territorial Road Division	53,51,424	53,514	17.08.2021	29.09.2021	12 days
Kamrup (M)	East Guwahati Territorial Roads Division	97,82,604	97,827	22.11.2019	01.02.2020	40 days
		6,06,21,024	6,06,211	14.09.2021	15.12.2021	61 days
Lakhimpur	Lakhimpur, Nowboicha & Bihpuria Territorial Roads Division, NL	1,83,51,333	1,83,513	01.07.2022	01.11.2022	92 days
		46,86,115	46,861	13.03.2020	13.07.2020	79 days
		70,10,714	70,107	12.11.2021	13.03.2022	90 days
Total		10,58,03,214	10,58,033			

Source: Records of the works executing divisions.

The delays in deposit of cess deducted at source in respect of six bills amounting to ₹10.58 lakh by three divisions ranged between 12 to 92 days beyond the prescribed 30 days under the Rules.

Thus, the remittance of cess to the Board by selected work Divisions in five sampled districts was within the prescribed time frame in majority of cases.

#### 1.2.4.6 Health and safety for workers at work sites

##### 1.2.4.6.1 Health and safety norms

Section 40 (1) of the BOCW Act stipulated that the appropriate Government may, by notification, make rules regarding the measures to be taken for the safety and health of building workers in the course of their employment and the equipment and appliances necessary to be provided to them for ensuring their safety, health and protection during such employment.

Audit observed that GoA framed State Rules and notified (August 2007) these in the official gazette which provided for health and safety norms for building workers in Assam. Some of the important provisions included in the State Rules for ensuring environment of compliance to health and safety norms by employers are as given below:

- Mandatory for employers to ensure drinking water, latrines and urinals for workers (Rule 5).
- Adequate number of water outlets is provided on excavation or tunnelling work and are readily made accessible throughout the tunnel for fire-fighting purpose and such water outlets are maintained for effective fire-fighting (Rule 148).
- Each man-lock attendant station is provided with first aid box at a construction site of a tunnelling work (Rule 151).
- Employer shall ensure in every construction site that the safety net is of adequate strength, made of sound materials and is suitable for use (Rule 179).

Audit conducted Joint Physical Verification of 18 construction sites (four registered and 14 unregistered) with the Board officials. The position of compliance by employers in

five sampled districts was as shown in **Table 1.2.10**.

**Table-1.2.10: Position showing compliance to Health and Safety norms at worksites**

Name of the District	Sl. No.	Construction Sites	Drinking water facility	Latrines and urinals	First aid facility	Fire fighting facility	Safety net and safety belt facility
<b>Registered worksites</b>							
Kamrup (M)	1	Bridge construction work over river Brahmaputra	√	√	√	√	√
	2	Construction of residential building, Rehabari	√	√	√	√	√
	3	Construction of State Cancer Institute	√	√	√	√	√
	4	Construction of Medical College, Gopinath Nagar	√	√	√	√	√
<b>Un-registered worksites</b>							
Golaghat	5	Construction of cross and head regulator gate, Rangma FIS (AIBP)	√	√	√	√	√
North Lakhimpur	6	Construction of Sabotia Sports Complex, North Lakhimpur	√	√	X	X	√
	7	Construction & Renovation of Indoor stadium, North Lakhimpur Town	√	√	X	X	√
	8	Construction of Uttar Purwanchal Cultural Club, Ahuchaoal	√	√	X	X	√
	9	Construction of Social Welfare office Building, Borimuri	√	√	X	X	X
	10	Construction work of renovation of Library Building, North Lakhimpur Town	√	√	X	X	√
	11	Construction of New Zila Parishad office, Lilabari.	√	√	X	X	√
Dhemaji	12	Construction of Tribal Rest House, Near SP Bunglow	√	√	X	X	X
	13	Construction of Boys Hostel at Gogamukh	√	√	√	X	X
	14	Construction of power project establishments, NHPC Gerukamukh	√	√	√	√	√
	15	Construction of IARI Hostel Building, Gogamukh	√	√	√	X	X
	16	Construction of Shopping Complex Building, Mohori Camp, Gogamukh	√	X	X	X	X
Golaghat	17	Construction of Aghoratoli Road River Bridge, Bokakhat	√	X	X	X	X
	18	Construction of Bohikhwa Panitanki Chariali, Golaghat	√	√	X	X	X

**Source: Data compiled during Joint Physical Verification.**

Deficiencies noticed above in providing basic amenities for health and safety of workers at 18 different worksites inspected are summarised below:

- Latrines and urinals were not available at two construction sites (Dhemaji: one and Golaghat: one).
- First-aid facilities were not available in 10 construction sites (Lakhimpur: six, Dhemaji: two and Golaghat: two).
- Fire-fighting equipment was not available in 12 construction sites (Lakhimpur: six, Dhemaji: four & Golaghat: two).
- Safety nets and safety belts were not provided to the workers in seven construction sites (Lakhimpur: one, Dhemaji: four and Golaghat: two).

Thus, while the registered worksites were compliant, the health and safety norms were not being followed in the unregistered worksites in majority of the cases.

The Department accepted (October 2023) the audit observation.

#### **1.2.4.6.2 System of inspection for health and safety of workers**

In terms of Rule 251 of the State Rules, an inspector may, *inter-alia*, examine a construction site or place or premises used for a building or other construction work. The Inspector may issue show-cause notice or warning to employers regarding safety, health or welfare of building workers provided under the Act or the State Rules. Further, the Inspector may hold an enquiry into the cause of any accident or dangerous occurrence due to any operation connected with or incidental to such building or other construction work, or of non-compliance with any of provisions of the Act and the State Rules and give directions in this regard.

Audit noticed that GoA appointed Labour Commissioner in February 2008 as Chief Inspector of Inspection of Building and Construction. All Labour Officers and Labour Inspectors were appointed (August 2008) as Inspectors within their respective jurisdictions in different districts as per provisions of the Act/Rules.

Audit, however, observed that none of the LOs and LIs in five sampled districts conducted any inspections during 2017-18 to 2021-22. Thus, due to poor supervision and monitoring by the Government, the objective of compliance to health and safety norms was not met as provided under the Act and the State Rules.

The Department accepted (October 2023) the audit observation.

#### **1.2.4.6.3 Non-constitution of Safety Committee**

Rule 208 of the State Rules stipulated that every establishment wherein five hundred or more building workers are ordinarily employed, there shall be safety committee constituted by the employer which shall be represented by equal number of representatives of employer and building workers employed in such establishment. The main functions of the Safety Committee *inter-alia* include checking of unsafe practices in building or other construction work by going around the construction site and identification of probable causes of accident and to suggest remedial measures.

Audit conducted Joint Physical Verification of one<sup>17</sup> out of three registered establishments under Kamrup (M) district having five hundred or more building workers during 2017-18 to 2021-22 to ascertain constitution of Safety Committee by the employers. Though it

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<sup>17</sup> Bridge construction work over river Brahmaputra, Bharalu.



was reported that there was a safety committee to deal with health and safety aspects for the workers, but no documentary evidence in regard to constitution of the committee could be furnished to audit.

The Department accepted (October 2023) the audit observation relating to non-constitution of safety committee.

### **1.2.5 Administration of Welfare Funds**

#### **1.2.5.1 Constitution of Fund**

As per 264 and 268 of the State Rules, the Board was required to constitute a Fund to be called the 'Assam Building and Other Construction Workers' Welfare Fund' and to administer the Fund according to the Rules. The grants or loans, if any, made to the Board by the Central Government or the State Government, all contributions paid by the beneficiaries and all sums received by the Board under the Cess Act, 1996 and Rules, 1998 made thereunder may be credited to the Welfare Fund.

Audit noticed that though the Board was constituted in February 2008, but no specific notification for the creation of Welfare Fund as required under Rules was issued by the Board. Instead, the Board kept all the moneys received from cess collection and beneficiary contributions, *etc.*, under three categories of Funds during 2017-18 to 2021-22 as under:

- (i) General Fund: All income other than cess and member's contributions are kept under this Fund and deposited into one Current Bank Account<sup>18</sup>.
- (ii) Cess Fund: All cess collections are credited under this Fund and for this purpose the Board maintained four Savings Bank Account<sup>19</sup>.
- (iii) Members Contribution Fund: All beneficiaries' contribution were kept under this Fund and deposited into one Current Bank Account<sup>20</sup>.

Audit further noticed that expenditure on benefits as well as Administrative expenses were disbursed out of General Fund during the first three years 2017-18 to 2019-20 despite having meagre amount of receipts (₹3.48 crore) during those years leading to deficit balance which is yet to be adjusted as of March 2022. However, from 2020-21, Administrative Expenses was paid from General Fund and benefits were disbursed from Cess Fund. Members Contribution Fund remained untouched and no expenditure had been incurred since its inception in 2010.

#### **1.2.5.2 Receipts and payments of the Board**

The details of receipts and payments of the Board during the period from 2017-18 to 2021-22 were as given in **Table 1.2.11**:

<sup>18</sup> State Bank of India A/c No. xxxxx8906, opened on 04.07.2009.

<sup>19</sup> (i) State Bank of India A/c No. xxxxx4172, opened on 27.08.2010 and is in operation; (ii) Bank of India A/c No. xxxxx3111, opened on 20.11.2017 and is in operation; (iii) HDFC Bank A/c No. xxxxx7180, opened on 05.11.2020 and is in operation; and (iv) Union Bank of India A/c No. xxxxx2601, opened on 13.08.2020 and is in operation.

<sup>20</sup> State Bank of India A/c No. xxxxx6008, opened on 06.08.2010.

**Table-1.2.11: Receipts and payments of the Board during 2017-2022**

(₹ in crore)

Year			2017-18	2018-19	2019-20	2020-21	2021-22	Total
Opening Balance			585.73	755.88	981.46	1201.00	1413.64	--
Receipts during the year	General Fund		1.37	1.03	1.08	0.59	1.30	5.37
	Cess Fund	Cess	143.48	217.22	240.69	223.30	310.13	1,134.81
		Interest	41.39	45.58	70.74	70.20	51.09	279.00
	Beneficiaries Contribution Fund		2.17	2.73	3.86	7.90	6.91	23.57
	Total		188.41	266.55	316.37	301.99	369.43	1,442.75
Total Fund available			774.14	1,022.42	1,297.82	1,502.99	1,783.07	--
Expenditure	Scheme		16.85	39.43	92.37	86.14	78.95	313.74
	Admn. Expenses		1.41	1.55	4.46	3.21	2.53	13.15
	Total		18.26	40.98	96.83	89.35	81.48	326.89
Closing balance			755.88	981.46	1,201.00	1,413.64	1,701.59	--
Percentage of unspent balance to total fund available			97.64	95.99	92.54	94.06	95.43	--

Source: Departmental records.

From **Table 1.2.11**, it can be seen that

- A total fund of ₹1,783.07 crore was available with the Board as on 31 March 2022 which increased from ₹774.14 crore in 2017-18.
- Total receipts of cess were ₹1,134.81 crore during 2017-18 to 2021-22. Cess receipts increased from ₹143.48 crore in 2017-18 to ₹310.13 crore in 2021-22 indicating increase of 116.15 *per cent*.
- Interest earned on investment of cess receipts was in the range of ₹41.39 crore (21.97 *per cent*) to ₹70.74 crore (22.36 *per cent*) of the total receipts during 2017-18 to 2021-22. Interest income showed a fluctuating trend from ₹41.39 crore (2017-18) to a high of ₹70.74 crore (2019-20) which then declined to ₹51.09 crore (2021-22) due to interest rate variations.
- Out of total fund of ₹1,783.07 crore available, the Board could utilise ₹326.89 crore during 2017-18 to 2021-22 leaving a balance at the end of each year between ₹755.88 crore and ₹1,701.59 crore.
- While yearly expenditure on welfare schemes was in the range of ₹16.85 crore (2.18 *per cent* of total fund) during first three years in 2017-18 to ₹92.37 crore (7.12 *per cent* of total fund) in 2019-20, it declined to ₹86.14 crore (5.73 *per cent* of total fund) in 2020-21 and to ₹78.95 crore (4.43 *per cent* of total fund) in 2021-22.
- Whereas year-end fund balances increased consistently from ₹755.88 crore in 2017-18 to ₹1,701.59 crore in 2021-22, expenditure of the Board remained stagnant during the last three years of 2019-20 to 2021-22. The percentage of unspent balances to total funds available ranged from 92.54 *per cent* to 97.64 *per cent* in the period covered by the audit.

It was also observed that as much as 68.46 *per cent* to 93.03 *per cent* of the total registered beneficiaries (if one-time assistance given during COVID-19 is excluded) were not covered under any of the envisaged schemes during the five-year period. This position is also borne out by the beneficiary survey conducted by Audit as discussed in **Paragraph 1.2.4.3.4** of the Report.

Thus, from the details of receipts and payments of the Board, it is evident that the objective of the Welfare Fund constituted for providing welfare benefits to registered workers as envisaged under Act/Rules was not largely fulfilled or ensured.

### 1.2.5.3 Poor budgetary performance

Section 25 of the Act read with Section 264 of the State Rules, 2007 provided that the Board shall prepare during each year its budget for the next financial year showing the estimated receipts and expenditure of the Board and forward the same to State Government for sanction and approval.

Details of estimated receipts and expenditure *vis-à-vis* actual receipts and expenditure for the five-year period 2017-18 to 2021-22 was as given in **Table 1.2.12**:

**Table-1.2.12: Budgetary provision *vis-à-vis* actual expenditure and savings**

(₹ in crore)

Year of Budget	Date of sending Budget to Government	Period of delay taking March of previous financial year as last month for sending	Budget		Actuals		Savings on actual expenditure over budgeted expenditure ( <i>per cent</i> )
			Receipts	Expenditure	Receipts	Expenditure	
2017-18	01.12.2017	8 Months	180.28	747.96	188.41	18.26	729.70 (97.56)
2018-19	13.06.2018	2 Months 12 Days	241.28	968.90	266.55	40.97	927.93 (95.77)
2019-20	01.07.2019	3 Months	319.77	783.74	316.37	96.83	686.92 (87.65)
2020-21	05.08.2021	4 Months 4 Days	NP	231.72	301.99	89.35	142.37 (61.44)
2021-22	03.11.2022	7 Months 2 Days	NP	293.72	369.43	81.48	212.24 (72.26)
<b>Total</b>			<b>741.33</b>	<b>3,026.04</b>	<b>1,442.75</b>	<b>326.89</b>	<b>2,699.16 (89.20)</b>

*Source: Data/information furnished by the Board. NP-Not prepared.*

From **Table 1.2.12**, it can be seen that

- Against the total budgetary provision of ₹3,026.04 crore during 2017-18 to 2021-22, expenditure was only to the extent of ₹326.89 crore resulting in savings of ₹2,699.16 crore which constituted 89.02 *per cent*.
- While the annual budgetary provision was showing decreasing trend from ₹747.96 crore in 2017-18 to ₹293.72 crore in 2021-22 (60.73 *per cent* decrease), the yearly savings against budgetary provision reduced correspondingly from a high of 97.56 *per cent* in 2017-18 to 61.44 *per cent* in 2020-21 and to 72.26 *per cent* in 2021-22 which was still very significant.
- The expenditure on schemes and administrative purposes against the budgetary provision ranged only between 2.44 *per cent* and 38.56 *per cent* during the audit period, indicating that the budgetary exercise was not done with due diligence keeping in view the trend of expenditure in the previous years. Further, its submission to GoA for approval was also delayed by more than two to eight months during the audit period.

This situation points to the need for streamlining budgetary process to ensure timely approval of budget and to achieve higher performance in expenditure towards implementation of schemes as envisaged in the Act.

The Department accepted (October 2023) the audit observation.

#### 1.2.5.4 Investments of fund

Rule 294 of the State Rules, 2007 provided that all moneys belonging to the fund may be invested in the nationalised banks or scheduled banks or in the securities referred to in clauses (a) to (d) of Section 20 of the Indian Trust Act, 1882. Further, as per the Hon'ble Supreme Court judgement<sup>21</sup> (February 2012), funds available with Welfare Boards which have not been disbursed or are not likely to be disbursed within a short period should be properly invested.

Audit noticed that the Board invested its entire surplus funds available with it at the beginning of the year in nationalised banks.

Further test-check of investments of funds during 2017-18 to 2021-22 showed that the Board did not avail higher rate of interest offered by other nationalised banks in three cases as per details given in **Table 1.2.13**:

**Table-1.2.13: Investment of unutilised funds**

Date of quotation (date of investment)	Total investment (₹ in crore)	Rate of interest accepted	Higher rate of interest available	Loss of interest (rate difference)	Loss Amount (₹ in crore)
20 Feb 2018	68.20	6.60 (Bank of India)	6.83 (Punjab & Sind Bank)	6.83-6.60= 0.23	0.16
01 March 2021	89.61	3.56 (Union Bank)	5.20 (Canara Bank)	5.20-3.56= 1.64	1.47
01 April 2021	20.86	3.65 (Bank of Baroda)	5.25 (Punjab National Bank)	5.25-3.65= 1.60	0.33
<b>Total</b>	<b>178.67</b>				<b>1.96</b>

Source: Data/information furnished by the Board.

It can be seen from **Table 1.2.13** that due to non-availing of higher rate of interest offered by other banks, the Board sustained a loss of ₹1.96 crore towards interest income on its investment of ₹178.67 crore during five-year period.

The Department accepted (October 2023) the audit observation and stated that engagement of specialised firm is under consideration.

#### 1.2.5.5 Non-recovery of advances

Audit observed that the Board released an amount of ₹22.47 lakh in January 2021 as advances to LW Department, Government of Assam for conducting recruitment tests of Grade –IV and Drivers under the Commissioner of Labour, Assam (₹15.97 lakh), and to Assam Labour Welfare Society (₹6.50 lakh) in December 2021 for registration-cum-ceremonial distribution of e-shram card.

The Board, however, had not taken any action to recoup the amount of advances released to the above two parties as of March 2022.

<sup>21</sup> Writ Petition No. 318 of 2006.

### 1.2.5.6 Non-reconciliation of bank balances

The Board operated four savings bank accounts for receipt of cess either through direct deposit in the bank accounts or through bank instruments like drafts, cheques, *etc.* The establishment and operational expenses of the Board were made from five bank accounts<sup>22</sup>.

Audit, however, observed that the Board did not conduct bank reconciliation for the year 2017-18 to 2019-20. Bank reconciliation for year ended 31 March 2021 and 31 March 2022 was carried out and there was unreconciled difference of ₹26.26 crore between the cash book balance and pass book balance of previous years in respect of four out of nine bank accounts. The result of bank reconciliation for these differences was not on record.

### 1.2.5.7 Shortage of human resources

The Hon'ble Supreme Court issued directions (January 2010) to all States for formation of Welfare Boards with adequate full-time staff within three months.

Audit, however, noticed that the Board did not have any permanent employees on its payroll since its inception (2008). The Board Headquarters office at Guwahati and district offices were being run by contractual staff during the audit period. Details of sanctioned posts *vis-à-vis* persons in position were as given in **Table 1.2.14**:

**Table-1.2.14: Status of manpower as of March 2022**

Board Headquarter office			
Designation	Sanctioned Post	Persons in position	Vacant
Project Manager	1	0	1
Office Assistant	8	4	4
Accounts Assistant	4	1	3
Driver	3	3	0
Office Peon	2	2	0
<b>Total</b>	<b>18</b>	<b>10</b>	<b>8</b>
Districts Offices			
Office Assistant	64	56	8
Office Peon	13	13	0
<b>Total</b>	<b>77</b>	<b>69</b>	<b>8</b>

*Source: Data/information provided by the Board.*

It can be seen from **Table 1.2.14** that against 18 and 77 sanctioned posts in the Board headquarters office and district offices, 10 posts and 69 posts were filled up respectively by contractual staff. There was vacancy against eight posts each at Board headquarters office and the district offices as of March 2022 respectively.

Thus, the total vacancy position of 16 posts in both the Board office and district offices would have had an adverse effect on the Board's effectiveness in budgetary management and implementation of various welfare schemes for the beneficiaries.

<sup>22</sup> (i) State Bank of India Current A/c No. xx6008 and xx8906; (ii) Union Bank of India Savings A/c No. xx2600; (iii) Assam Gramin Bikash Bank Savings A/c No. xx15844; and (iv) IDBI Bank Savings A/c No. xx1878.

The Department stated (October 2023) that action is being taken for manpower engagement.

### 1.2.6 Implementation of Welfare Schemes

#### 1.2.6.1 Status of schemes executed by the Board

The Board is mandated to provide the benefits detailed under Section 22 of the Act. Further, Section 24 (2) of the Act mandated the Board to utilise the Fund for discharging functions under Section 22. In compliance with the Act, GoA notified (August 2008) 15 schemes to be implemented by the Board in Assam.

Audit noticed that the Board incurred an expenditure of ₹313.66 crore towards implementation of 15 schemes during 2017-18 to 2021-22. Year-wise details of welfare schemes implemented during 2017-18 to 2021-22 were as shown in **Table 1.2.15**:

**Table-1.2.15: Year wise details of benefit disbursed**

(₹ in crore)

Sl. No.	Name of Scheme	2017-18	2018-19	2019-20	2020-21	2021-22	Total	Percentage to total expenditure
1	Skill development Training Cost	-	17.86	38.02	7.90	24.36	88.14	28.09
2	Education Assistance	12.98	8.36	21.49	9.14	17.23	69.20	22.05
3	One Time assistance during Pandemic	-	-	1.56	40.69	-	42.25	13.47
4	Stipend to Trainees	-	5.78	9.79	6.84	10.77	33.18	10.57
5	Health Check-up	0.04	1.53	11.37	8.62	8.35	29.92	9.53
6	General Pension	0.91	2.84	4.53	6.83	10.54	25.66	8.18
7	Death benefit (including funeral assistance)	1.14	1.02	2.93	1.90	3.96	10.96	3.49
8	Night Shelter	-	-	-	3.14	2.31	5.45	1.74
9	Medical Assistance	0.49	0.73	1.18	0.73	0.69	3.83	1.22
10	Aam Aadmi Bima Yojana (AABY)	1.28	1.27	1.26	-	-	3.81	1.21
11	Disability Pension	0.01	-	0.14	0.04	0.34	0.53	0.20
12	Marriage Assistance	-	0.02	0.03	0.12	0.31	0.48	0.15
13	Cash Award	-	0.01	0.06	0.07	0.07	0.21	0.07
14	Family pension	-	0.01	0.01	0.02	0.02	0.06	0.02
15	Maternity Benefits	-	-	-	-	0.02	0.02	0.01
<b>Total</b>		<b>16.85</b>	<b>39.43</b>	<b>92.37</b>	<b>86.04</b>	<b>78.97</b>	<b>313.66</b>	

**Source: Data/information furnished by the Board.**

Audit observed from **Table 1.2.15** that out of ₹313.66 crore spent on welfare schemes during 2017-18 to 2021-22, ₹288.35 crore (91.90 per cent of the total expenditure) was spent on six schemes mentioned at Sl. No.1 to 6.

It is evident that the Board accorded higher priority on schemes relating to skill development, education and training, health check-up and general pension during the entire five-year period. Expenditure on direct benefits/transfer schemes was 67.88 per cent of the total expenditure (₹212.92 crore).



This can be attributable to both lack of initiative on the part of the Board for greater outreach to increase higher coverage of workers and lack of awareness about the schemes benefits amongst the beneficiaries as already pointed out in **Paragraph 1.2.4.3.4**.

Thus, there is need for greater awareness campaign and publicity and outreach for registered and unregistered workers to encourage them to avail the benefits of the schemes both in the Headquarters and district offices.

### 1.2.6.2 Observation on selected welfare schemes

Audit selected 10 schemes for detailed examination based on random sampling wherein three schemes were with moderate amount of financial assistance, two schemes having no beneficiaries and five schemes with maximum amount of financial assistance.

#### 1.2.6.2.1 Six schemes with moderate financial assistance including two zero beneficiaries

Six welfare schemes with moderate amount of financial assistance were examined in the sampled districts and audit findings are as shown in **Table 1.2.16**:

**Table-1.2.16: Status of six schemes during the period 2017-18 to 2021-22**

Sl. No.	Name of Scheme	Categories of Schemes	Total expenditure incurred (₹ in crore)	Audit Findings
1	Marriage Assistance	Moderate	0.48	As per Rule 286 of the Rules, 2007, building workers having continuous membership for five years shall be eligible to get financial assistance of ₹25,000 for the marriage of up to two children. Further, a female/ male member of this Fund is also eligible for this assistance for her/his own marriage. An application in Form No. XLIV shall be submitted along with such other documents such as marriage certificate by the concerned authority.  Audit noticed that between 2017-18 and 2021-22, an amount of ₹48 lakh was disbursed among 174 beneficiaries. Audit test checked ten cases involving ₹2.50 lakh pertained to the three <sup>23</sup> out of five sampled districts and found that the benefits were disbursed as per the provision of the Rules.
2	Cash Award	Moderate	0.21	The scheme was instituted to give cash awards to the wards of beneficiaries as incentives for pursuing higher education in every districts at the rate of ₹5,000, ₹4,000, ₹3,500 to those wards who scored above 75 per cent, above 65 per cent to less than 75 per cent and above 55 per cent to less than 65 per cent marks in High School examination in a particular year.  A total of ₹0.21 crore was disbursed among 592 beneficiaries in the State during 2017-18 to 2021-22, out of which ₹4.86 lakh was given towards cash awards to 129 wards of beneficiaries in Kamrup (M) and Golaghat districts out of five sampled districts till March 2022.

<sup>23</sup> Kamrup: seven cases, Lakhimpur: two cases & Cachar: one case.

Sl. No.	Name of Scheme	Categories of Schemes	Total expenditure incurred (₹ in crore)	Audit Findings
3	Disability Pension	Moderate	0.53	<p>Board was to sanction an amount of ₹2,000 per mensem plus ₹100 per month for every completed year of service from the date of registration as disability pension every month to those beneficiaries who are permanently disabled due to paralysis, leprosy, T.B., accidents, etc. In addition, the beneficiary will be eligible for an ex-gratia payment of not more than three lakh depending upon the percentage of disability and subject to such conditions as may fixed by the Board.</p> <p>Audit noticed that an amount of ₹0.53 crore was given to 26 beneficiaries between 2017-18 and 2021-22.</p>
4	Maternity Benefits	Moderate	0.02	<p>As per scheme guidelines, women workers who are registered under the Board shall be entitled to ₹20,000 as maternity benefit on submission of application in Form XXXIII along with other specified documents such as birth certificate of the child.</p> <p>During 2017-18 to 2021-22, a total of 12 applications were received by the Board and ₹2.40 lakh was disbursed. The low coverage of the scheme during the period was due to lack of awareness among the workers.</p>
5	Aam Aadmi Bima Yojana (AABY)	Zero Beneficiary	3.81	<p>The Aam Aadmi Bima Yojana (AABY) is a GoI social security scheme administered through Life Insurance Corporation of India (LIC) that provides Death and Disability cover to unorganised workers. As per the scheme guidelines, the dependents of the beneficiaries were to get a lump sum amount of ₹30,000 in case of normal death and ₹75,000 in case of accidental death.</p> <p>Audit noticed that the Board implemented the scheme from September 2011 to 2018-19. The scheme was discontinued from 2019-20 onwards. The Board under this scheme had forwarded 253 death cases to LIC for disbursement of benefits against which only 144 cases were settled by LIC. The claims of remaining 109 beneficiaries were still pending with the LIC since June 2020, the present status (August 2023) of which was not known to the Board. Thus, the Board failed to take up the matter with the LIC and take corrective steps so as to provide the benefit to the eligible beneficiaries. For the period 2019-20, an amount of ₹1.26 crore was paid to LIC in September 2019. However, it was refunded back to the Board in July 2020 due to lack of Aadhar and bank details of the beneficiaries which were not provided by the Board. Since then, the scheme was discontinued.</p>

Sl. No.	Name of Scheme	Categories of Schemes	Total expenditure incurred (₹ in crore)	Audit Findings
6	Advance for purchase or construction of house	Zero Beneficiary	0.00	As per Rule 277 of the Assam BOCW Rules, 2017, the Board may on application by a member, sanction an amount not exceeding ₹ 5.00 lakh for purchase of flat, ₹ 2.00 lakh for purchase of land and ₹ 3.00 lakh for construction of house. However, the scheme was not implemented as the Board Members were of the opinion (Board minutes, October 2018) that before advancing any loan the credit worthiness of the beneficiaries should be ascertained.
<b>Total</b>			<b>5.05</b>	

Source: Data provided by Board.

#### 1.2.6.2.2 Five schemes with maximum financial assistance including one moderate and one zero beneficiary scheme

##### (i) Skill Development Training

Government of India, Ministry of Labour and Employment, Directorate General of Employment & Training (DGE&T) launched (November 2014) “Recognition of Prior Learning (RPL)” scheme for construction workers and their eligible dependent children with instructions to all State Governments to implement the scheme from the Cess collected by the Board. Clause 3.7 of the RPL states that the skills up-gradation initiative should incorporate a robust impact evaluation mechanism that will assess training effectiveness, placement/work enablement due to increase in skills and the subsequent income increase through evaluation at intervals of five weeks, 25 weeks and 50 weeks post certification by an independent anchor.

The Model Welfare Scheme of GoI (October 2018) *inter-alia* provided that while adopting the Skill Development Scheme by the State Boards, the Skill Development activities should be converged with the State Skill Development Missions *i.e.*, Assam Skill Development Mission (ASDM) in case of Assam. For awarding Skill certificate to trainees, minimum 80 *per cent* attendance was required to undergo final assessment examination.

Audit, however, observed that in contravention of the conditions laid down by ASDM for issue of certificates to 15,211 selected beneficiaries, the Board executed two fresh agreements (September 2018) with two separate Assessment/Certification Agencies<sup>24</sup> for the final examination at the cost of ₹1,000 per trainee. As per clause 2 A(i) of the new agreements, each of the enrolled trainees was eligible for assessment and certification irrespective of attendance.

Consequently, the Board spent an amount ₹1.52 crore for providing certificates to all the 15,211 trainees who appeared in the final examination irrespective of attendance.

<sup>24</sup> M/s ITRC Technologies Pvt. Ltd., Indore, Madhya Pradesh and M/s Moksha Consultancy (P) Ltd., Guwahati.

Audit noticed that only 2,555 candidates had fulfilled the criteria of minimum 80 *per cent* attendance. Though all the workers were given certificates, as many as 12,656 beneficiaries (83 *per cent*) did not fulfil the requirement of ASDM for final assessment examination. Thus, these workers were not imparted the skill development training as per the prescribed class attendance to enhance their skill level.

Moreover, the Board did not carry out any impact evaluation on the effectiveness, placement or work enablement and income increase of these workers post certification as required under the RPL scheme of GoI. The impact of skill development has not been assessed by the Board.

**(ii) One-time financial assistance to beneficiaries during COVID-19 pandemic**

To compensate the loss of wages of BOC workers due to imposition of lockdown in the State to prevent the spread of COVID-19 pandemic, GoA instructed (March-April 2020) the Board to provide financial assistance from the Welfare Fund to all the registered beneficiaries @ ₹2,000 per beneficiary (in two instalments of ₹1,000 each) into their respective bank accounts through Direct Benefit Transfer mode.

Audit noticed that the Board disbursed financial assistance of ₹2,000 per beneficiary (in two instalments) only to 2.29 lakh (52.77 *per cent*) out of 4.34 lakh registered beneficiaries at the time of disbursement of financial assistance against Covid 19 pandemic due to lack of bank account details in respect of the remaining 2.05 lakh beneficiaries. No initiative to obtain bank account details from the registered workers was taken by the Board apart from merely issuing instructions to district offices for furnishing details of bank accounts of registered beneficiaries which was neither obtained nor pursued actively till the end of 2020-21.

Due to lack of adequate action of the district offices and deficiencies in maintenance of records of registered beneficiaries by the Board and its 33 district offices, an amount of ₹41.00 crore involving 2.05 lakh beneficiaries (47.23 *per cent*) was not disbursed in violation of Government instructions and these beneficiaries were deprived of the financial assistance benefits entitled by them.

The Department stated (October 2023) that the online portal is under development by the NIC to address all such problems.

**(iii) Annual Financial assistance to beneficiaries for Health Check-Up**

Rule 284 of the State Rules, 2007 (Amended 2017) states that the Board may subject to the availability of cess fund, sanction financial assistance to registered beneficiaries having continuous membership a sum of ₹5,000 once in a year for his or her annual health check-up in any hospital. The beneficiaries are required to submit valid medical documents of Health Check-up within the period of one month to their respective Registering Officers failing which they shall not be eligible for the benefit in the next year.

Audit observed that the Board in its meeting held in October 2018, approved disbursement of benefits under annual health check-up in two categories: ₹3,000 for beneficiaries up to 40 years of age and ₹5,000 for beneficiaries above 40 years of age. The total expenditure of ₹29.92 crore was incurred for 80,579 beneficiaries out of 6.46 lakh registered beneficiaries during the period 2017-18 to 2021-22.

A test-check in five sampled district offices showed that the financial assistance was disbursed from Board's Headquarters office to beneficiaries through Direct Bank Transfer (DBT) without ensuring proper utilisation of the amount by collecting documentary evidence of health check-up done by the beneficiaries. The district officials did not maintain any data either in physical or digital form to ascertain the numbers of beneficiaries who had applied for health check-up benefits and received the amount during the period of Audit.

Thus, the Board spent ₹29.92 crore for 80,579 beneficiaries during the five-year period without ensuring actual medical check-up done by the beneficiaries. In the absence of such records, whether the expenditure was incurred for the purpose it was released could not be vouchsafed in Audit.

The Department accepted (October 2023) the audit observation.

### 1.2.6.2.3 Payment of death benefits to dependents

Rule 281 (2) of State Rules, 2007 provided that a nominee who is entitled to death benefit shall submit to the Secretary of the Board or any other officer authorised by him an application in Form No. XXXVI. A certificate regarding the death/accidental death issued by a government doctor not below the rank of an Assistant Surgeon shall be produced along with the application and other documents specified by the Board. Further, Rule 281 provided ₹50,000 for natural death and ₹3.00 lakh for accidental death for dependent family members of deceased workers. The Model Welfare Schemes for BOC Workers and Action Plan for strengthening implementation machinery (MWS) of GoI provided a timeline of 60 days from the date of death of the beneficiary for making compensation under "Life and Disability."

Audit observed that the Board disbursed an amount of ₹10.95 crore to 1,226 nominees of deceased beneficiaries during 2017-18 to 2021-22. The position of disbursement of death benefits in five sampled districts was as given in **Table 1.2.17**:

**Table-1.2.17: Details of death benefit disbursement in five sampled districts during 2017-2022**

Name of the Districts	Number of nominees of deceased workers	Number of death cases	Amount of disbursement (In lakh)	Delay at Board (after receipt of application from Districts offices)
Cachar	49	29	18.62	Up to 6 months
		7	3.9	7 to 12 months
		13	9.5	No date of receipt of applicants
Dhemaji	81	49	34.85	Up to 6 months
		19	10.5	7 to 12 months
		13	9.75	Records not maintained
Golaghat	248	185	135.28	Up to 6 months
		35	21.96	7 to 12 months
		5	2.76	13 to 18 months
		1	0.55	19 to 24 months
		22	14.72	Records not maintained
Kamrup (M)	33	18	15.00	Up to 6 months
		5	7.79	7 to 12 months
		1	0.56	13 to 18 months
		3	1.66	18 to 24 months
		6	3.37	Records not maintained

Name of the Districts	Number of nominees of deceased workers	Number of death cases	Amount of disbursement (In lakh)	Delay at Board (after receipt of application from Districts offices)
Lakhimpur	219	147	96.9	Up to 6 months
		25	18.95	7 to 12 months
		2	1.11	18 to 24 months
		45	35.05	Records not maintained
<b>Total</b>	<b>630</b>	<b>630</b>	<b>442.78</b>	

Source: Data furnished by the Board.

From **Table 1.2.17**, it can be seen that the Board disbursed ₹4.43 crore to 630 nominees of deceased workers under the death benefit scheme in five sampled districts which is 40.46 *per cent* of total disbursement. There was a delay in processing of cases after receipt of the claim at the Board's office for a period ranging from one month to 121 months. The Board stated (November 2023) that finalisation of the claims was delayed due to shortage of man-power.

Thus, the Board did not disburse the claim of death benefits within the prescribed period of 60 days to provide immediate relief to the members of the deceased beneficiaries.

The Department accepted (October 2023) the audit observation.

#### 1.2.6.2.4 Delay in completion of Night Shelter at Guwahati for construction workers

Ministry of Labour and Employment directed (July 2017) all State Governments/UTs to make provisions for accommodation/labour shed cum night shelter for the BOC workers as the construction workers are predominantly of migratory nature and move from one place to other in search of work. In order to mitigate their hardships, the State Governments were advised to facilitate night shelter in the areas of their concentration.

The Board approved (November 2017) a proposal for construction of one-night shelter at the premises of Labour Commissioner office, Guwahati. The work was entrusted (February 2019) to Assam State Housing Board (ASHB) at an estimated cost of ₹7.96 crore and work order was issued (March 2019) by the Board after tendering (February 2019) with value of the work being ₹7.85 crore. The work was scheduled to be completed within 24 months (*i.e.*, March 2021) from the date of issue of work order. The status of progress of work was as per details given in **Table 1.2.18**:

**Table-1.2.18: Details of progress of work for construction of Night Shelter, Guwahati**

Sl. No	Stages of Work	Date of action	Gap period (approx.)
1	Instruction by Ministry of Employment to provide Night Shelter	11.06.2017	21 Months
2	Decision of the Board to construct Night Shelter in Guwahati	07.11.2017	
3	Approval of plan and estimate by Assam State Housing Board	22.05.2018	
4	Invitation of bids by ASHB	08.02.2019	
5	Issue of work order	08.03.2019	
6	Scheduled date of completion of work	08.03.2021	24 Months
7	Extension allowed up to	27.11.2021	08 Months
8	Second extension allowed up to	31.01.2022	3 Months

Source: Data furnished by the Board.



From **Table 1.2.18**, it can be seen that the work order for construction of night shelter at Guwahati for construction workers was issued in March 2019, which was 21 months after the direction of GoI (June 2017) to be completed by March 2021. The Board incurred a total expenditure of ₹5.45 crore as of March 2022 for the work. However, even after a lapse of 12 months after the target date of completion as of March 2022, the building remained incomplete.

Meanwhile, in August 2022, the Board approved additional works for the night shelter to include additional items such as conference hall, separate ladies' washroom, boundary walls, peripheral lights and tenders were invited on 04 January 2023.



The work order for the additional items of work was allotted on 15 February 2023 at an additional cost of ₹3.15 crore with the stipulation to complete the work within six months *i.e.*, 14 August 2023. However, as on the date of Audit (August 2023) only 89 *per cent* of the work was completed after lapse of approved six months' extension time. Now, the target date of completion has been further extended to September 2023.

Though the work was scheduled to be completed in January 2022, due to inclusion of additional items of works which were not initially planned and envisaged, the building could not be completed till the date of Audit (August 2023) and the total cost of project had gone up to ₹11.11 crore (₹7.96 crore + ₹3.15 crore).

Thus, even after a lapse of two and half years from the targeted date of completion (March 2021), the night shelter could not be completed and ₹5.45 crore invested by the Board remained unfruitful on the date of Audit (August 2023).

### 1.2.7 Conclusion

Government of India (GoI) enacted (August 1996) the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (the Act) and the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act) to regulate the employment and conditions of service and provide safety, health and welfare measures to building and other construction workers.

Audit noticed several instances of non-compliance to the provision of Acts/Rules in regard to age criteria, penal provision for non-submission of notice by the employers, format of Accounts, constitution of the Board and Board members, holding of meetings, *etc.*

The LW Department registered 12,658 establishments during 2017-18 to 2021-22 which showed an increasing trend. However, in five selected districts, registration of establishments showed a decreasing trend. Only 1,679 (10 *per cent*) out of 17,270 establishments in test checked 10 sampled Local Bodies/Development Authorities and

10 sampled works executing divisions were registered with the LW Department and the remaining 15,591 (90 *per cent*) establishments remained unregistered during the Audit period.

Moreover, the Board did not maintain a database for establishments and the registers maintained did not have the full details of the establishments. The system of registration of establishments was weak and ineffective, thus impacting the coverage of eligible beneficiaries.

The increase in the number of registered beneficiaries ranged between 42.15 *per cent* and 69.10 *per cent* during 2017-18 to 2021-22. However, the total number of workers registered (6,45,562 as on March 2022) with the Board (65 *per cent*) was much lower than the estimated workers of 10 lakh projected by LW Department.

While the registration of establishments in the five sampled districts showed a decreasing trend, the number of registered workers with the Board was increasing. Wide variation was noticed in the ratio of registered establishment *vis-à-vis* registered workers in the test checked districts, where the increase in registered establishments did not result in a corresponding increase in registration of beneficiaries. This was indicative of weakness in monitoring and control of registration process of establishments and workers.

The publicity and awareness campaign was ineffective as 68 to 82 *per cent* of the registered workers surveyed were neither aware of the Board and its welfare schemes nor had received any benefits. Out of 438 workers surveyed, 51 workers (11.64 *per cent*) were not registered with the Board. The Board did not conduct any survey to identify unregistered workers at various worksites through inspection nor had created a database for registration of workers during the Audit period.

The Board did not have any mechanism to know cess amount receivable, collected and remitted by different agencies. Monitoring of construction activities, verification of assessment and collection of cess were not carried out by the Board during the Audit period.

The Board could show only annual receipt of cess based on balances reflected in the bank accounts maintained by the Board. There was no mechanism in the Board to carry out reconciliation of the cess receivable from different sources with actual receipt of the cess in their bank accounts. Due to lack of action on the part of Assessing Officers, assessment of cess, receipt and collection of cess *vis-à-vis* actual remittances or deposit of cess to the Board were not checked or verified. Due to absence of online cess deposit, the present system of cess collection was through drafts/cheques and RTGS, NEFT mode without any dedicated portal for capturing details of cost of construction, establishment/work, and supporting challans and documents, *etc.* The actual cess receivable was not assessed under the manual system and maintenance of records was poor and total cess due was not quantifiable.

Health and Safety norms were notified by the Government, but compliance to the norms was weak and not followed by the employers at worksites. No inspection to ensure compliance was conducted by the Department/Board.

The Board submitted its budget to GoA for approval with delays ranging from more than two to eight months during the audit period. While receipts under the Funds were showing an increasing trend and investment of the fund balances reached upto 85.67 *per cent* to 93.72 *per cent* of the balance fund available during the five-year period, expenditure on the schemes not only decreased since 2019-20 but it also could cover only up to 6.97 *per cent* to 31.54 *per cent* of the total registered beneficiaries in all the years except during 2020-21. From 68.46 *per cent* to 93.03 *per cent* of registered beneficiaries were not covered under any of the envisaged schemes during the five year period (if one-time assistance given during COVID-19 is excluded).

There was lack of efficient management of budgetary expenditure. The budget proposals are un-realistic, weak scheme implementation capacities lead to huge year end fund balances despite substantial accumulation of funds over the years.

### **1.2.8 Recommendations**

- *GoA may strengthen registration machinery of the Board/LW Department to effectively identify the workers and establishments eligible for registration by*
  - *creation of an integrated IT portal/ application for online registration of establishment, workers, cess assessment (assessors, cess deductors/ collectors including Local Bodies/ Authorities) and cess deposit system;*
  - *conducting regular inspection by LOs and LIs; and*
  - *ensuring mandatory submission of returns by employers;*
- *The Board may streamline budgetary process to ensure timely approval of budget and improve its expenditure towards implementation of schemes as envisaged in the Act;*
- *The Board may undertake regular awareness campaign and publicity of various schemes among the registered and unregistered workers to increase coverage of beneficiaries and help them in availing the benefits.*

## **Labour Welfare Department**

### **1.3 Performance Audit on Working of Assam Tea Employees Provident Fund Organisation**

*Assam Tea Plantation Provident Fund (ATPPF) was established in September 1955 which was subsequently renamed as Assam Tea Employees' Provident Fund Organisation (ATEPFO) in June 2014 to provide social security benefits to the workers employed in tea plantations and factories in Assam. ATEPFO implements four social security schemes viz., Provident Fund (PF), Pension Fund, Deposit Link Insurance, and Gratuity schemes for employees of Tea Estates (TEs) and Factories. TEs are to deposit both employees and employer's share of PF contributions to ATEPFO. Audit observed that there was shortfall in enrolment of labourers as well as deposit of PF contributions by the TEs. ATEPFO had not fixed any timelines for issue of recovery proceedings against the defaulting TEs in deposit of PF contributions. Statutory interest against many defaulting TEs were also not imposed. With regard to the settlement of claims, about 61 per cent to 90 per cent of family pension claims*

were outstanding at the end of every year during the audit period which was mainly due to absence of timeline for submission and processing of claims by TEs. Payment of family pensions to existing 1,591 family pensioners was discontinued due to non-submission/ non-updation of bank details and other related documents since 2016. ATEPFO had invested a portion of funds in corporate bonds without ensuring safety giving rise to possible loss of invested amount and receivable interest. ATEPFO was lacking centralised database of subscribers and was unable to generate online PF statements for its subscribers.

**Highlights:**

- *As of March 2022, a total of 573 out of 1,197 TEs involving 39,120 tea workers were not covered under PF scheme as required under the Rules.*

*(Paragraph 1.3.9.1.1)*

- *There was shortfall in deposit of PF contribution of ₹315.45 crore at the end of March 2022 by 334 TEs (including ATCL TEs) and out of these, non-deposit/ delay in deposit of PF contribution was to the extent of five years by 83 per cent of the TEs.*

*(Paragraphs 1.3.9.1.2 & 1.3.9.1.3)*

- *The unrealised statutory interest from defaulting TEs for non-deposit of PF contribution within the prescribed time frame was ₹74.15 crore as of March 2022. Further, ATEPFO was yet to impose statutory interests against 315 TEs (excluding ALCL TEs) for non-deposit of PF contribution as of March 2022 in violation of the provisions of the Act.*

*(Paragraph 1.3.9.1.7)*

- *During the years 2017 to 2022, 87 per cent to 96 per cent of Provident Fund claims and 99 per cent of pension claims were settled, however, clearance of family pension cases was only 10 per cent to 39 per cent.*

*(Paragraph 1.3.9.2)*

- *‘PF earnings and Distribution Account’ was showing a negative balance in three out of five years i.e., -₹9.45 crore in 2019-20, -₹33.16 crore in 2020-21 and -₹53.81 crore in 2021-22 due to transfer of a portion of PF earnings/returns to Pension Fund Account.*

*(Paragraph 1.3.10.1)*

- *Due to investments made by ATEPFO in certain Corporate Bonds without keeping in view the criteria of safety which started defaulting in payment of interest since the year 2019-20 resulted in loss of interest to the tune of ₹11.42 crore. Besides there is probability of loss of its invested fund in six such bonds to the tune of ₹69.61 crore on maturity in various periods till September 2027 of which three bonds involving ₹24.92 crore already matured between August 2022 and November 2023 but not repaid.*

*(Paragraph 1.3.10.4)*

- *ATEPFO incurred extra expenditure to the extent of ₹4.41 crore during 2018-19 to 2021-22 beyond the administration cost levied on TEs. Such extra expenditure on administration cost resulted in reduction of PF Administration fund corpus accumulated over a period of time.*

*(Paragraph 1.3.13)*

- *ATEPFO was yet to implement centralised subscriber's database for PF subscribers as a result, it was not able to generate and issue Annual PF statements online and PF details could not be made available to the subscribers through the system.*

*(Paragraph 1.3.16.1.1)*

- *A total of 1,994 claims of Provident Fund, Pension, Family Pension and DLI scheme involving ₹14.01 crore settled by ATEPFO were not credited to the bank account of the concerned beneficiaries due to reasons for failed transactions as of March 2022. Out of this, 52 per cent cases pertaining to 2017-18 and 2018-19 were pending for more than three years.*

*(Paragraph 1.3.16.2)*

- *There was shortfall in annual inspection of registered TEs by ATEPFO and it ranged from 578 TEs (52 per cent) to 910 TEs (79 per cent) during the year 2017-18 to 2019-20. Out of 1,146 TEs enrolled under ATEPFO as of March 2019, a total of 221 TEs were not inspected even once during the entire three-year period from 2017-18 to 2019-20.*

*(Paragraph 1.3.18.1)*

- *Disposal of grievances by ATEPFO was not adequate as less than 50 per cent of the complaint cases only could be disposed of within 30 days. The Grievance Redressal System was still on offline mode and the follow up mechanism and feedback system was weak.*

*(Paragraph 1.3.18.4)*

### **1.3.1 Introduction**

The Tea Plantation Industry of Assam is more than 200 years old and produces about 51 per cent of the total tea production of the country. In order to provide social security benefits to the workers employed in tea plantations and factories in Assam, Government of Assam (GoA) passed Assam Tea Plantations Provident Fund Scheme Act, 1955 (Assam Act X of 1955). Accordingly, Assam Tea Plantation Provident Fund (ATPPF) was established (September 1955) which was subsequently renamed as Assam Tea Employees' Provident Fund Organisation (ATEPFO) in June 2014. The Act was also amended from time to time and was called as The Assam Tea Plantations Provident Fund and Pension Fund and Insurance Fund Scheme Act, 1955 since 1984.

Further, in exercise of the powers conferred under Section 3 of the Act, GoA framed Assam Tea Plantations Provident Fund Scheme (1955), Pension-cum-Family Pension Scheme (1968/1972) and Deposit Linked Insurance Fund Scheme (1984). Another

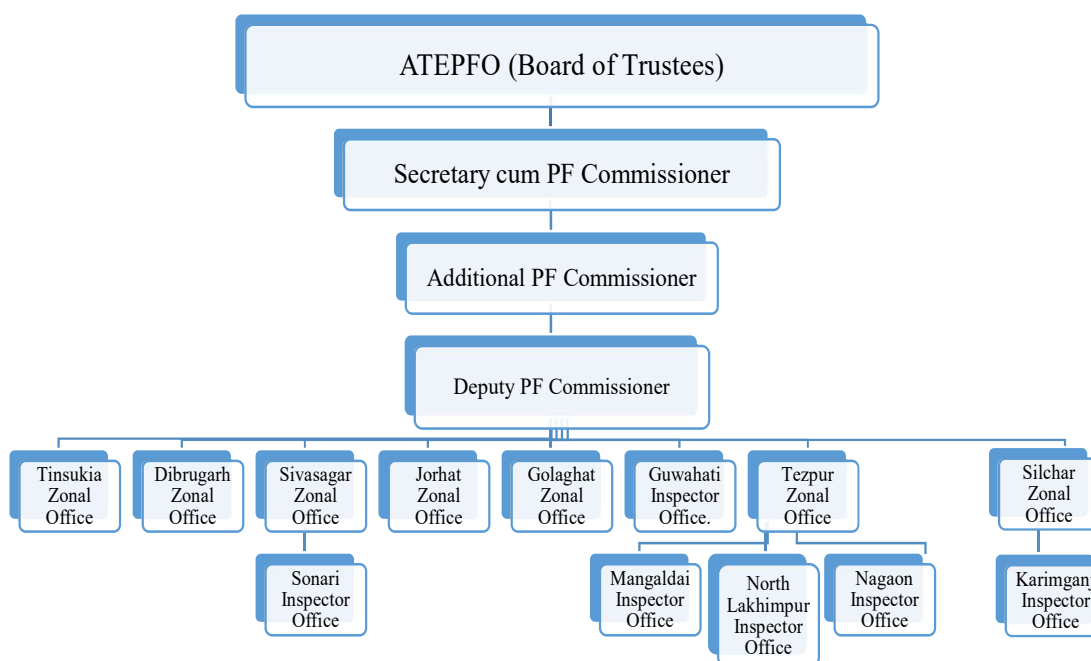


scheme, namely, Assam Gratuity Fund Scheme was introduced in 2017 for the workers and employees employed in tea plantations and factories. These funds and schemes are being administered and implemented by ATEPFO. As on 31 March 2022, 1,197 Tea Estates/ factories where ten or more employees were employed on any day of the twelve months preceding the enforcement of the scheme were registered under ATEPFO. The ATEPFO implemented four schemes namely, Provident Fund Scheme, Pension-cum-Family Pension Scheme, Deposit Linked Insurance Scheme and Gratuity Fund Scheme.

### 1.3.2 Organisational Set up

ATEPFO is administered by a Board of Trustees (BoT) consisting of Chairman, Vice Chairman nominated by Government of Assam (GoA), four officials of GoA representing the State Government and four members representing both the employees and employers each. The Board of Trustees is assisted by the Executive Committee and Investment Committee consisting of six members each. The Secretary-cum-Provident Fund Commissioner is ex-officio member of BoT. The organisation had a three tier administrative structure for implementation of schemes such as (i) Head administration (ii) Zonal administration and (iii) Inspectorate administration. The organisational set up of ATEPFO was as depicted in *Chart-1.3.1*:

**Chart-1.3.1**



*Source: Departmental records.*

ATEPFO is headed by the Secretary cum PF Commissioner who acts as Chief Executive Officer (CEO). The CEO is further assisted by the Additional Provident Fund Commissioner and the Deputy Provident Fund Commissioner. The Head Office provided guidelines and procedures for the operation of the Zonal and Inspectorate Offices.



There were seven Zonal Offices<sup>25</sup> (ZO) and six Inspectorate Offices<sup>26</sup> (IO) as of March 2022. Zonal Offices are headed by the Assistant Provident Fund Commissioners assisted by Fund Control Officers, Assistant Fund Control Officers and Auditors.

The Officers of the Zonal and Inspectorate Offices conduct inspections in Tea Estates/ Factories for ensuring compliance to provisions of the social security schemes and submit their inspection reports to the Head Office.

### 1.3.3 Audit Objectives

The Performance Audit was conducted to:

- make an assessment of various schemes and its compliance with the prescribed policy, rules, guidelines, *etc.*
- assess management of fund in accordance with the provisions of the law.
- see that the registered Tea Estates/ Factories were enrolled for entitlement of all the benefits of the schemes as per the provision of the Assam Tea Plantations Provident Fund and Pension Fund and Insurance Fund scheme.
- assess the effectiveness of all the schemes among the Tea estate employees in Assam and existence of public grievance redressal mechanism for disposal of subscriber's grievance.
- compare the facilities provided by ATEPFO *vis-à-vis* similar schemes implemented by Employees Provident Fund Organisation (EPFO) of Government of India.

### 1.3.4 Audit Criteria

The criteria for the Performance Audit were as the following:

- Assam Budget Manual, 2012.
- Assam Financial Rules, 1939.
- General Financial Rules, 2017.
- The Assam Tea Plantations Provident Fund Scheme Act, 1955 as amended from time to time and Schemes and Rules framed thereunder.
- The Code on Wages Act, 2019.
- The Indian Trust Act, 1882.
- The Occupational Safety, Health and Working Conditions Code, 2020.
- EPF Miscellaneous Provisions Act, 1952 and Schemes framed thereunder.

### 1.3.5 Audit scope and Methodology

The Performance Audit commenced with an Entry Conference on 08 August 2022 with the Additional Commissioners of ATEPFO wherein the objectives, criteria and scope of audit were discussed. Representatives from Finance and Labour and Welfare Department also participated in the Conference.

<sup>25</sup> Dibrugarh, Tinsukia, Sivsagar, Jorhat, Golaghat, Tezpur, Silchar.

<sup>26</sup> Karimganj, Nagaon, Mongoldoi, North Lakhimpur, Sonari & Guwahati.

The Performance Audit covered a period of five years from 2017-18 to 2021-22. The Audit covered implementation of schemes and fund management by the ATEPFO. Audit examined records of various schemes in sampled Zonal and Inspectorate offices and the tea estates followed by examination of documents and conduct of physical verification in 30 selected TEs, and conducted beneficiary survey of 600 tea garden workers in 30 selected TEs.

The audit findings were discussed in Exit Meeting held on 01 November 2023 with the Principal Secretary, Labour and Welfare Department, GoA and Secretary cum PF Commissioner, ATEPFO including other representatives from Finance Department. Replies and views of the Department and ATEPFO have suitably been incorporated in the Report wherever applicable.

#### **1.3.6 Audit sampling**

ATEPFO had a total of seven Zonal Offices and six Inspectorate Offices spreading over Assam; out of which, three Zonal Offices (43 *per cent*), namely, Silchar, Tinsukia and Tezpur were selected on the basis of number of TEs with geographical representation for detailed audit examination. For selection of Zonal Offices, various factors, *viz.*, geographical locations, total Provident Fund subscribers, total claims settled during 2017-18 to 2021-22, total number of TEs defaulting in payments, *etc.*, were also considered<sup>27</sup>.

During the audit of the three sampled Zonal offices, one to four number of Inspectorate Offices were selected for examination based on the findings from Zonal offices.

**Selection of Tea Estates:** For physical verification, a total of 30 out of 523 Tea Estates were selected by adopting criteria of 10 *per cent* of total tea plantations from each sampled Zone randomly subject to a maximum of 10 tea estates/ factories.

**Beneficiary Survey:** A total of 600 Tea estate workers (20 each from the 30 sampled TEs) who were beneficiaries of existing PF schemes and Pension schemes (with 33 *per cent* women representation) were surveyed to ascertain timely settlement of claims, extent of delay in settlement of claims/ receipt of Annual PF statement, status of literacy amongst workers/employees, payment of benefits, *etc.*

#### **1.3.7 Acknowledgement**

The office of the Accountant General (Audit), Assam would like to express its deep appreciation to officers and staff of the Assam Tea Employees Provident Fund Organisation for rendering active cooperation and assistance during audit.

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<sup>27</sup> In three geographical strata, *viz.*, Upper Assam, Lower Assam and Barak Valley, 30 *per cent* of either Zonal and/or Inspectorate offices (Minimum one Zonal and/or Inspectorate office from each geographical strata) has been selected. The zones/inspectorates are selected based on the maximum number of tea estates therein. In upper Assam, Tinsukia zone having the largest number of TEs and Silchar zone being the only zone from Barak Valley were selected. As there is no zonal office in lower Assam, Tezpur zone from middle Assam is selected based on the number of TEs therein. During the inspection of ZO, IO has been considered for selection based on findings from the ZOs.

### 1.3.8 An overview on functioning of ATEPFO

ATEPFO implemented four social security schemes for the employees of tea plantations and factories in Assam during 2017-18 to 2021-22. Details of schemes, corpus of funds, numbers of claims settled, numbers of beneficiaries, financial outgo, respective sources of fund, eligibility criteria/benefits are given in **Appendix 1.3**.

The highlights of the above schemes are as presented below:

#### (i) *Provident Fund Scheme*

- PF subscribers grew from 9.98 lakh in 2017-18 to 12.09 lakh in 2020-21 which declined to 11.98 lakh in 2021-22.
- While the total PF contributions (employee and employer's share) during the five-year period was ₹3,436.50 crore, the PF interest earned on the contribution including opening balance and credited to the subscriber's account was ₹3,361.89 crore.
- Total of 1,34,193 PF claims were settled with a total financial outgo of ₹2,773.23 crore during 2017-18 to 2021-22.
- Total unclaimed PF balances by the subscribers after cessation/ retirement was to the extent of ₹5.41 crore during the period.
- The corpus/ closing balance of Provident Fund as of March 2022 was ₹11,932.16 crore which grew @ seven per cent to nine per cent from ₹8,604.21 crore in 2017-18 as detailed in **Table 1.3.1**.

✓ **Sources of Fund:** Equal share of PF Contribution @12 per cent of wages from employees and employers.

✓ **Eligibility criteria:** Any worker/ employee drawing wages up to ₹15,000 per month.

✓ **Benefits:** Total PF accumulation at the time of cessation/ retirement.

✓ **Rate of interest:** 7.5 per cent per annum during 2017-19 and thereafter at the rate of 7.00 per cent per annum during 2019-22.

**Table-1.3.1: Corpus of Provident Fund**

(₹ in crore)

Year	Nos. of registered TEs	Nos. of PF subscribers	Opening Balance	Contribution collected & due	Interest credited to the PF subscribers	Total settlements from PF	Closing Balance
2017-18	1,114	9,98,308	7,907.00	619.01	593.03	514.83	8,604.21
2018-19	1,146	10,49,292	8,604.21	616.09	645.32	574.98	9,290.64
2019-20	1,157	11,80,548	9,290.64	675.18	650.34	471.32	10,144.84
2020-21	1,167	12,09,297	10,144.84	634.66	710.14	588.71	10,900.93
2021-22	1,197	11,98,231	10,900.93	891.56	763.06	623.39	11,932.16
<b>Total</b>				<b>3,436.50</b>	<b>3,361.89</b>	<b>2,773.23</b>	

Source: Departmental records.

**(ii) Pension cum Family Pension Scheme**

- Alive pensioners and family pensioners as of March 2022 were 20,742 and 8,130 respectively.
- Total corpus of Pension-cum-Family Pension Fund as on March 2022 was ₹317.81 crore. The Fund grew from ₹181.93 crore in 2017-18 (seven per cent) to ₹317.81 crore (19 per cent) in 2021-22.
- The total financial outgo towards Pension cum Family Pension scheme was ₹791.58 crore during 2017-18 to 2021-22 respectively.

**Pension:**

- ✓ **Source of fund:** Share of transfer of interest earned in Provident Fund.
- ✓ **Eligibility criteria:** Retirement/Cessation from service on attainment of the minimum age of 50 years with minimum 10 years of qualifying service.
- ✓ **Benefits:** 90 per cent of total PF accumulation payable at the time of cessation from service and paid on monthly basis for 12 years after attainment of 58 years of age.

**Family pension:**

- ✓ **Source of fund:** Contribution from GoI @1.167 per cent of total wages.
- ✓ **Eligibility criteria:** Death while in service after completion of one year of continuous membership to the fund.
- ✓ **Benefits:** Monthly pension @ ₹1,000 (minimum) and ₹1,500 (maximum) based on PF accumulation at the time of death. Paid to spouse of the deceased subscriber till the date of death/remarriage, thereafter to the eldest child- son upto 18 years and daughter till 21 years or marriage whichever is earlier.
- ✓ In both the schemes, neither the pensioner nor family members are required to make any contributions.

**(iii) Deposit Linked Insurance Scheme**

- As many as 8,130 DLI claims were settled with financial outgo of ₹52.23 crore during 2017-2022.
- The Corpus of DLI fund as on March 2022 was ₹316.38 crore.
- Administrative cost by ATEPFO was between ₹3.76 crore in 2017-18 to ₹4.28 crore in 2021-22.

- ✓ **Sources of Fund:** Contribution from employer (0.5 per cent) and GoI (0.25 per cent) of total wages.
- ✓ **Eligibility criteria:** Death while in service, subject to minimum PF balance of ₹1,000 on the date of death.
- ✓ **Benefits:** Ranges from one lakh (Min) to two lakh (Max) paid to the dependent family member as based on PF balance at the time of death.
- ✓ No contribution was required to be made by the employees and family members for this benefit.

**(iv) Gratuity Scheme:**

- Total corpus of Gratuity Fund as of March 2022 was ₹97.27 crore.
- The financial outgo of Gratuity Scheme during 2018-19 to 2021-22 was ₹4.32 crore including ₹2.30 crore as gratuity payment to 311 beneficiaries and ₹2.02 crore as other expenses during 2018-2022.

- ✓ **Sources of Fund:** Contribution from employer @ four per cent of total wages of regular employees.
- ✓ **Eligibility criteria:** After rendering five years of continuous service/ death while in service.
- ✓ **Benefits:** Minimum of ₹1,000 and Maximum of ₹10 lakh after cessation/retirement.

### 1.3.9 Audit findings

#### 1.3.9.1 Coverage of workers under PF Scheme

##### 1.3.9.1.1 Enrolment of Tea workers

As per para 22(a) read with para 22(c) of Assam Tea Plantations Provident Fund and Pension Fund Scheme, 1968, every employee shall be compulsorily required to join the Scheme and become a member thereof immediately after enforcement of ATPPF Act.

Status of enrolment of workers under PF Scheme as of March 2022 was as shown in **Table 1.3.2**:

**Table-1.3.2: Enrolment of workers under PF Schemes by TEs as of March 2022**

Name of the Zone	No of TEs registered under ATEPFO	Nos. of TEs with		No. of eligible workers		
		Fully enrolled workers	Partially enrolled workers	To be registered	Actually registered	Not registered
Status in the State						
Assam	1,197	624	573	12,37,351	11,98,231	39,120
Status in the selected zones						
Tinsukia	255	123	132	2,65,343	2,60,455	4,888
Tezpur	158	93	65	3,12,238	3,05,908	6,330
Silchar	110	59	51	67,196	61,058	6,138
Total	523	275	248	6.44.777	6.27.421	17.356

*Source: Information furnished by ATEPFO.*

Audit noticed that in the State, all the employees of 624 out of 1,197 registered TEs were enrolled with ATEPFO under PF, however, all the employees of 573 TEs had not enrolled with ATEPFO as of March 2022, as required under the Scheme. Further, the total employees to be registered under PF scheme in respect of 1,197 TEs as of March 2022 was 12,37,351. However, 11,98,231 employees were enrolled under the scheme indicating a shortfall of 39,120 employees who were yet to subscribe to PF.

Similarly, in 523 registered TEs in the sampled zones, total workers/employees to be registered as of March 2022 was 6,44,777 of which, only 6,27,421 workers were covered under PF scheme by the TEs indicating shortfall in enrolment of 17,356 workers pertaining to 248 TEs.

Further, in six out of 30 sampled registered TEs in the three sampled zones, against total 8,408 employees as of March 2022, only 7,927 employees had enrolled with ATEPFO leaving a shortfall of 481 belonging to six TEs. The shortfall noticed in the six TEs was as shown in **Table 1.3.3**:

**Table-1.3.3: TE wise details of non-enrolment of workers in six out of 30 selected TEs during 2017-18 to 2021-22**

Name of Zone	Name of TE	Particulars	Years				
			2017-18	2018-19	2019-20	2020-21	2021-22
Tinsukia	Betjan	No of workers employed	2213	2351	2352	2454	2321
Tezpur	Seconee		897	888	1466	906	950
	Burrapahar		426	424	421	422	430
Silchar	Koombar		3682	3549	3590	3529	3499
	Arcuttipore		612	610	629	643	621
	Kalinagar		582	548	569	579	587

Name of Zone	Name of TE	Particulars	Years				
			2017-18	2018-19	2019-20	2020-21	2021-22
Tinsukia	Betjan	No of workers enrolled under PF Scheme	2016	2312	2319	2422	2291
Tezpur	Seconee		889	880	879	849	809
	Burrapahar		353	353	353	353	353
Silchar	Koombar		3644	3539	3543	3523	3489
	Arcuttipore		577	570	589	599	574
	Kalinagar		457	437	397	390	411
Tinsukia	Betjan	Shortfall in PF enrolment	197	39	33	32	30
Tezpur	Seconee		8	8	587	57	141
	Burrapahar		73	71	68	69	77
Silchar	Koombar		38	10	47	6	10
	Arcuttipore		35	40	40	44	47
	Kalinagar		125	111	172	189	176
Total shortfall during the year			476	279	947	397	481

Source: Information furnished by TEs.

Thus, a total of 39,120 tea workers belonging to 573 registered TEs in the State were deprived of the benefits of the Schemes as of March 2022.

In reply, ATEPFO stated that (October 2023) as of September 2023, additional 15,821 workers pertaining to the 352 out of 573 TEs have been enrolled under PF Scheme.

### 1.3.9.1.2 Shortfall in deposit of PF contribution by TEs

Section 3(3) read with section 11(A) of ATPPF Act, 1955 envisages that every employer shall deposit the PF contribution to ATEPFO within 30 days from the date of disbursement of wages.

The status of shortfall in deposit of PF contribution by the TEs during the period from 2017-18 to 2021-22 was as shown in **Table 1.3.4**:

**Table-1.3.4: Status of PF contribution, receipt and shortfall during 2017-18 to 2021-2022**

(₹ in crore)

Year	PF contribution outstanding at the beginning of the year	PF contribution due during the year	Total (2+3)	PF Contribution received during the year	Shortfall (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
2017-18	135.52	619.01	754.53	598.31	156.22
2018-19	156.22	616.09	772.31	693.62	78.69
2019-20	78.69	675.18	753.87	611.67	142.20
2020-21	142.20	634.66	776.86	655.46	121.40
2021-22	121.40	891.57	1,012.97	697.52	315.45
<b>Total</b>		<b>3,436.51</b>		<b>3,256.58</b>	

Source: Annual Accounts of ATEPFO.

From **Table 1.3.4**, it can be seen that the total PF contribution to be received by ATEPFO from 1,197 registered TEs during 2017-18 to 2021-22 was ₹3,572.03 crore (₹3,436.51 crore plus ₹135.52 crore). However, actual receipt of PF contribution during the period was ₹3,256.58 crore indicating a shortfall of ₹315.45 crore. The shortfall in deposit of PF contribution by the TEs at the end of each year ranged between ₹78.69 crore (10 per cent) in 2018-19 and ₹315.45 crore (31 per cent) in 2021-22.



Such huge short deposit of PF contribution to ATEPFO by TEs indicated that these amount were retained by the TEs during respective years thereby, adversely affecting PF corpus investment to that extent which could have earned interest income to the Fund.

While accepting the audit observations, ATEPFO (October 2023) stated that shortfall in deposit of PF contribution (excluding Assam Tea Corporation Limited (ATCL) gardens) had reduced to ₹77.41 crore as of September 2023.

### 1.3.9.1.3 Zone wise details of short deposit of PF contribution as of March 2022

Zone wise details of short deposit of PF contribution as of March 2022 were as shown in **Table 1.3.5**:

**Table-1.3.5: Zone wise details of shortfall in deposit of PF contribution as of March 2022**

Sl. No.	Name of the Zone	No. of defaulting TEs	Shortfall <sup>28</sup> (₹ in crore)	Period of shortfall
1	Jorhat	40	8.75	13 days to 40 years
2	Golaghat	31	6.43	14 days to 39 years
3	Silchar	39	22.04	2 months to 21 years
4	Dibrugarh	96	33.94	9 days to 17 years
5	Sivsagar	32	20.28	13 days to 17 years
6	Tinsukia	26	27.54	3 months to 3 years
7	Tezpur	47	28.92	6 days to 5 years
8	Guwahati IO (HQ Office)	04	5.45	4 months to 19 years
<b>Sub total</b>		<b>315</b>	<b>153.35</b>	
9	ATCL TEs	19	156.96	Since April 2005
	<b>Total</b>	<b>334</b>	<b>310.31</b>	

*Source: Information furnished by ATEPFO.*

It can be seen from **Table 1.3.5** that 334 out of 1197 TEs under seven zonal offices did not deposit their PF contribution to the tune of ₹310.31 crore to ATEPFO as of March 2022 in violation of the Act. The delay in deposit of PF contribution for different periods and number of TEs involved was shown in **Table 1.3.6**:

**Table-1.3.6: Age wise shortfall in deposit of PF contribution by defaulting TEs as of March 2022**

Sl. No.	Name of the Zone	No. of TEs	Shortfall (₹ in crore)	Period of non-deposit
1	Dibrugarh, Tinsukia, Silchar, Tezpur, Golaghat, Jorhat, Sivsagar and Guwahati IO	114	16.58	Upto 6 months
2	Dibrugarh, Tinsukia, Silchar, Tezpur, Golaghat, Jorhat, Sivsagar and Guwahati IO	65	37.35	6 months to 1 year
3	Dibrugarh, Tinsukia, Silchar, Tezpur, Golaghat, Jorhat and Sivsagar	99	66.45	1 year to 5 years
4	Dibrugarh, Silchar, Golaghat and Sivsagar	17	13.32	5 years to 10 years
5	Dibrugarh, Silchar, Golaghat, Jorhat, Sivsagar, Tezpur and Guwahati IO (including 19 ATCL TEs)	33	175.49	10 years to 20 years
6	Golaghat and Silchar	2	0.1	20 years to 30 years
7	Golaghat and Jorhat	4	1.02	Above 30 years
<b>Total</b>		<b>334</b>	<b>310.31</b>	

*Source: Information furnished by ATEPFO.*

From **Table 1.3.6**, it was seen that

<sup>28</sup> Zone-wise details of shortfall amount of ₹5.14 crore (₹315.45-₹ 310.31) were not furnished by ATEPFO.

- Default in deposit of PF contribution between 10 years to above 30 years involved 20 TEs (Sl. Nos. 5 to 7) for an amount of ₹19.65 crore (excluding ₹156.96 crore of ATCL TEs) are depicted in **Appendix 1.4**.
- Five to 10 year defaulters involved 17 TE (Sl. No. 4) for an amount of ₹13.32 crore.
- 99 TEs (Sl. No. 3) defaulted payment of PF contributions for ₹66.45 crore for one to five years.
- As many as 179 TEs (53 per cent) defaulted for one month to one year in payment of ₹53.93 crore PF contribution (Sl. Nos. 1 & 2).

Thus, in majority of TEs (278 (Sl. Nos. 1 to 3) out of 334 TEs i.e., 83 per cent), non-deposit/ delay in deposit of employees' PF contribution was to the extent of five years. These defaulting TEs were liable to pay interest @ 15 per cent per annum on the arrears till deposited under Section 11 of the Act and penalty with imprisonment for a term which may extend to one year or with fine which may extend ₹5,000 or with both under Section 7(I) of the Act.

#### 1.3.9.1.4 Short deposit of PF contribution in three sampled zones and 30 selected TEs

In three sampled zones, the status of deposit of PF contribution is given in **Table 1.3.7**:

**Table-1.3.7: Details of PF contribution in sampled zones and 30 selected TEs as of March 2022**

Name of selected ZO	No of registered TEs	No of TEs not defaulted	No of defaulted TEs	Shortfall (₹ in crore)	Period of shortfall			
					Upto one year	Between one year and five years	Between five years and 10 years	More than 10 years
Tinsukia	255	229	26	27.54	13	13	0	0
Tezpur	158	111	47	28.91	42	5	0	0
Silchar	110	71	39	22.04	9	19	8	3
<b>Total</b>	<b>523</b>	<b>411</b>	<b>112</b>	<b>78.49</b>	<b>64</b>	<b>37</b>	<b>8</b>	<b>3</b>

Source: Information furnished by ATEPFO.

It can be seen from **Table 1.3.7** that in three sampled zones, out of 523 TEs, 112 TEs defaulted in depositing their contribution involving ₹78.49 crore and 90 per cent of which (101 nos.) defaulted for one month to five years.

Details of 11 out of 30 selected TEs which defaulted in depositing PF contribution (March 2022) were as shown **Table 1.3.8**:

**Table-1.3.8: Details of 11 TEs which defaulted in depositing PF contribution.**

Name of the Zone	Name of the Defaulted TEs	No. of enrolled PF subscribers	Shortfall (₹ in crore)	Period of shortfall	
				Up to one year	Between one year and five years
Tinsukia	Dehing	4,265	1.01	✓	
	Hillika	3,375	2.51		✓
	Itakholi	3,040	0.59	✓	
	Margherita	6,789	1.12	✓	
<b>Sub Total</b>		<b>17,469</b>	<b>5.23</b>		
Tezpur	Pertabghur	3,130	1.80	✓	
	Tarajulie	3,339	1.04	✓	
	Seconee	809	0.63	✓	
<b>Sub Total</b>		<b>7,278</b>	<b>3.47</b>		

Name of the Zone	Name of the Defaulted TEs	No. of enrolled PF subscribers	Shortfall (₹ in crore)	Period of shortfall	
				Up to one year	Between one year and five years
Silchar	Arcuttipore	574	1.02		✓
	Goombira	509	0.06	✓	
	Pallorbond	1,271	3.45		✓
	Poloi	330	0.02	✓	
Sub Total		2,684	4.55		
Total		27,431	13.25		

Source: information furnished by ATEPFO.

As shown in **Table 1.3.8**, 11 TEs failed to deposit ₹13.25 crore involving 27,431 workers for upto one year in eight cases and in three cases up to five years.

Thus, shortfall in deposit of PF contribution to ATEPFO in three sampled zone worked out to ₹78.49 crore involving 112 TEs. In 30 selected TEs, 11 TEs had defaulted in depositing PF contribution amounting ₹13.25 crore involving 27,431 workers as of March 2022.

In reply, ATEPFO stated (October 2023) that shortfall in deposit of PF Contribution by the TEs reduced to ₹24.45 crore and ₹10.04 crore in three sampled zones and in nine selected TEs respectively, as of September 2023.

#### 1.3.9.1.5 No timeline fixed for issue of Recovery Certificate and Attachment of TEs, etc.

Under Section 15(B)(i) a, b & c of the Act (amended in 2016), ATEPFO is empowered to recover the default amount from the employers. The mode of recovery process prescribed in the Recovery Manual (July 2016) includes issuance of notice, filing FIR/ Criminal cases, 3<sup>rd</sup> party notice, Recovery Certificate and Attachment and sale of TEs.

The status of action initiated by ATEPFO against the 315 (excluding 19 ATCL TEs which is discussed separately at **Para 1.3.9.1.6**) defaulters as of March 2022 was as given **Table 1.3.9**:

**Table-1.3.9: Status of action initiated against 315 defaulters in depositing PF contribution as of March 2022**

Sl. No.	Category	Time line followed by ATEPFO	Total number of actions initiated against defaulting TEs	Status of action as on 31 March 2022
(i)	Reminder	15 days after completion of 30 days grace period	94	27
(ii)	Final Reminder	15 days from the date of issue of Reminder	128	53
(iii)	Notice for initiation of Recovery Proceedings	No timeline prescribed	81	30
(iv)	FIR/Cr. Case	No timeline prescribed	79	39
(v)	3 <sup>rd</sup> Party/ Broker Notice <sup>29</sup>	No timeline prescribed	14	3
(vi)	Recovery Certificate	No timeline prescribed	63	58
(vii)	Attachment	No timeline prescribed		7
(viii)	Action yet to be initiated	-		98
Total			459	315

Source: Information furnished by ATEPFO.

<sup>29</sup> In case of default in payment by a TE, total receivable default amount is assigned to 3<sup>rd</sup> party/Broker (Recovery Agent) by the ATEPFO for recovery of the same.

ATEPFO had initiated action for recovery of outstanding PF contributions by following seven stages and the status of action initiated against the number of defaulting TEs as of March 2022, was as under:

- A. Reminder:** A total of 94 reminders were issued to defaulting TEs, but further action yet to be initiated against the remaining 27 TEs (ranging three days to 37 months).
- B. Final Reminder:** 128 final reminders have been issued to the defaulting TEs but further action was yet to be initiated against remaining 53 TEs (ranging from three days to 24 months).
- C. Notice for Recovery Proceedings:** Notices for initiation of recovery proceedings have been issued to 81 defaulting TEs, of which no further action had been initiated against 30 TEs.
- D. FIR/Cr. Case:** A total of 79 FIR/Cr. Case have been issued to the defaulting TEs of which next course of action was yet to be initiated against 39 TEs.
- E. 3<sup>rd</sup> Party/Broker Notice:** 3<sup>rd</sup> Party/Broker Notice have been issued against 14 defaulting TEs, but further action against 3 TEs was pending.
- F. Recovery Certificate:** A total of defaulting 63 TEs were issued recovery certificate but action was yet to be taken against the defaulting 58 TEs.
- G. Attachment:** Seven TEs are in the attachment stage.
- H. Action yet to be taken:** No action was taken against 98 defaulting TEs.

Audit observed that no timelines were fixed for action to be taken subsequent to final reminder for issue of recovery proceedings till attachment of the defaulting TEs. In the absence of such timelines, action for recovery of default amount was not taken in a time bound manner.

ATEPFO in its reply stated (October 2023) that the matter would be placed before the Board of Trustees for fixing timelines in SOP for recovery proceedings including attachment of defaulting TEs.

#### **1.3.9.1.6 Progress on action taken against the defaulting 315 TEs by ATEPFO as of December 2022**

As of December 2022, the number of defaulting TEs had gone down to 197 TEs and were at different stages of action initiated by the Organisation as shown below:

- Out of 197 TEs, first reminders and final reminders were issued after the expiry of grace period of 30 days to 31 TEs.
- 65 TEs were in the stage of notice for recovery proceedings and FIR.
- 81 TEs were in the stage of 3<sup>rd</sup> party notice (30 TEs) and recovery certificates (51 TEs) stage.
- 15 TEs were in attachment stage.
- Action yet to be initiated against five TEs.

Thus, as of December 2022, number of defaulting TEs had reduced by 37 per cent to 197 TEs from 315 TEs (₹153.35 crore) as of March 2022. The outstanding default amount against 197 TEs stood at ₹130.10 crore (excluding ATCL TEs) as on the date

of audit (December 2022). In respect of ATCL TEs, the amount yet to be recovered towards default of PF contributions was ₹156.96 crore involving 20,994 workers. Audit further observed that ATEPFO took two to three years to issue recovery certificate from the due date of issue of final reminders.

Audit further noticed that in respect of five TEs (Khanikar, Hatigarh and Pradeep TEs in Dibrugarh zone, Moabund TE in Jorhat zone, Dubba TE in Sivasagar zone), no action has been initiated by the ATEPFO even after nine months of close of financial year March 2022 without any recorded reasons as on the date of audit (December 2022).

Thus, ATEPFO may take further effective action to recover the outstanding PF contribution of ₹130.10 crore from defaulting 197 TEs as per the Rules. There is a need to prescribe specific time-frame for each stage of recovery proceedings to ensure that actions are initiated within a specific timeframe.

ATEPFO in its reply (October 2023) stated that actions had been initiated against the defaulting TEs.

#### **1.3.9.1.7 Position of levy and realisation of 15 per cent statutory interest on delayed deposit of PF contribution**

As per Section 11 (A) of ATPPF Act, 1955, if an employer (TE) fails to deposit the PF contribution to ATEPFO within 30 days from the date of disbursement of wages, TE shall be liable to pay statutory interest at the rate of 15 per cent per annum on the arrear contribution till it is deposited.

Status of levy and realisation of 15 per cent statutory interest from the defaulting TEs for non-deposit of PF contribution within the prescribed time frame was as shown in **Table 1.3.10**:

**Table-1.3.10: Details of realisation of statutory interest from defaulted TEs as of March 2022**

(₹ in crore)

Year	Statutory interest due at the beginning of the year	Statutory interest levied during the year	Total (2+3)	Statutory interest realised during the year (per cent)	Shortfall (per cent) (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
2017-18	47.09	6.83	53.92	7.21 (13%)	46.71 (87%)
2018-19	46.71	13.34	60.05	8.83 (15 %)	51.22 (85%)
2019-20	51.22	9.00	60.22	9.66 (16 %)	50.56 (84%)
2020-21	50.56	14.52	65.08	10.36 (16 %)	54.72 (84%)
2021-22	54.72	25.97	80.69	6.54 (8 %)	74.15 (92%)
<b>Total</b>		<b>69.66</b>		<b>42.60 (36%)</b>	

*Source: Information furnished by ATEPFO.*

From **Table 1.3.10**, it can be seen that ATEPFO had levied 15 per cent statutory interest amounting ₹69.66 crore on the defaulting 473 TEs covering the period from 2017-18 to 2021-22. Actual realisation of statutory interest was ₹42.60 crore {36 per cent of ₹116.75 crore (₹47.09 crore plus ₹ 69.66 crore)} leaving year end interest due for recovery at ₹74.15 crore. The yearly realisation of interest ranged between 8 and 16 per cent of the total due interest during the years concerned. The unrealised statutory interest increased from ₹47.09 crore involving 237 TEs to ₹74.15 crore

against 489 TEs in March 2022. The outstanding recovery of interest amount against the total default amount at the end of each year was between 84 *per cent* and 92 *per cent* during the audit period.

ATEPFO was yet to impose statutory interests against 315 TEs (except ATCL TEs) defaulting TEs for non-deposit of PF contribution as of March 2022 in violation of the provisions of the Act.

ATEPFO stated (October 2023) that statutory interest would be levied after the default amount is deposited by the concerned TEs.

### 1.3.9.1.8 Position of Levy and realisation of Statutory interest in three sampled zones and 30 TEs selected

In three sampled zones, the status of levy and realisation of statutory interest during the period from 2017-18 to 2021-22 was as shown in **Table 1.3.11**:

**Table-1.3.11: Status of levy and realisation of statutory interest in three sampled zones**

(₹ in crore)

Zone	Statutory interest due at the beginning of 2017-18	Statutory interest levied during 2017-22	Total (2+3)	Statutory interest realised during 2017-22	Shortfall as of March 2022 (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
Tinsukia	3.86	6.07	9.93	2.12	7.81
Tezpur	5.81	21.15	26.96	8.04	18.92
Silchar	5.30	5.68	10.98	3.97	7.01
<b>Total</b>	<b>14.97</b>	<b>32.90</b>	<b>47.87</b>	<b>14.13</b>	<b>33.74</b>

*Source: Information furnished by ATEPFO.*

From **Table 1.3.11**, audit noticed that out of ₹47.87 crore (₹32.90 crore plus ₹14.97 crore) statutory interest levied in three sampled zones against 254 TEs as of March 2022, a total of ₹14.13 crore (30 *per cent*) only was realised by the ATEPFO resulting in short recovery of ₹33.74 crore (253 TEs).

Audit further noticed that 21 out of the 30 selected TEs under three sampled zone defaulted in deposit of PF contribution to ATEPFO. Consequently, statutory interest amounting to ₹2.65 crore was levied on these TEs as of March 2022. The details of levy and realisation of statutory interest in respect of 21 defaulting TEs as of March 2022 is shown in **Appendix 1.5**. Out of ₹2.65 crore statutory interest due from 21 TEs, ATEPFO could realise only ₹1.42 crore (54 *per cent*) leaving ₹1.23 crore (44 *per cent*) yet to be realised from the remaining 15 TEs as of March 2022.

Thus, the extent of realisation of statutory interest due from the defaulting TEs was 36 *per cent* at the State level, 30 *per cent* in the three sampled zones and 54 *per cent* of the total amount due was realised by ATEPFO from 21 defaulting TEs. Due to absence of any further provision of penalty in the Act/Recovery Manual for delay in deposit of statutory interest, huge amount of statutory interest (₹74.15 crore) was outstanding for realisation as of March 2022.

### 1.3.9.1.9 Non-submission of Annual Returns (Form-5) and action initiated by ATEPFO

As per paragraph 25(a) of ATPPF Scheme, 1968, every TE is required to furnish their Annual Return in Form-5 showing each PF member's opening balance, contribution,



advance, interest earned and closing balance to the Board. Thereafter, ATEPFO shall issue Annual PF statement to the beneficiaries within 90 days from the date of scrutiny of Annual Return. Thus, Form-5 is a pre-requisite for issue of annual PF statement by the Organisation.

Age-wise status of non-submission of Annual Returns up to March 2021<sup>30</sup> as well as action initiated by ATEPFO against defaulting TEs as of March 2022 was as shown in **Table 1.3.12**:

**Table-1.3.12: Age-wise analysis of non-submission of Annual Returns(Form-5) by defaulting TEs and action initiated by ATEPFO**

No of defaulting TEs	Period of delay	Action initiated by ATEPFO			
		Reminder	Notice	Cr. Case/ FIR	No Action
49	Up to 2 years	37	7	-	5
88	Between 2 year and 5 years	30	52	2	4
78	Between 5 years and 10 years	10	50	14	4
22	More than 10 years	4	5	4	9
<b>237</b>	<b>Total</b>	<b>81</b>	<b>114</b>	<b>20</b>	<b>22</b>

*Source: Information furnished by ATEPFO.*

It can be seen from **Table 1.3.12** that 237 TEs (20 *per cent*) out of total 1,167 TEs had defaulted in submission of Annual Return (Form-5) in violation of the Rules as of March 2021. Out of these, extent of delay in submission of Form-5 ranged up to two years in 49 TEs (21 *per cent*), from two to five years in 88 TEs (37 *per cent*) and five to above 10 years in 100 TEs (42 *per cent*).

ATEPFO, however, initiated action only against 215 out of 237 TEs (91 *per cent*) as of March 2022, without any recoded reasons, by following three stages of action as detailed below:

- Reminders/Final reminders were issued to 81 TEs (34 *per cent*).
- Notices for legal proceedings were issued to 114 TEs (48 *per cent*).
- FIR/criminal cases were filed against 20 TEs (nine *per cent*).

Action was yet to be initiated against 22 TEs (nine *per cent*), of which five TEs had defaulted upto two years and nine TEs for more than 10 years.

In reply, ATEPFO stated (October 2023) that out of 22 defaulting TEs, 15 TEs are non-functional/closed and three TEs had submitted the returns. Thus, action was initiated against two defaulting TEs who did not submit their Annual Return (Form-5) till September 2023 but action was pending against other two TEs.

#### **1.3.9.1.10 Status of submission of Annual Return (Form-5) in three sampled zones and actions initiated by ATEPFO**

In the three selected sampled zones, status of submission of Annual Return by TEs as of March 2022 was as shown in **Table 1.3.13**:

<sup>30</sup> Data was not available for the year 2021-22 as ATEPFO stated that generation of Annual Return would be made through online mode from 2021-22 onwards. However, the process is still under trial and yet to be implemented fully.

**Table-1.3.13: Status of non- submission of Form-5 in three sampled zones and 30 selected TEs upto March 2021 and action taken by ATEPFO as of March 2022.**

Name of selected Zones	No. of registered TEs	No. of defaulted TEs	Period of default				No. of TEs against which	
			Up to two year	Between two year and five years	Between five years and 10 years	More than 10 years	Action initiated	No action initiated
Tinsukia	255	56	7	9	33	7	54	2
Tezpur	158	32	15	13	4	0	31	1
Silchar	110	9	5	3	1	0	7	2
<b>Total</b>	<b>523</b>	<b>97</b>	<b>27</b>	<b>25</b>	<b>38</b>	<b>7</b>	<b>92</b>	<b>5</b>

Source: Information furnished by ATEPFO.

From **Table 1.3.13**, it can be seen that 97 out of 523 TEs defaulted in submission of Annual Return in Form-5 to ATEPFO. In respect of 27 TEs, the period of default was up to two years, while in 63 TEs, the period of default was two to 10 years.

However, no action had been initiated against five TEs (five *per cent*) as of March 2022 in the three sampled zones. The period of default of these 5 entities ranged from 1 to 7 years.

In 30 selected TEs under the three sampled zones, 29 TEs had submitted the Annual Returns up to 2020-21 except for one TE (Dehing under Tinsukia zone) which submitted the Returns up to the year 2019-20.

Thus, 237 (20 *per cent*) out of 1,167 TEs at the State level, 97 (19 *per cent*) out of 523 TEs in the three sampled zones and one out of 30 selected TEs did not comply with the requirement of submission of Annual Return.

Due to non-submission of Annual Returns by 237 TEs as required under Rules, ATEPFO was not able to issue Annual PF Statements to these TEs for the subscribers working under them.

#### 1.3.9.1.11 Issue of Annual PF Statements

As per paragraph 25(b) of ATPPF Scheme, 1968, the ATEPFO shall issue an Annual PF statement in Form-5A showing the amount at credit in the subscriber's account which shall be prepared after Annual Returns (Form-5) submitted by the TEs have been audited by the Board, and which shall be furnished to subscribers through the employer of the TE concerned.

The status of issue of Annual PF statement to the subscribers for the Financial Year (FY) 2017-18 to 2020-21 was as shown in **Table 1.3.14**:

**Table-1.3.14: Status of issue of Annual PF statement to TEs for the FY 2017-18 to 2020-21**

Financial year	No. of registered TEs	No. of enrolled subscribers	No. of TEs to whom Annual PF statement issued	No. of PF subscribers involved	No. of deprived PF subscribers
2017-18	1,114	9,98,308	56	42,711	9,55,597
2018-19	1,146	10,49,292	46	81,505	9,67,787
2019-20	1,157	11,80,548	24	26,902	11,53,646
2020-21	1,167	12,09,297	677	6,08,110	6,01,187
2021-22	1,197	11,98,231	Online generation of Annual PF Statement is under process.		

Source: Information provided by ATEPFO.

From **Table 1.3.14**, it can be seen that ATEPFO did not issue Annual PF statements to a large number of subscribers ranging between 6.01 lakh and 11.54 lakh subscribers for FY 2017-18 to 2020-21 till the date of audit (December 2022).

Audit further observed that 237 out of 1,167 TEs (as of March 2021) had not submitted their Annual returns to the Board due to which PF members of these establishments were not provided with Annual PF statements.

Further, due to delay/ non-submission of annual returns (Form-5) by TEs, 6.01 lakh beneficiaries (42 *per cent*) of 490 TEs were denied Annual PF statements showing amount at credit of member's account for FY 2020-21.

Moreover, though 29 out of 30 selected TEs had submitted Annual Returns up to year 2020-21, however, none of the subscribers of these TEs had received PF statements for FY 2020-21 as detailed in **Appendix 1.6**.

While accepting audit observations, ATEPFO stated (October 2023) that Annual PF Statements had been issued to 686 TEs involving 6.16 lakh beneficiaries as of September 2023 and online generation of PF statement would be introduced from January 2024.

#### 1.3.9.1.12 Delay in payment of PF contribution by TEs under ATCL

Assam Tea Corporation Limited (ATCL) was established on 09 February 1972 as per the Companies Act, 1956 under the administrative control of Industries & Commerce Department, GoA. The main objective of ATCL was to safeguard the future of the Tea Industry and to protect the interest of workers and increase employment potentialities.

As of March 2022, there were 20,994 employees under 19 TEs of ATCL registered under ATEPFO. However, due to an acute financial crisis, ATCL TEs had defaulted in depositing employees and employers share of PF contribution since 2005. The status of default in PF contribution by ATCL TEs up to March 2022 was as given in **Table 1.3.15** (TE wise details are shown in **Appendix 1.4**):

**Table-1.3.15: Details of default PF contributions in ATCL TEs as of March 2022.**

Sl. No.	Component	Period of default	Amount involved (₹ in crore )
1	PF contribution	2005-06 to 2021-22	189.39
2	Total arrear PF contribution deposited for the period up to March 2022		(-)32.43
3	Balance of arrear dues as of March 2022(1-2)		156.96
4	15 <i>per cent</i> statutory interest on default PF contribution up to March 2022		229.68
<b>Grand Total (3+4)</b>			<b>386.64</b>

*Source: Information furnished by ATEPFO.*

From **Table 1.3.15**, it can be seen that total default amount on PF contribution and statutory interest stood at ₹419.07 crore (₹189.39 plus ₹229.68 crore), of which only ₹32.43 crore (*eight per cent*) was deposited with ATEPFO till March 2022 and the outstanding PF contribution and interest was ₹386.64 crore.

Due to non-deposit of PF contributions by ATCL TEs to ATEPFO, retired/ceased workers were given the benefits of PF scheme by ATEPFO from its own Fund pending receipt of arrears from ATCL as of March 2022.

In reply, ATEPFO stated (October 2023) that as of September 2023, ATCL had deposited entire outstanding PF contribution to the Fund and 15 *per cent* statutory interest due on delay deposit of PF contribution was to be deposited.

#### 1.3.9.1.13 Non-submission of Periodical Returns by TEs

As per paragraph 24 (e) of ATPPF Scheme, 1968, every employer of TEs shall be required to collect and deposit the employee and employer's share of PF contribution to ATEPFO within 30 days of disbursement of wages and submit Form-1 to ATEPFO along with a receipt for the deposit containing number of PF members for which the wage payment was made and deduction and deposit of PF contribution thereon for that period. In case of default in submission of Form-I by the TEs, ATEPFO may initiate action against the defaulting TEs by way of criminal proceedings under paragraph 46 (e) of the ATPPF Scheme, 1968.

The status of delay in submission of Form-1 by the defaulting TEs and action initiated by ATEPFO as of March 2022 were as detailed in **Table 1.3.16**:

**Table-1.3.16: Status of non-submission of Form-1 and action initiated by ATEPFO as of March 2022**

Nos. of TEs involved	Period of non- submission of Form-1	Nos. of reminder issued	Criminal case initiated	No action initiated
20	Up to 1 year	1	2	17
30	Between 1 year and 5 years	7	15	8
16	More than 5 years	5	3	8
22	Since registered under ATEPFO	4	13	5
<b>88</b>	<b>Total</b>	<b>17</b>	<b>33</b>	<b>38</b>

*Source: Information furnished by ATEPFO.*

It can be seen from **Table 1.3.16** that 88 out of total 1,197 registered TEs defaulted in submission of Form-1 as of March 2022. The extent of delay in submission of Form-1 ranged from 1 day to one year in 20 TEs (23 *per cent*), and from 1 year to 5 years in 30 TEs (34 *per cent*) and more than 5 years in 16 TEs (18 *per cent*). Twenty-two TEs did not submit any return since their registration under ATEPFO as of March 2022 from November 2009 to January 2022.

ATEPFO, however, initiated action against only 50 out of 88 TEs (57 *per cent*) in the form of issue of reminders and filing of criminal cases as of March 2022 as given below.

- Reminders were issued to 17 TEs (19 *per cent*);
- Criminal cases filed against 33 TEs (38 *per cent*); and
- Action was yet to be initiated against 38 TEs (43 *per cent*), the default period was between December 2000 and February 2022.

ATEPFO while accepting the audit observation stated (October 2023) that action had been initiated against the defaulting TEs.

#### 1.3.9.1.14 Status of submission of Periodical Returns in three sampled zones and 30 selected TEs and action initiated by ATEPFO

In three selected zones, the status of submission of Monthly Return in Form-1 by TEs as of March 2022 was as given in **Table 1.3.17**:

**Table-1.3.17: Status of non- submission of Form-1 in three sampled zones and action taken by ATEPFO as of March 2022.**

Name of the selected zones	Total No of TEs	Nos of defaulted TEs	Period of default				Nos of TEs to which reminder issued	No. of TEs to which	
			Up to one year	Between one year and five years	Between five and 10 years	More than 10 years		Criminal Case initiated	No action was initiated
Tinsukia	255	27	3	16	4	4	9	15	3
Tezpur	158	7	6	1	0	0	2	0	5
Silchar	110	1	0	1	0	0	0	0	1
<b>Total</b>	<b>523</b>	<b>35</b>	<b>9</b>	<b>18</b>	<b>4</b>	<b>4</b>	<b>11</b>	<b>15</b>	<b>9</b>

*Source: Information furnished by ATEPFO.*

It can be seen from **Table 1.3.17** that 35 out of 523 TEs under the three sampled zones had defaulted in submission of Form-1 as of March 2022. The extent of delay in submission of Form-1 ranged from one day to one year in nine TEs (26 *per cent*), one year to five years in 18 TEs (51 *per cent*) and more than five years in eight TEs (23 *per cent*) as of March 2022.

Action against 26 out of 35 TEs (74 *per cent*) had been initiated by ATEPFO as mentioned below.

- Reminders were issued to 11 TEs (31 *per cent*);
- Criminal cases were filed against 15 TEs (43 *per cent*); and
- No action was initiated against nine TEs (26 *per cent*), the default period being between January 2020 and February 2022.

In respect of 30 selected TEs, none of the TEs had defaulted in submission of Monthly Return (Form-1) as of March 2022.

Thus, despite failure of 88 TEs in submission of Periodical Returns for furnishing information such as number of PF member and wage payment made and deduction and deposit of PF contribution, ATEPFO had not taken effective steps in many cases ranging between 43 *per cent* at the state level and 26 *per cent* in sampled zones.

Moreover, as many as 22 TEs had not submitted any returns since their registration (November 2009 to January 2022) as of March 2022, but no action had been taken against five TEs.

#### **1.3.9.1.15 Short transfer of unclaimed/lapsed PF balances by ATEPFO**

As per paragraph 33 (b) of ATPPF Scheme, 1968, unclaimed PF balance shall be kept alive for three years, after which ATEPFO shall declare these amounts as lapsed and credit the same to the Assam Tea Plantations Employees' Welfare Fund (ATPEWF). The fund was constituted under Section 3 of the Assam Tea Plantations Employees' Welfare Fund Act, 1959 for financing the activities to promote welfare of tea plantation employees of Assam through a Welfare Board. Final settlement of any PF claim received after transfer of lapsed amount to the Welfare Fund shall be done by ATPEWF as per provision of the Act.

As of March 2021<sup>31</sup>, status of unclaimed/lapsed cases declared by ATEPFO and their subsequent transfer to ATPEWF was as detailed in **Table 1.3.18**:

<sup>31</sup> Annual Returns for the year 2021-22 was not finalised by ATEPFO till date of audit (December 2022).

**Table-1.3.18: Status of unclaimed/lapsed PF balance and transfer up to March 2021 as of March 2022**

Sl. No.	Year	No. of PF Accounts declared as lapsed	Amount (₹ in crore)	Fund transferred to ATPEWF (₹ in crore)			Receipt of claims after fund transfer to ATPEWF
				No. of cases	Amount	Date of transfer	
1	1997-98 to 2016-17	93,143	6.53	Nil	NIL	NIL	Nil
2	2017-18	16,123	2.52				
3	2018-19	10,756	1.12				
4	2019-20	6,063	1.44	36,275	1.00	23-03-2020	
5	2020-21	1,593	0.33		0.10	07-04-2020	
6	2021-22	Not yet assessed			0.25	07.01.2022	
	<b>Total</b>	<b>1,27,678</b>	<b>11.94</b>	<b>36,275</b>	<b>1.35</b>		

*Source: Information furnished by ATEPFO.*

It can be seen from **Table 1.3.18** that the ATEPFO had declared unclaimed PF balances to the tune of ₹11.94 crore as lapsed involving 1,27,678 PF beneficiaries as of March 2021.

Further, the Board of Trustees (ATEPFO) had approved transfer of unclaimed amount of ₹3.00 crore till July 2016 in respect of 65,628 lapsed accounts to the ATPEWF. However, an amount of ₹1.35 crore only was transferred to the Fund between March 2020 and January 2022. The balance of ₹10.59 crore unclaimed and lapsed amount was retained by ATEPFO as of March 2022.

ATEPFO agreed (October 2023) to transfer the lapsed amount to ATPEWF in a phased manner.

### **1.3.9.2 Settlement of PF and Pension claims**

As per Section 8 read with Appendix-I, II and III of Pension Rules framed under paragraph 42 of ATPPF scheme, 1968, the benefits of Pension/ Family pension scheme are calculated based on PF accumulation at credit at the time of cessation from service/ death of the subscriber and allowed only after settlement of PF claims of the subscribers. ATEPFO required that PF claims of a subscriber was to be submitted by the TEs to the ATEPFO immediately after the date of cessation/death. For settlement of claims, ATEPFO specified in its citizen charter (issued in April 2022) a timeline of 30 days for settlement of PF, Pension and DLI claims from the date of receipt of claims by the Organisation.

Further, as the basic records of date of birth/joining and date of cessation/ death of PF subscribers are maintained at the TE level, claims for PF final payment and pensionary benefits of subscribers are processed and forwarded by TEs to ATEPFO for settlement.

Year wise position of receipt and finalisation of PF and Pension/Family Pension cases by ATEPFO during 2017-18 to 2021-22 was as shown in **Table 1.3.19**:



Table-1.3.19: Status of receipt and settlement of claims by ATEPFO during 2017-18 to 2021-22

Scheme name	Year	Opening Balance	No. of claims received during the year	Total (3+4)	No. of cases Settled	Closing Balance (per cent)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Provident fund (including death while in service)	2017-18	NA	26,531	26,531	25,183	1,348 (5)
	2018-19	1,348	26,725	28,073	26,994	1,079 (4)
	2019-20	1,079	27,505	28,584	24,760	3,824 (13)
	2020-21	3,824	27,115	30,939	28,590	2,349 (8)
	2021-22	2,349	28,531	30,880	28,666	2,214 (7)
	<b>Total</b>		<b>1,36,407</b>		<b>1,34,193</b>	
Pension (Normal)/ Commutation	2017-18	NA	581	581	581	-
	2018-19	0	5,959	5,959	5,959	-
	2019-20	0	5,974	5,974	5,969	5 (0.08)
	2020-21	5	6,107	6,112	6,098	14 (0.23)
	2021-22	14	2,623	2,637	2,601	36 (1)
	<b>Total</b>		<b>21,244</b>		<b>21,208</b>	
Family Pension	2017-18	NA	1,499	1,499	157	1,342 (90)
	2018-19	1,342	1,147	2,489	764	1,725 (61)
	2019-20	1,725	1,516	3,241	1,262	1,979 (61)
	2020-21	1,979	1,155	3,134	973	2,161 (68)
	2021-22	2,161	1,036	3,197	984	2,213 (69)
	<b>Total</b>		<b>6,353</b>		<b>4,140</b>	

Source: Information furnished by ATEPFO. NA=Not available.

It can be seen from **Table 1.3.19** that under Provident Fund, claims for final payment numbering 26,531 to 28,531 were received annually by ATEPFO during 2017-18 to 2021-22. These claims were settled up to 87 per cent to 96 per cent during relevant years. In pension claims, the settlement of these cases was up to 99 per cent during relevant years.

However, in respect of family pension claims, the clearance was only 10 per cent to 39 per cent during relevant years. Thus, 61 per cent to 90 per cent of family pension claims were outstanding at the end of every year during 2017-18 to 2021-22 in ATEPFO.

A test check of 80 claims settled by ATEPFO during the audit period selected randomly in respect of Provident Fund, Pension and Family pension schemes was conducted and the position was as shown in **Table 1.3.20**:

Table-1.3.20: Status showing the time taken for settlement of claims by ATEPFO during 2017-22

Name of the schemes	Nos. of test checked claims	No. of claims settled		Period of settlement beyond 30 days (range in days)	
		Within 30 days	Beyond 30 days	Minimum	Maximum
Provident Fund	40	21	19	2	459
Normal Pension	20	4	16	3	105
Family pension	20	0	20	6	427
<b>Total</b>	<b>80</b>	<b>25</b>	<b>55</b>		

Source: Information furnished by ATEPFO.

It can be seen from **Table 1.3.20** that 25 (31 per cent) out of 80 claims test checked were settled within the prescribed time limit of 30 days and the remaining 55 claims (69 per cent) were settled after the prescribed time limit. For cases settled beyond

30 days, ATEPFO took two days to 459 days in PF, three days to 105 days in Pension and six days to 427 days in Family Pension cases.

Thus, the majority of the claims (69 *per cent*) were settled after the prescribed time limit and the range of delays in settlement of cases was between 2 days to 459 days in respect of the above three schemes. However, ATEPFO stated that the reason for delay in settlement of claims were due to non submission of proper documents at the time of submission of claims by the TEs resulted to return of such claims for resubmission.

In response, ATEPFO stated (October 2023) that the audit observations had been noted for further action.

### 1.3.9.2.1 Delay in settlement of claims to beneficiaries

Position of claims settled by ATEPFO and the time taken for settlement from the date of cessation from service/death of the subscribers during the period from 2017-18 to 2021-22 was as given **Table 1.3.21**:

**Table-1.3.21: Status of settlement of PF and pensionary benefits by ATEPFO from date of cessation/death of subscribers during 2017-18 to 2021-22**

Name of Benefits	No. of PF claims settled by ATEPFO	Duration (in months and percentage) taken for settlement of claims from the date of cessation from service/ death				Data errors <sup>32</sup>
		Up to one month	One month to six months	Six months to 12 months	More than 12 months	
Provident Fund	1,14,555	4,896 (4.27%)	29,477 (25.73%)	29,857 (26.06%)	50,291 (43.90%)	34
Provident fund (due to death)	19,638	181 (0.9%)	2,790 (14.2%)	3,833 (19.5%)	12,833 (65.3%)	1
Pension/ Commutation	21,208	3 (0.01%)	1,339 (6.31%)	6,653 (31.37%)	13,211 (62.29%)	2
Family Pension	4,140	0 (0.0%)	65 (1.57%)	634 (15.31%)	3441 (83.11%)	Nil

**Source: Information furnished by ATEPFO.**

It can be seen from **Table 1.3.21** that

- A total of 1,14,555 PF claims were settled during the period from April 2017 to March 2022, after one month to 12 months in 59,334 cases (52 *per cent*) and after more than one year in 50,291 cases (44 *per cent*) from the date of cessation from service of subscribers.
- 19,638 PF claims of deceased subscribers were settled, after one month to 12 months in 6,623 cases (34 *per cent*) and after more than one year in 12,833 cases (65 *per cent*) from the date of death of the subscribers.
- Total of 21,208 pension cases were settled between one month and 12 months in 7,992 cases (38 *per cent*) and above 12 months in 13,211 cases (62 *per cent*) from the date of cessation from service of the subscribers.
- 4,140 Family Pension cases were settled after delays ranging between one month and 12 months in 699 cases (17 *per cent*) and beyond one year in 3,441 cases (83 *per cent*), from the date of death of subscribers.

<sup>32</sup> 35 PF claims were settled showing PF settlement date prior to date of cessation which was treated as data error and excluded from the analysis.

Thus, in majority of cases, from 62 *per cent* to 83 *per cent* of the total Pension/Family pension and PF (due to death of subscribers) claims were settled by ATEPFO after more than one year of cessation from service/death of the subscribers while in normal PF claims, it was slightly lower at 44 *per cent* of the total claims. The delays were mainly due to absence of time line for submission and processing of claims by TEs.

Unless specific timelines for processing and submission of claims complete in all respects are prescribed for TEs after cessation of service/death of subscribers, timeliness in settlement of cases cannot be ensured by ATEPO.

In reply, ATEPFO (October 2023) stated that prescribed timeline will be incorporated in the SOP for processing and submission of claims by TEs after cessation/death of the PF subscriber in a timely manner.

### 1.3.9.2.2 Delay in processing of claims under three sampled zones

During the field audit of 30 selected TEs under three sampled zones, it was noticed that a total of 7,767 PF members ceased from service (including death while in service) during the five-year period 2017-18 to 2021-22. The duration of time taken for processing and submission of PF claims after cessation of service/death of the subscribers by TEs was as given in **Table 1.3.22**:

**Table-1.3.22: Status of submission of PF claims in 30 selected TEs during 2017-18 to 2021-22**

Name of Zones	No. of PF members ceased from service	Time taken for submission of PF claims to ATEPFO by TEs				Nos. of PF claims not forwarded by TEs	Data error
		Up to one month	One month to six months	6 months to 12 months	More than 12 months		
Tinsukia	2569	456	972	405	478	258	0
Silchar	1745	50	280	366	677	372	0
Tezpur	3453	454	1568	744	305	380	2
<b>Total</b>	<b>7767</b>	<b>960</b>	<b>2820</b>	<b>1515</b>	<b>1460</b>	<b>1010</b>	<b>2</b>

*Source: Information furnished by TEs.*

Audit observed that

- 7,767 PF member ceased from service under 30 TE in three sampled zones, but 2,820 claims (36 *per cent*) of the beneficiaries were forwarded by the TEs to ATEPFO with a delay ranging from one month to six months, and 2,975 PF claims (38 *per cent*) were submitted after six months to above 12 months.
- Total of 1,010 cases were yet to be processed and submitted to ATEPFO by 30 TEs as of March 2022.

Thus, delay in processing and submission of PF claims of the subscribers by the TEs was the main reasons for delay of settlement of Pension and Family pension claims of the beneficiaries.

There is a need for specific timelines for submission of claims by TEs to ATEPFO to ensure settlement of cases to beneficiaries in a time bound manner.

In response, ATEPFO (October 2023) stated that out of 1,010 cases, 713 had been forwarded by the TEs of which 696 have been settled and remaining 17 were under process as of September 2023.

### 1.3.9.2.3 Non-payment of pensionary benefits to eligible beneficiaries

As per Rule 3 of Pension Rules (amended in September 2017), the eligibility criteria for entitlement of Pension shall be fixed at 58 years of age with a minimum period of service of 10 years with minimum age of 50 years.

During test check of records in selected 30 TE (December 2022) under three sampled zones, audit noticed that in two TEs, namely, Digulturrang (E-047) and Itakhooli (E-082) under Tinsukia Zone, there were 32 temporary PF members who fulfilled eligibility criteria for grant of pensionary benefits but whose cases were not processed for payment of the benefits by these two TEs as detailed in **Table 1.3.23**.

**Table-1.3.23: Details of 32 temporary employees whose pension benefits were not processed by TEs during 2017-18 to 2021-22 despite settlement of their PF Claims**

Name of TEs	Name of the Employee (PF No.)	Date of Birth	Date of joining in the Service	Date of Cessation	Age/ length of service (Years)	
Digulturrang (E-047)	1.Meghnath Mahesh (5955)	01-01-1965	01-01-1985	10-08-2017	52	33
	2.Fulmina Kerlus (5577)	01-01-1966	01-01-1985	22-09-2017	51	33
	3.Fagni Kanson (6455)	01-01-1966	01-01-1985	02-12-2017	51	33
	4.Bisoka (6808)	01-01-1965	01-01-1985	01-06-2018	53	33
	5.Fulmoni Paniram (7037)	01-01-1965	01-01-1985	01-06-2018	53	33
	6.Renu Sagar (6766)	01-01-1965	01-01-1985	01-06-2018	53	33
	7.Dhonia Mongra (7424)	01-01-1968	01-01-1985	18-07-2018	50	34
	8.Sita Rajoo (7474)	01-01-1965	01-01-1985	01-08-2018	53	34
	9.Chanmoni Debaroo (8360)	01-01-1965	01-01-1985	01-01-2019	54	34
	10.Bina Rajput (8186)	01-01-1965	01-01-1985	01-01-2019	54	34
	11.Maloni Bijay (6074)	01-01-1969	01-01-1985	18-03-2019	50	34
	12.Sunil Paid (7257)	01-01-1970	01-01-1985	11-12-2019	50	35
	13.Niranjan Norshing (7791)	01-01-1965	01-01-1985	03-06-2019	54	34
	14.Sonchori Patar (7638)	01-01-1965	01-01-1985	16-04-2019	54	34
	15.Sumitra Samsundar (6780)	01-01-1965	01-01-1985	14-02-2020	55	35
	16.Fardin (8933)	02-04-1965	14-06-2004	01-05-2019	54	15
	17.Arati Silbas (6724)	01-01-1965	01-01-1985	01-08-2019	54	35
	18.Bikash Lakhmoni (6755)	01-01-1965	01-01-1985	01-01-2020	55	35
	19.Mahani Jiten (9322)	01-01-1963	31-05-2006	20-09-2019	56	13
	20.Santi Hurdup (5074)	01-01-1965	01-01-1985	01-08-2019	54	35
	21.Sumila Alowan (7951)	01-01-1965	01-01-1985	01-07-2019	54	35
	22.Biroti Seles (6428)	01-01-1965	01-01-1985	13-03-2020	55	35
	23.Lakhi Sonika (8722)	01-01-1968	27-04-2003	05-07-2019	51	16
	24.Bejo Rupsai (4585)	01-01-1965	01-01-1985	15-10-2019	54	35
	25.Tersa Sadhoo (4998)	01-01-1969	01-01-1985	29-09-2020	51	36
	26.Moheswari Rupsai (4173)	01-01-1965	01-01-1985	01-09-2020	55	36
	27.Sohorai Debanand (5871)	01-01-1965	01-01-1985	22-04-2020	55	35
	28.Chancharia Mondraj (4691)	01-01-1971	01-01-1985	06-04-2021	50	36
	29. Anjana Sukru (9308)	01-01-1971	07-06-2006	12-04-2021	50	15
Itakhooli (E-082)	30. Saraswati Prahlad Gorh (8189)	11-03-1962	26-03-2001	18-01-2019	56	18
	31.Lakhi Prova Gogoi (9389)	01-12-1967	28-05-2007	31-10-2020	52	13
	32.Birosmoni Proja (9904)	29-07-1971	01-09-2010	23-09-2021	50	11

Source: Information furnished by TEs.

It can be seen from **Table 1.3.23** that 32 temporary PF subscribers who ceased from service after attainment of the age of 50 years by rendering a minimum qualifying service of 10 years were eligible for monthly pension under Pension Rule (amended 2017). However, it was observed that the above two TEs did not process and forward the claims to ATEPFO till the date of audit (December 2022). Thus, 32 employees in the above two TEs were not extended pension benefit despite being eligible for the same.

In reply, ATEPFO (October 2023) stated that the matter was under examination.

#### **1.3.9.2.4 Payment of Pension to ineligible beneficiaries**

As per Rule 3 of Pension Rules (amended in 2017), the eligibility criteria for entitlement of Pension shall be fixed at 58 years of age with a minimum period of service of 10 years with minimum age of 50 years.

Audit noticed that out of 21,208 Pension claims settled by ATEPFO during the period from 2017-18 to 2021-22, monthly pension along with commutation pension amounting to ₹9.60 lakh was released to 25 PF members who had not rendered minimum 10 years of qualifying service and were thus ineligible for the benefits. Details of disbursement of pensionary benefits to such ineligible members were as given in **Appendix 1.7**.

Out of the 25 PF members, 11 ineligible beneficiaries belonged to the three sampled zones who were provided pensionary benefits amounting to ₹4.07 lakh by ATEPFO in violation of the scheme guidelines.

In reply, ATEPFO stated (October 2023) that monthly payment of pension had been stopped and recovery process had also been initiated.

#### **1.3.9.2.5 Extra expenditure due to wrong settlement of Pension to beneficiaries**

As per Paragraph 5(b) of the scheme, PF members who had retired prior to attainment of the age of 58 years were also eligible for getting one-time benefits of pension on the basis of PF balance at credit subject to completion of minimum five years of membership in the fund. As per Rule 3 of Pension Rules (amended in 2017), a PF subscriber who has retired/ ceased from service after completion of minimum 10 years of service and attained the age of 50 years is eligible for pensionary benefits for 10 years in equal monthly instalments @7.5 per cent of PF balance (now 12 years since April 2020) payable at the age of 58 years irrespective of the date of cessation from service.

Scrutiny of records in ATEPFO (November 2022) showed that pension claims of 62 PF beneficiaries who retired prior to September 2017 were eligible for one-time payment of pension benefit under paragraph 5(b) of the scheme. However, ATEPFO had settled the pension claims of 62 PF member by allowing monthly pension and commutation pension as per provision made under new Pension Rule and continued the payment till November 2022. Thus, wrong settlement of pension and commutation claims against 62 beneficiaries resulted in inadmissible expenditure of ₹38.29 lakh as detailed in **Appendix 1.8**.

Out of 62 PF members, 27 inadmissible PF members belonging to three sampled zones, were paid monthly pension and commutation pension of ₹18.66 lakh.

Further, inadmissible payment of ₹3.13 lakh was made to five PF members in five out of 30 test checked TEs.

Thus, ATEPFO did not ensure validation checks for settlement of these category pensions to avoid inadmissible payment of pensions.

In reply, ATEPFO stated (October 2023) that recovery process had been initiated.

#### 1.3.9.2.6 Discontinuation of family pension to existing beneficiaries

ATEPFO introduced Direct Benefit Transfer mode of payment for disbursement of family pension benefits from February 2017. In this regard, ATEPFO issued instructions to all the registered TEs to obtain the bank details, marriage/remarriage certificate from the existing family pensioners to facilitate the Board to update the status of family pensioners.

However, prior to February 2017, benefits were disbursed to existing family pensioners through the concerned TEs. As of March 2017, a total of 29,351 beneficiaries were availing the benefits of family pension scheme from the ATEPFO.

During a test check of records in ATEPFO (October 2022), audit noticed that payment of family pensions to existing 1,591 family pensioners from 232 TEs was discontinued due to non-submission/ non-updation of bank details and other related documents since 2016 for a period beyond five years or more as of March 2022. ATEPFO did not collect the required documents from such family pensioners who were drawing the monthly family pension prior to switch over to DBT mode (February 2017). This indicated lack of proactive efforts on the part of ATEPFO for ensuring receipt of required documents in time to avoid deprivation of eligible beneficiaries in DBT mode. The zone wise details and number of beneficiaries involved are shown in **Appendix 1.9**.

Further, out of 1,591 family pensioners whose monthly family pension was discontinued, 737 beneficiaries (46 per cent) were under three sampled zones as of March 2022 as shown in **Table 1.3.24**.

**Table-1.3.24: Number of TEs and family pensioners involved in three sampled zones as of March 2022**

Name of selected Zones	Nos. of TEs involved	Nos. of family pensioners who drew pension during 2016	Percentage of pensioners affected
Tinsukia	36	296	19%
Silchar	23	148	9 %
Tezpur	48	293	18%
<b>Total</b>	<b>107</b>	<b>737</b>	<b>46%</b>

**Source: Information furnished by ATEPFO.**

In reply, ATEPFO agreed with the audit observations and stated (October 2023) that necessary instructions had been issued to all concerned TEs for submission of relevant documents.

*ATEPFO may take effective steps to obtain update beneficiary's bank account and marriage/ remarriage status of the beneficiaries from the concerned TEs through Zonal/ Inspectorate offices for early release of withheld pensionary benefits to the eligible family pensioners.*



### 1.3.9.3 Deposit Linked Insurance (DLI) Scheme

In terms of Section 3(i) of the ATPPF Scheme Act, 1955, GoA introduced the Assam Tea Plantations Deposit Linked Insurance Fund Scheme, 1984 which shall apply to all the employees in the Tea Plantations in Assam. In the event of death of a PF member while in service, the beneficiary entitled to receive the PF accumulations of the deceased member shall also be entitled for getting the benefits of the DLI scheme. The assurance benefits of DLI schemes are provided to the deceased PF member as per limit raised from time to time and only after settlement of Provident fund claims. The Tea Estate authorities are responsible to collect relevant documents from the nominee of the deceased member or any such members to whom succession certificate is issued by the Court of Law and submit the claims to the ATEPFO immediately after settlement of PF claims of the deceased beneficiary.

#### 1.3.9.3.1 Deficiencies in settlement of benefits

The position of DLI dues, settlement of benefits and outstanding cases as of March 2022 in the TEs was as shown in **Table 1.3.25**:

**Table-1.3.25: Status of settlement of DLI claims by ATEPFO during 2017-18 to 2021-22**

Year	Nos. of PF claims settled due to death and TEs involved	Nos. of DLI claims not received by ATEPFO and TEs involved	No. of DLI claims received and settled by ATEPFO	Time taken for settlement of DLI claims from the date of death of the PF member				Data error
				Up to one month	One month to six months	Six month to 12 month	More than 12 months	
2017-18	4,170	2,575 (62%)	1,595	2	310 (5%)	1151 (20%)	4413 (75%)	7
2018-19	3,876	2,440 (63%)	1,436					
2019-20	3,759	2,569 (68%)	1,190					
2020-21	3,810	2,749(72%)	1,061					
2021-22	4,023	3,422 (85%)	601					
<b>Total</b>	<b>19,638 (741)</b>	<b>13,755 (714)</b>	<b>5,883</b>					

*Source: Information furnished by ATEPFO.*

From **Table 1.3.25**, it can be seen that out of 19,638 deceased PF members who were eligible for benefits of DLI scheme in 741 registered TEs, 13,775 DLI claims (70 *per cent*) were not yet submitted by 714 registered TEs to ATEPFO during the five-year period from 2017-18 to 2021-22. Yearly non-submission of claims by the TEs and outstanding claims at the end of each year against the total eligible claims ranged between 62 *per cent* and 85 *per cent* during the same period.

Further, out of the 5,883 settled claims, the extent of delay in releasing the DLI benefits to beneficiaries ranged from one month to 12 months in 1,461 cases (25 *per cent*), and for period beyond one year in 4,413 cases (75 *per cent*).

During audit of 30 selected TEs under three sampled zone, it was noticed that out of 1,205 deceased PF members eligible for DLI benefits during 2017-18 to 2021-22, only 430 DLI claims were forwarded to the ATEPFO leaving the remaining 775 cases (64 *per cent*) yet to be forwarded by 27 TEs as on the date of audit (December 2022).Of which, 53 DLI cases were upto one-year old and 722 cases were pending submission of claims to ATEPFO for more than one year to five years as detailed in **Appendix 1.10**.

Thus, non-submission and delayed submission of DLI claims of the beneficiaries by TEs deprived the benefits of immediate relief to eligible family members of the deceased subscribers as provided in the Act.

In reply, ATEPFO stated (October 2023) that 474 DLI claims are yet to be forwarded by TEs as of September 2023.

*ATEPFO may consider using generated report of settled PF cases of deceased subscribers to take up the matter with the concerned TEs to expedite the settlements of DLI claims of the eligible beneficiaries to provide immediate relief to the family members of deceased subscribers as envisaged under the scheme.*

#### **1.3.9.4 Gratuity Fund scheme**

Government of Assam (GoA) enacted the Assam Gratuity Act, 1992 on 24 June 1993 which covered Tea Plantations and Tea Factories in the State.

The Assam Gratuity Fund Scheme (Gratuity Fund Scheme), 1993 notified in October 2005, is being implemented by ATEPFO from 29 July 2017 for providing benefits to all Provident Fund subscribers who retired/ ceased from service after rendering five years of continuous service or more. Under the scheme, employers of TEs are required to pay gratuity contribution to ATEPFO to the Gratuity Fund @ four *per cent* of the employee's wages within 30 days from the date of disbursement of wages.

Further, as per paragraph 31 of the Gratuity Fund scheme, all the registered Tea Estates which created their own Gratuity fund or possessed Insurance Policy prior to date of implementation of the scheme are allowed exemption from the scheme subject to verification of documents submitted by them. The exempted TEs are not required to pay any gratuity contribution to the ATEPFO but mandated to pay the Gratuity scheme benefits from their own Gratuity Fund within 30 days from the receipt of claims from the eligible PF members.

##### **1.3.9.4.1 Status of Gratuity Fund Scheme implementation**

As of March 2022, there were 1,197 registered TEs, of which 401 TEs were categorised under exempted TEs under ATEPFO. Audit observations are discussed in the succeeding paragraphs.

##### **1.3.9.4.2 Granting of exemption to TEs**

Paragraphs 31 & 32 of the Assam Gratuity scheme, 1993 read with Section 7(1) of the Assam Gratuity Act, 1992 *inter alia* provided that if employers of the TEs created a gratuity fund or obtained Insurance policy prior to implementation of the scheme, they shall be allowed the facility of exemption subject to submission of following documents at the time of seeking exemption:

- (i) Actuarial valuation certificate and Audited accounts for the last three Accounting years.
- (ii) Certificate showing the entire past service contribution has been fully funded and Annual contribution was regularly paid.

Section 7(2) of the Assam Gratuity Act, 1992 further provided that in case of any complaint about non-payment of gratuity or non-payment of premium to the insurance by the exempted employer, the controlling authority shall serve such employer with a notice to pay the same within such period, in such manner, as may be specified on the notice and in case the employer fails to do so, the exemption granted under sub section (1) shall be revoked.

Audit noticed that out of 1,197 registered TEs, 401 TEs had applied for exemption from Gratuity Fund Scheme as of March 2022. ATEPFO had granted full exemption to 105 TEs involving 1,99,788 employees (except employees working in eight TEs under Gillanders Arbuthnot & Company Ltd) on fulfilment of the above requirements. The remaining 296 TEs were granted provisional exemption for a specific period till submission of all supporting documents for granting of final exemption.

The status of provisional exemption granted to 296 TEs as of March 2022 was as shown in **Table-1.3.26**:

**Table 1.3.26: Status of expiry of provisional exemption in gratuity exempted TEs.**

Total no. of exempted TEs (Provisional)	Provisional exemption renewed by the TEs	No. of TEs whose provisional exemption expired and not renewed	Period of expiry of exemption			
			Up to six months	6 months to 12 months	More than 12 months	Period of expiry not defined
296	13	283	20	58	200	5

*Source: Information furnished by ATEPFO.*

From **Table 1.3.26**, 283 out of 296 TEs which had received provisional exemption from ATEPFO, did not renew their exemptions from the date of expiry of initially granted exemption for several months. In five cases, even the period of exemptions was not specified. However, ATEPFO had issued reminders for renewal of exemptions to only 72 TEs only and allowed the remaining 211 TEs (75 per cent) to avail the benefits of exemption from gratuity scheme in deviation of the provision of the Act.

Audit observed that continuation of facilities of exemption to 283 TEs without receipt of all relevant documents was in violation of the provision of the Act. In absence of timely renewal or scrutiny of exemption status of these TEs, ATEPFO was unaware about the status of validity of the provisional exemption granted to them and gratuity payment made to workers by these TEs from their own gratuity fund.

ATEPFO in its reply (October 2023) stated that all provisionally exempted TEs had been asked to submit documents for final exemption and the process would be expected to be completed by March 2024.

*ATEPFO may take effective steps to ensure renewal of provisional exemption and complete the process of granting exemption to applicant TEs by insisting on submission of relevant documents for verification in a time bound manner in accordance with the scheme's guidelines.*

### 1.3.9.4.3 Status of payment of gratuity benefits by exempted TEs in three sample zones

In 30 selected TEs under three sampled zones, 22 TEs were granted exemption under gratuity scheme. The payment of gratuity benefits to the eligible beneficiaries were as shown in **Table 1.3.27**:

**Table- 1.3.27: Status of payment of gratuity benefits in three sampled zones (22 exempted TEs)**

Name of the Zone	No. of registered exempted TEs	No. of beneficiaries eligible for gratuity benefits	No. of PF member to whom gratuity benefits paid	No. of gratuity cases not paid	No. of TEs involved
Tinsukia	09	1,757	1,334	423	6
Silchar	05	735	689	46	4
Tezpur	08	1,549	1,345	204	4
Total	22	4,041	3,368	673	14

*Source: Information furnished by TEs.*

It can be seen from **Table 1.3.27** that out of 4,041 eligible beneficiaries, 3,368 beneficiaries were paid the benefits of the scheme during 2017-18 to 2021-22. However, 673 (17 *per cent*) beneficiaries of 14 exempted TEs were not given the benefits of the scheme as March 2022 as detailed in **Appendix 1.11**.

Further, out of 673 beneficiaries, non-payment of gratuity benefits was most acute in two TEs (*Duamara and Hilika*) under Tinsukia involving 292 (43 *per cent*) eligible beneficiaries for over a period of 7 months to 36 months.

The ATEPFO stated (October 2023) that 405 out of 673 cases have been settled as of September 2023.

### 1.3.9.4.4 Non- exempted TEs

As per paragraph 8 of scheme guidelines, every employer shall within a period of one month from the date of commencement of the scheme also pay to the Gratuity Fund contribution at 60.36 *per cent* of the annual wage received by the employees during the preceding twelve months to cover up the past liabilities of the employer.

ATEPFO decided that those TEs which were not exempted from the scheme and registered under ATEPFO prior to 2018-19 have to deposit 60 *per cent* of total wages disbursed during the year 2018-19 as past liability to the Gratuity Fund along with annual gratuity return (GF-4) showing the total wages disbursed to employees and calculation of past liability thereof.

The status of non-exempted TEs and payment of past liability as per Gratuity Fund scheme as of March 2022 was as shown in **Table 1.3.28**:

**Table-1.3.28: Number of non-exempted TEs not yet charged the past liability till March 2022**

Total number of non-exempted TEs	No. of non-exempted TEs registered after 2018-19	No. of TEs eligible for payment of past liability	No. of TEs charged the past liability	No. of TEs paying their past liability till March 2022	No. of TEs not yet charged for payment of past liability
796	86	710	132	16	578

*Source: Information furnished by ATEPFO.*

**Table 1.3.28** shows that out of 796 non-exempted TEs, past liability was charged on 132 TEs by ATEPFO leaving out 578 TEs (excluding 86 TEs newly registered under the scheme after 2018-19) due to non-submission of Annual Gratuity Returns for 2018-19 as of March 2022. However, only 16 out of 132 TEs had paid their past liability under the scheme.

There is no legal provision or timelines for taking action for non-payment of past liability by the defaulting TEs in the Act or the guidelines. Thus, 73 *per cent*<sup>33</sup> of non-exempted TEs had not been brought under the ambit of the Gratuity Act as of March 2022 by ATEPFO.

The ATEPFO in its reply (October 2023) stated that necessary amendment in the Act shall be made for inclusion of timeline for taking action against defaulted TEs.

#### 1.3.9.4.5 Status of payment of gratuity benefits by Non-exempted TEs in three sample zones

In 30 selected TEs under three sampled zones, eight TEs were found to be under non-exempted category. Details of payment of past liability and gratuity benefits as of March 2022 were as shown in **Table 1.3.29**:

**Table-1.3.29: Status of payment of past liability and gratuity benefits in eight non-exempted TEs.**

Name of the Zone	No. of non exempted TEs	No. of TEs with the past liability		No. of PF members for gratuity benefits		
		Charged	Paid till March 2022	Eligible	Paid	Pending ( <i>Per cent</i> )
Tinsukia	1	1	Nil	77	77	0 (0)
Silchar	5	5		555	19	536 (97)
Tezpur	2	0		318	13	305 (96)
<b>Total</b>	<b>8</b>	<b>6</b>	<b>Nil</b>	<b>950</b>	<b>109</b>	<b>841</b>

*Source:- Information furnished by ATEPFO.*

It can be seen from **Table 1.3.29** that six out of eight non-exempted TEs had been charged with their past liability, but none of TEs had made payment to ATEPFO as of March 2022. Moreover, two TEs had not been charged with their past liability due to non-submission of G.F-4 for 2018-19. Further, out of 950 eligible gratuity beneficiaries, only 109 beneficiaries (11 *per cent*) had been paid the benefits as of March 2022.

ATEPFO in its reply stated (October 2023) that necessary steps would be taken to ensure compliance by non-exempted TEs in payment of their past liabilities for extending gratuity benefits to eligible beneficiaries.

*ATEPFO may take effective steps to ensure compliance by non-exempted TEs in payment of their past liability and in extending the benefits of gratuity to the eligible TE workers as provided under the scheme.*

#### 1.3.9.5 Non-enrolment of Tea Estates and Tea Factories

As per section 2 of ATPPF Act, 1955 (Amended in March 2016), any Tea Estate/Factory which employed ten or more employees on any day proceeding twelve months of the enforcement of the scheme have to compulsorily implement the Act and the schemes. Further, as per Section 10 of Tea Act, 1953, the Tea Board of India is the sole authority to register the Tea Estates in India. However, Tea factories established within

<sup>33</sup> 578 out of 796 non exempted TEs registered under ATEPFO.

the Tea garden as well as outside the garden area are to be registered by the Inspector of Factories under Labour and Welfare Department, GoA.

Status of registration of TE and Tea factories for Provident Fund Scheme implemented by ATEPFO was as shown in **Table 1.3.30**:

**Table-1.3.30: Status of registration of TEs and Tea factories under ATEPFO as of March 2022**

Name of the Registering authorities	Nos. of TEs/ Factories		
	Registered till March 2022	Enrolled under ATEPFO (Per cent)	Notenrolled under ATEPFO
Tea Board of India	758 (TEs only)	754 (99)	04
Inspector of Factories	904 (Tea Factories)	704 (78)	200

*Source: Information furnished by ATEPFO.*

From **Table 1.3.30**, it can be seen that 754 out of 758 TEs (99 *per cent*) registered under the Tea Board of India were enrolled with ATEPFO for implementation of PF scheme except in respect of four TEs as of March 2022. Further, in case of Tea factories, 704 out of 904 factories (78 *per cent*) registered with the Inspector of Factories, had been enrolled with ATEPFO for PF scheme leaving out 200 Tea factories yet to be enrolled as of March 2022.

Due to non-enrolment of 200 Factories under ATEPFO, 4,780 employees were not covered under PF scheme. The number of employees under four TEs registered with Tea Board of India but not yet enrolled with ATEPFO was not available.

ATEPFO (October 2023) stated that necessary steps were being initiated to bring uncovered TEs/ Factories under the purview of ATEPFO.

## Financial Management

### 1.3.10 Management of Scheme Funds

#### 1.3.10.1 Provident Fund Position

The fund position of Provident Fund Scheme implemented by ATEPFO during 2017-18 to 2021-22 as per the annual accounts was as shown in **Table 1.3.31 (a)**:

**Table-1.3.31 (a): Provident Fund Scheme**

(₹ in crore)

Year	Opening Balance	Employer's and employees' Contribution	Interest receipt	Total Fund	Claims settled	Closing Balance(5-6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2017-18	7,907.00	619.01	593.03	9,119.04	514.83	8,604.21
2018-19	8,604.21	616.09	645.32	9,865.62	574.98	9,290.64
2019-20	9,290.64	675.18	650.34	10,616.16	471.32	10,144.84
2020-21	10,144.84	634.66	710.14	11,489.64	588.71	10,900.93
2021-22	10,900.93	891.56	763.06	12,555.55	623.39	11,932.16
<b>Total</b>		<b>3,436.50</b>	<b>3,361.89</b>		<b>2,773.23</b>	

*Source:- Annual Accounts of ATEPFO.*



Table-1.3.31(b):PF Earnings and Distribution Account

(₹ in crore)

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22	Total
Opening Balance in the Interest Distribution Account	1	64.96	64.89	45.51	-9.45	-33.16	--
Earning from investments made of PF Corpus Fund	2	605.44	650.37	701.03	784.95	834.64	3,576.43
15 per cent penal interest imposed on the defaulting TEs	3	81.69	65.68	42.96	36.96	64.35	291.64
4 per cent interest realised on temporary advance to subscribers	4	0.54	0.67	0.99	2.19	3.19	7.58
Actual fund available for distribution (1+2+3+4)	5	752.63	781.61	790.49	814.65	869.02	4,008.40
Fund transferred to Pension Fund Account <sup>34</sup>	6	94.71	90.79	149.59	137.68	159.76	632.53
Fund credited to subscribers Account	7	593.03	645.31	650.35	710.13	763.07	3,361.60
Total fund distributed (6+7)	8	687.74	736.10	799.94	847.81	922.83	3,994.42
Closing balance (5-8)	9	64.89	45.51	-9.45	-33.16	-53.81	--

Source: Annual Accounts of ATEPFO.

Audit observed as follows:

- While the total PF contributions (employee and employer's share) during the five year period was ₹3,436.50 crore (₹619.01 crore in 2017-18 to ₹891.56 crore in 2021-22), the PF interest credited to the subscriber's account was ₹3,361.89 crore (₹593.03 crore in 2017-18 to ₹763.06 crore in 2021-22).
- The corpus PF fund balance as of March 2022 was ₹11,932.16 crore which grew at seven to nine *per cent* annually from ₹8,604.21 crore in 2017-18. The closing balance of ₹11,932.16 crore included unrealised PF contribution and penal interest receivable (Col. 5 of **Table 1.3.33**) by ATEPFO of ₹598.60 crore as of March 2022 (ranging between ₹244.79 crore in 2018-19 to ₹598.60 crore in 2021-22).
- Yearly outgo due to withdrawal of PF ranged between ₹471.32 crore (2019-20) to ₹623.39 crore (2021-22). Yearly receipts of contribution was able to meet the yearly withdrawals from the Fund.
- Further, the yearly earnings/returns (₹605.44 crore to ₹834.64 crore) on investment of PF plus the penal interest receivable and interest charged on subscribers (₹82.23 core to ₹67.54 crore) was not adequate to cover PF interest declared/ credited to subscriber's account {Row 3 plus Row 4 of **Table 1.3.31(b)**}. Besides, transfer of a portion of PF earnings/returns to Pension Fund Account

<sup>34</sup> Yearly rate of distribution of PF earnings in percentage terms between subscribers account and Pension Fund Account as per Section 40 (i) & (ii) of the ATPPF and Pension Funds Scheme 1968 (which was calculated on the basis PF fund balance of pervious years during five-year period).

Year	Rate of Interest on Provident Fund	Rate of interest equivalent to amount transferred to pension Fund	Total rate of interest distributed from the interest Distribution account
(1)	(2)	(3)	(2)+(3)=(4)
2017-18	7.50	1.20	8.70
2018-19	7.50	1.06	8.56
2019-20	7.00	1.61	8.61
2020-21	7.00	1.36	8.36
2021-22	7.00	1.47	8.47

was ranging between ₹94.71 crore in 2017-18 and ₹159.76 crore in 2021-22 annually. These subsequently led to negative balance in the 'PF earnings/ interest and Distribution Account' from the year 2019-20 onwards ranging from -₹9.45 crore to -₹53.81 crore in 2021-22 {Row 9 of **Table 1.3.31(b)**} during the five-year period. Thus, increasing negative balances in the Interest Distribution Account over the last three years were not sustainable and prudent as creation of such huge liability for the Fund would adversely affect PF Corpus in the long run. Further, actual negative balance would have been more as percentage of recovery of the penalties imposed on the defaulting gardens was very less as depicted in **Table 1.3.32**:

**Table-1.3.32: Status of actual recovery of penalty imposed on the defaulting gardens**

Year	15 per cent additional interest imposed (₹ in crore)	15 per cent additional interest recovered (₹ in crore)	Percentage (3*100/2)
1	2	3	4
2017-18	81.69	9.57	11.72
2018-19	65.68	8.80	13.40
2019-20	42.96	9.62	22.39
2020-21	36.96	10.41	28.17
2021-22	64.35	7.20	11.19
	<b>291.64</b>	<b>45.60</b>	

It was observed that the actual collection of penalties ranged between to 11.19 per cent and 28.17 per cent of the total penalties imposed during the period 2017-22.

ATEPFO in its reply stated (October 2023) that effective measures to realise the outstanding contribution & arrear of penal interest as per the relevant provisions of the ATPPF Act, 1955 were in progress.

Audit is of the view that even if ATEPFO succeeds in realising the penal interest levied on the defaulting gardens, in full, there will still be a negative balance unless ATEPFO reconsiders its policy of distribution keeping in mind its actual earnings.

*In order to check the increasing negative balance in the Interest Distribution Account, ATEPFO may either step up its recovery mechanism of penal interest so imposed on the defaulting gardens or restrict its distribution of annual interest to the subscribers of PF fund to the extent of availability of the Fund.*

### **1.3.10.2 Investment of PF Fund Corpus**

Section 35 of Chapter 2 of the ATPPF and Pension Fund Scheme, 1968 states that all money belonging to the PF fund shall be deposited in State Bank of India or such other nationalised banks as the Board may prescribe and shall be invested in Government Securities mentioned in Section 20 of the Trust Act, 1882. The status of investment of PF Fund Corpus during 2017-18 to 2021-22 was as given in **Table 1.3.33**:

Table-1.3.33: Status of PF Balance Fund and Investments during five-year period from 2017-22

(₹ in crore)

Years	Provident Fund								
	Total Fund balance	Total PF Receivable			PF Balance (2-5)	Details of Investment			
		PF amount receivable	15 per cent penal interest	Total (3+4)		PF Fund	Pension Fund	Total (7+8)	Balance (6-9)
1	2	3	4	5	6	7	8	9	10
2017-18	8,604.21	156.22	109.22	265.44	8,338.77	8,111.10	214.86	8,325.96	12.81
2018-19	9,290.64	78.69	166.10	244.79	9,045.85	8,806.61	312.81	9,119.42	(-)73.57
2019-20	10,144.84	142.20	199.44	341.64	9,803.20	9,434.54	343.84	9,778.38	24.82
2020-21	10,900.93	121.40	226.00	347.40	10,553.53	10,165.26	341.58	10,506.84	46.69
2021-22	11,932.16	315.44	283.16	<b>598.60</b>	11,333.56	11,028.44	271.44	11,299.88	33.68

Source: Annual Accounts.

From **Table 1.3.33**, audit observed as follows:

- Out of total fund balance ranging from ₹8,604.21 crore to ₹11,932.16 crore during the five period from 2017-18 to 2021-22, the actual fund available for investment with ATEPFO was between ₹8,338.77 crore to ₹11,333.56 crore (Col 6). However, ATEPFO invested only to the extent of ₹8,111.10 crore to ₹11,028.44 crore in the PF constituting 94.27 to 92.45 per cent respectively.

Audit observed that out of this investment, returns earned was ranging from ₹605.44 crore to ₹834.64 crore during the period which was used (including penal interest amount recovered) towards funding of ‘transfer to Pension Fund Account’ and ‘interest credits to subscribers account’ {Row 6 and 7 of **Table 1.3.31 (b)**}, which was not sufficient to meet the above required apportionment and resulted in adverse balance in Distribution Account.

- Further, out of the total funds available, ATEPFO invested a portion of PF ranging between ₹214.86 crore to ₹343.84 crore (Col. 8) during the same period for ‘Pension Fund Account’ which was 2.58 to 3.51 per cent of the total fund available for investment.

Audit observed that the interest earned from this investment ranging between ₹16.22 crore to ₹26.12 crore (please see footnote 36) was transferred to Pension Fund Accounts as interest income. Consequently, PF Account was deprived of interest income to that extent during the same period which could have been used to set off the negative balance in the Distribution Account.

While accepting the audit observation, ATEPFO stated (November 2023) that investment for pension fund done from Provident Fund and the interest earned therefrom shall be subsequently adjusted and transferred to Provident Fund.

*ATEPFO may intensify recovery of outstanding receivables and also review the present practice of investing PF and crediting its interest income to ‘Pension Fund Account’ apart from the mandatory PF earning transfer, and retention of un-invested cash balance, with a view to setting off the negative balance in the Distribution Account to further build up PF Corpus for the benefit of the subscribers.*

**1.3.10.3 Limit of exposure for Investment of PF**

As per the SOP (October 2017) of ATEPFO, limits of investment exposure in the different instruments were prescribed as per details shown in **Table 1.3.34**:

**Table-1.3.34: Limits of investment**

Sl. No.	Pattern	Exposure allowed
1	Central and State Category Bonds	45-65 per cent
2	Corporate Bonds/ Fixed deposits	35-45 per cent
3	Money Market Instruments	0-5 per cent
4	Equity related investments	5-15 per cent
5	Asset Backed Securities	0-5 per cent

Details provided in Appendix 1.12.

Details of investments and exposure limits followed against each type of instrument are given in **Table 1.3.35**:

**Table-1.3.35: Details of investments out of Provident Fund Corpus in different instruments**

(₹ in crore)

Year	Details of investments					Accumulated returns accrued on investments	Total investment for PF Fund
	Fixed Deposits	PSU/ Corporate Bonds	Mutual Funds	SDL	Total		
	(Percentage of investment in different instrument vis-à-vis total investment for PF)						
2017-18	1,767.95 (23.86)	867.29 (11.71)	561.38 (7.57)	4,212.32 (56.86)	7,408.94 (100)	702.16	8,111.10
2018-19	1,281.51 (14.83)	1,575.74 (18.23)	657.07 (7.61)	5,126.88 (59.33)	8,641.19 (100)	165.42	8,806.61
2019-20	1,087.81 (11.76)	2,005.94 (21.68)	590.06 (6.38)	5,568.51 (60.18)	9,252.31 (100)	182.23	9,434.54
2020-21	1,195.57 (11.98)	2,121.36 (21.26)	841.54 (8.44)	5,818.89 (58.32)	9,977.36 (100)	187.9	10,165.26
2021-22	56.03 (0.51)	2,403.97 (22.20)	1,675.33 (15.47)	6,696.00 (61.82)	10,831.34 (100)	197.10	11,028.44

Source: Annual Accounts.

Audit observed that ATEPFO complied with the exposure limits set for each type of investment instrument. There was no disclosure in the accounts regarding the pattern of investment of the amount.

It was further noticed that the pattern of instrument used for investments changed during the audit period as Fixed Deposits had come down from 23.86 per cent to 0.51 per cent of total PF investment. Investment in Corporate bonds and Mutual Fund had substantially increased from 11.71 per cent to 22.20 per cent and from 7.57 per cent to 15.47 per cent respectively, whereas investment in State Development Loans constituted 56.86 per cent to 61.82 per cent of the total investment.

However, the rate of returns on investment had gone up from 7.46 per cent in 2017-18 to 7.57 per cent in 2021-22.

ATEPFO may review the investment portfolio from time to time keeping in view safety criteria and better returns.

Audit observations on investments are discussed in subsequent paragraphs.

#### **1.3.10.4 Investment made in Corporate Bonds without considering the criteria of safety**

The SOP for investments of funds required that while making investments of funds, SLR Philosophy is to be considered *i.e.*, Safety first, Liquidity followed by Returns.

Scrutiny of records in ATEPFO showed that an amount of ₹69.61 crore out of ₹867.29 crore, was invested by ATEPFO in the Corporate Bonds portfolio during 2017-18 without adherence to the criteria of safety while making the investments, as detailed in **Table 1.3.36**:

**Table-1.3.36: Details of investments in Corporate Bonds and default in interest income**

Sl. No.	Name of the Bond	Date of Investment	Amount Invested	Defaulting in interest payment from	Total Interest Default	Period of Default in interest payment
<i>(₹ in crore)</i>						
1	7.65 % IL&FS Bonds	09-08-2017	10.00	2019-20	3.06	2019-23
2	7.85 % IL&FS Bonds	21-09-2017	10.00	2018-19	3.93	2018-23
3	7.75 % IL&FS Bonds	30-11-2017	4.94	2019-20	1.55	2019-23
4	7.80% IL&FS Bonds	30-11-2017	14.82	2019-20	4.68	2019-23
5	8.80% Reliance Capital	12-10-2017	9.97	2019-20	3.52	2019-23
6	8.70% IL&FS Bonds	10-05-2018	19.88	2019-20	5.22	2019-23
<b>Total</b>			<b>69.61</b>		<b>21.96</b>	

Audit further observed that ATEPFO invested ₹20 crore in August and September 2017 in IL&FS bonds and ₹9.97 crore in October 2017 in Reliance Bonds against the advice of its investment advisor (July/October 2017) who reasoned that IL&FS Bonds saw sharp decline in the valuations of its key listed investments which adversely affected its leverage and acceptability of bonds of Reliance Capital's was low.

Further, Internal Investment Committee of ATPFO, without the approval of its statutory Investment Committee considered IL&FS bonds for investment of ₹39.64 crore (₹19.76 crore in November 2017 and ₹19.88 crore in May 2018) and referred the same to the Advisor for its opinion. However, in reply, the Advisor reversed (November 2017 & May 2018) his opinion given in July and October 2017 and backed the referred scrips (IL&FS bond) citing strong institutional background of IL&FS. Accordingly, ATEPFO again invested ₹39.64 crore in IL&FS bonds.

Audit, however, observed that from 2019-20 onwards all the IL&FS and Reliance Bonds in which ATEPFO invested its funds started defaulting in the payment of interest resulting in loss of ₹21.96 crore by way of interest default. Subsequently, ATEPFO recovered ₹10.54 crore as interim dividend on principal as well as interest on the orders of National Company Law Tribunal.

Thus, investment without keeping in view the criteria of safety as per the SOP, ATEPFO had incurred loss of interest of ₹11.42 crore (₹21.96 crore– ₹10.54 crore) on default interest. Besides, there is probability of loss of its invested fund in six such bonds (₹69.61 crore) on maturity (scheduled at various periods till September 2027) of which

three bonds (₹24.92 crore) had matured between August 2022 to November 2023, but were not repaid.

The management in reply stated that both Reliance Capital and IL&FS were AAA rating and many PF Trusts including EPFO had invested in those funds. Further, the Investment Advisor had also given a positive opinion about the investment proposal. The reply is not acceptable because ATEPFO should have exercised due diligence in view of the fact that the advisor had initially cautioned about the investments proposals.

*ATEPFO may take all necessary steps to recover its invested funds from the two companies on maturity. Any case of investment may also be referred to the Statutory Investment Committee of the Organisation and ATEPFO may adhere to the prescribed criteria of safety as laid down in the SOP for investment its funds.*

### 1.3.10.5 Pension-cum- family Pension scheme

The fund position of Pension-cum-Family Pension Scheme implemented by ATEPFO during 2017-18 to 2021-22 as per annual accounts was as shown in **Table 1.3.37**:

**Table-1.3.37: Pension cum family Pension Scheme**

(₹ in crore)

Year	Opening Balance	Share of PF interest/ earning transferred to the Fund	Share of Contribution from GoI	Returns on investments of Fund corpus <sup>35</sup>	Total fund (2+3+4+5)	Settlement of claims	Closing Balance (6-7)
1	2	3	4	5	6	7	8
2017-18	130.52	94.71	30.60	29.86	285.69	103.76	181.93
2018-19	181.93	90.79	29.65	34.41	336.78	142.05	194.73
2019-20	194.73	149.59	32.46	38.60	415.39	187.48	227.91
2020-21	227.91	137.68	30.87	41.94	438.40	171.15	267.25
2021-22	267.25	159.76	36.83	41.12	504.95	187.14	317.81
<b>Total</b>		<b>632.53</b>	<b>160.41</b>	<b>185.93</b>		<b>791.58</b>	

**Source: - Annual Accounts of ATEPFO.**

Audit observed that

- Total Pension Fund corpus grew from ₹181.93 crore in 2017-18 to ₹317.81 crore in 2021-22. Pension Fund corpus was constituted by mandatory yearly PF earnings/ interest transfer and GoI's contribution for fully funded family pension. The total share of GoI's contribution to the Pension Fund during the five-year period was ₹160.41 crore, of which ₹47.52 crore was receivable as of March 2022. GoI's contribution to the total Pension Fund ranged between 10.71 per cent in 2017-18 and 7.29 per cent in 2021-22.
- The share of PF interest/ earnings transfers to Pension Fund ranged from ₹94.71 crore (33.15 per cent) in 2017-18 to ₹159.75 (31.64 per cent) in 2021-22 of the total Fund, whereas returns on Pension Fund investment (PF and Pension

<sup>35</sup> Earnings from combined fund investment during 2017-18 to 2021-22. (₹ in crore)

Year	Pension Fund	PF	Total
2017-18	13.64	16.22	29.86
2018-19	12.48	21.93	34.41
2019-20	13.72	24.88	38.60
2020-21	15.82	26.12	41.94
2021-22	20.52	20.60	41.12
<b>Total</b>	<b>76.18</b>	<b>109.75</b>	<b>185.93</b>



Fund combined Col 4 of **Table 1.3.37**) ranged from ₹29.86 crore in 2017-18 (10.45 per cent) to ₹41.12 crore in 2021-22 (8.14 per cent).

- The total disbursement on account of Pension Fund account was between ₹103.76 crore in 2017-2018 and ₹187.14 crore in 2021-22 which constituted 36.31 per cent to 37.06 per cent.

Thus, it is evident that yearly disbursement from the Pension Fund could be met from yearly receipts, except for 2018-19, of PF earnings/interest transfer, GoI's contribution and investment of own funds. Since Pension Fund has sufficient corpus for investment and to meet yearly disbursement, investing a part of PF Fund annually ranging from ₹214.86 crore to ₹343.84 crore as discussed in paragraph No. 1.3.10.2 for generating interest income for Pension Fund was not required while the PF earning/ interest Distribution Account (from where mandatory yearly PF earning/ interest transfer was sourced) was showing a negative balance every year during the five-year period.

In reply, ATEPFO stated (October 2023) that the audit observations had been noted for compliance.

### 1.3.10.6 Pension Fund investment

Section 41 of Chapter 3 of the ATPPF and Pension Fund Scheme 1968 stated all money belonging to Pension Fund shall be deposited in such banks as the Board may prescribe and shall be invested in Central Government Securities. Investment of Pension Fund Corpus during from 2017-18 to 2021-22 was as shown in **Table 1.3.38**:

**Table-1.3.38: Status of Pension Fund during 2017-18 to 2021-22**

(₹ in crore)

Year	Pension Fund Investment				
	Total Pension Fund Corpus	Total Investment for Pension from PF	Total Investment in Pension Fund	GoI's Contribution receivable	Pension Fund corpus Balance
2017-18	180.58	214.86	395.44	1.35	181.93
2018-19	177.95	312.81	490.76	16.78	194.73
2019-20	189.71	343.84	533.55	38.20	227.91
2020-21	206.87	341.58	548.45	60.38	267.25
2021-22	270.29	271.44	541.73	47.52	317.81

Source: Annual Accounts.

From **Table 1.3.38**, it is seen that the total investments of the Pension Fund included part of PF fund and GoI's contribution. A total of ₹47.52 crore of GoI's contribution was outstanding as of March 2022 of which ₹10.69 crore<sup>36</sup> pertained to previous years. The Fund was invested in government securities and other avenues as per SOP.

The above investment earned returns between ₹29.86 crore and ₹41.12 crore during the five year period which is added to the total corpus every year. Thus, there was steady growth of the corpus from ₹181.93 crore in 2017-18 to ₹317.81 crore in 2021-22.

<sup>36</sup> Total dues ₹47.52 crore minus dues for 2021-22 ₹36.83 crore.

### 1.3.10.7 Short receipt of GoI's contribution and administration costs

As per Section 3(12) of the ATPPF Act, the cost of administration of the Family Pension Scheme is borne by GoI based on the demand of ATEPFO prepared against actual expenditure incurred during the previous year.

The status of GoI's contribution for family pension and administration costs of the scheme was as shown in **Table 1.3.39**:

**Table-1.3.39: Funds received and amount outstanding from GoI during 2017-18 to 2021-22**

(₹ in crore)

Year	Opening Balance (Funds receivable)	Due from GoI	Total Fund due	Fund received including arrears	Shortfall
<b>Pension Fund (Family pension payment)</b>					
(1)	(2)	(3)	(4)	(5)	(2+3-5)=(6)
2017-18	42.07	30.60	72.67	71.32	1.35
2018-19	1.35	29.65	31.00	14.22	16.78
2019-20	16.78	32.46	49.24	11.05	38.20
2020-21	38.20	30.88	69.07	8.69	60.38
2021-22	60.38	36.83	97.21	49.69	47.52
<b>Total</b>		<b>160.42</b>		<b>154.97</b>	
<b>Administration cost</b>					
2017-18	12.89	8.30	21.19	21.30	(-)0.11
2018-19	(-)0.11	8.62	8.51	3.98	4.53
2019-20	4.53	4.93	9.44	1.77	7.67
2020-21	7.67	4.38	12.05	1.39	10.66
2021-22	10.66	4.25	14.91	3.00	11.91
<b>Total</b>		<b>30.48</b>		<b>31.44</b>	

Source: Annual Accounts.

From **Table 1.3.39**, it can be seen that there was consistent shortfall in receipt of GoI's contributions for family pension and administration cost ranging from ₹1.35 crore in 2017-18 to ₹60.38 crore in 2020-21 and between ₹4.53 crore and ₹11.91 crore respectively during the five-year period. A total outstanding GoI's contribution as of March 2022 was ₹59.43 crore (₹47.52 crore and ₹11.91 crore).

Thus, shortfall in receipt of administration cost and contribution for family pension from GoI resulted in excess expenditure over receipt and depletion of Pension Fund corpus to that extent.

*ATEPFO may intensify its efforts for release of outstanding dues from the GOI by holding periodical meetings with the GoA and GoI.*

### 1.3.10.8 Deposit Linked Insurance Scheme

The fund position of Deposit Linked Insurance (DLI) Scheme implemented by ATEPFO during the period from 2017-18 to 2021-22 as per the annual accounts was as shown in **Table 1.3.40**:

Table-1.3.40: Deposit Linked Insurance Scheme

(₹ in crore)

Year	Opening Balance	Share of contribution from		Interest on investments	Settlement of Claims	Closing Balance
		Employer	GoI			
2017-18	195.86	13.11	6.56	9.89	6.49	218.93
2018-19	218.93	12.67	6.33	13.46	8.71	242.68
2019-20	242.68	13.91	6.96	13.50	12.62	264.43
2020-21	264.43	13.23	6.61	16.84	10.24	290.87
2021-22	290.87	15.78	7.89	16.01	14.17	316.38
<b>Total</b>		<b>68.70</b>	<b>34.35</b>	<b>69.70</b>	<b>52.23</b>	

Source: Annual Accounts of ATEPFO.

Audit observed that

- The total fund of DLI grew from ₹218.93 crore in 2017-18 to ₹316.38 crore in 2021-22. The share of employers' contribution to the Fund during the period ranged from ₹13.11 crore to ₹15.78 crore which constituted 4.24 *per cent* to 5.65 *per cent* of the total DLI Fund. GoI's contribution was between ₹ 6.33 crore and ₹7.89 crore which was 2.12 *per cent* to 2.83 *per cent* of the total Fund.
- Share earnings from investment of fund ranged from ₹9.89 crore to ₹16.84 crore constituting 4.26 *per cent* to 5.41 *per cent* of the total fund. The financial outgo during the five-year period was only between ₹6.49 crore and ₹14.17 crore.

Thus, receipts from employer and GoI contributions for the Fund was more than sufficient to meet the yearly requirement of DLI pay-outs which was 1.65 to 3.03 times during the period of audit. However, the return on investment of the Fund corpus was the main contributing factor to growth of the Fund.

In view of the above, there is scope for review of the rate of payment of DLI benefits to beneficiaries as the minimum benefit extended by ATEPFO was much lower in comparison with that of EPFO.

In reply, ATEPFO (October 2023) stated that necessary amendments to the Act shall be done to give due benefits to the subscribers.

### 1.3.11 Investment of DLI Corpus

Paragraph 13 of Chapter 1 of the ATPPF and Pension Fund and Insurance Fund Scheme, 1984 stated that all money belonging to the Fund shall be deposited in State Bank of India/United Bank of India or any other nationalised or scheduled banks as may be approved by the Board with due approval of the State Government from time to time or shall be invested subject to such direction as the State Government may from time to time give, in the securities mentioned in clauses (a) to (d) of Section 20 of Indian Trust Act, 1882.

The investment of DLI Fund Corpus during the five-year period from 2017-18 to 2021-22 was as shown in **Table 1.3.41**:

**Table-1.3.41: Investment of Deposit Linked Insurance Fund***(₹ in crore)*

Year	Total DLI Corpus	Contribution Receivables			Total DLI Fund Balance (2-5)	Total Investment	Cash Balance unvested (6-7)
		From TEs	From GoI	Total (3+4)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2017-18	218.93	14.13	0.55	14.68	204.25	154.22	50.03
2018-19	242.68	18.10	3.68	21.78	220.90	184.47	36.43
2019-20	264.43	18.63	5.17	23.80	240.63	204.64	35.99
2020-21	290.87	19.65	10.25	29.90	260.97	228.41	32.56
2021-22	316.38	21.71	6.19	27.90	288.48	253.35	35.13

*Source: Annual Accounts.*

From **Table 1.3.41**, it can be seen that the actual fund balance available for investment was between ₹204.25 crore and ₹288.48 crore during the period of five years. However, ATEPFO invested ₹154.22 crore to ₹253.35 crore as per laid down provision, but there was uninvested fund balance ranging ₹32.56 crore to ₹50.03 crore during the period. The outstanding receivables as of March 2022 were to the extent ₹27.90 crore which had bearing on the total investible Fund corpus.

*ATEPFO may review its DLI investment accounts to ensure investment of available fund to earn maximum returns and also avoid retention of idle cash.*

### **1.3.12 Short receipt of contribution and Administration cost from GoI**

As per Section 3 (4b) and (4d) of ATPPF Act, 1955, GoI was to contribute to the Fund at 0.25 *per cent* and the cost of administration at 0.05 *per cent* of the total wages. Status of GoI's contribution and administration cost during the period from 2017-18 to 2021-22 was as shown in **Table 1.3.42**:

**Table-1.3.42: Status of receipt and Shortfall of DLI contribution and administrative cost***(₹ in crore)*

Year	Opening Balance (Fund receivables)	Due from GoI	Total fund due (2+3)	Fund received including arrears	Shortfall (4-5)
1	2	3	4	5	6
2017-18	8.74	6.56	15.30	14.74	0.56
2018-19	0.56	6.33	6.89	3.21	3.68
2019-20	3.68	6.96	10.64	5.46	5.18
2020-21	5.18	6.61	11.79	1.54	10.25
2021-22	10.25	7.89	18.14	11.95	6.19
<b>Sub-total</b>		<b>34.35</b>		<b>36.90</b>	
<b>DLI Administrative cost</b>					
2017-18	1.40	1.31	2.71	2.64	0.07
2018-19	0.07	1.27	1.34	0.59	0.75
2019-20	0.75	1.39	2.14	0.76	1.38
2020-21	1.38	1.32	2.70	0.38	2.32
2021-22	2.32	1.58	3.90	0.74	3.16
<b>Sub-total</b>		<b>6.87</b>	<b>12.79</b>	<b>5.11</b>	

*Source: Annual Accounts.*

From **Table 1.3.42**, it can be seen that shortfall in receipts of DLI contribution from GoI showed an increasing trend from ₹0.55 crore in 2017-18 to ₹10.25 crore in 2020-21 which reduced to ₹6.19 crore during 2021-22. Short receipt of DLI administrative cost from GoI also increased from ₹0.07 crore in 2017-18 to ₹3.16 crore in 2021-22. Total amount receivable from GoI towards DLI contribution and administration cost was

₹9.35 crore (₹6.19 crore for contribution and ₹3.16 crore for administration cost) as of March 2022.

Thus, persistent short receipt of funds under DLI scheme from the GoI particularly the contributions resulted in not only loss of potential interest income but also reduction of DLI Fund corpus coupled with excess expenditure over actual receipt for administration cost during 2017-2022 as pointed out in succeeding paragraph was not in consonance with statutory provision of the Act.

In reply, ATEPFO stated (October 2023) that the matter will be taken up with GOI.

*ATEPFO may take effective steps with the GoA and GoI to realise the outstanding receivables in a time bound manner by holding periodical meetings.*

### 1.3.13 Extra expenditure on Administrative Costs of PF and DLI schemes

As per paragraph 36 of ATPPF scheme, 1968 framed under ATPPF Act, 1955, employer was to contribute administration charges in such a manner as the Board decided. Further, as per Section 3 (4b) and (4d) of ATPPF Act, 1955, GoI was to contribute to the DLI Fund @ 0.25 per cent and the cost of administration @ 0.05 per cent of the total wages.

The cost of administration of the Provident Fund Scheme is entirely borne by the employers of the Tea Estates and levied on gross PF contributions collected and fixed at such a rate (3.75 per cent) which should be commensurate with the expenditure incurred during the year.

Further, for DLI Scheme, the employers of the Tea Estates and GoI contributed the cost of administration @ 0.1 per cent and 0.05 per cent of the total wages respectively during the year.

Details of total fund received towards administrative cost from employer under PF and from GoI and employer under DLI scheme and expenditure incurred there against were as shown in **Table 1.3.43**.

**Table-1.3.43: Expenditure incurred against actual receipt of fund for Administrative Cost of PF and DLI schemes**

(₹ in crore)

Year	Scheme	Opening Balance (Amount receivable)	Admin Charges		Shortfall (3+4-5)	Expenditure incurred			Percentage of extra expenditure incurred beyond actual receipt of fund (8/5x100)
			Levied <sup>37</sup>	Received		Total	Extra (7-5)	Extra beyond admin charges levied (7-4)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2017-18	PF	11.60	24.76	19.83	16.53	23.27	3.43	-1.49	17.30
2018-19		16.53	23.10	20.49	19.15	23.58	3.10	0.48	15.13
2019-20		19.15	25.32	22.71	21.76	26.80	4.09	1.48	18.01
2020-21		21.76	23.80	24.20	21.36	28.16	3.96	4.36	16.36
2021-22		21.36	26.29	23.33	24.32	30.70	7.37	4.41	31.59
DLI Administrative Cost									
2017-18	DLI	2.22	3.93	4.35	1.80	3.76	(-)0.59	-0.17	(-)13.56
2018-19		1.80	3.80	2.43	3.17	3.37	0.94	-0.43	38.68
2019-20		3.17	4.17	2.23	5.11	4.53	2.30	0.36	103.13
2020-21		5.11	3.97	2.85	6.23	4.08	1.23	0.11	43.16
2021-22		6.23	4.74	3.61	7.36	4.28	0.67	-0.46	18.56

**Source: Annual Accounts as well as data furnished by ATEPFO.**

<sup>37</sup> Administrative cost of PF scheme is determined by the Board of Trustees every year, which is presently 3.75 per cent of Gross PF Contribution (3.75 per cent of total contribution of employee (12 per cent) and employer (12 per cent) i.e., 0.90 per cent of total wages). Whereas for DLI the administrative cost is 0.1 per cent by the TEs and 0.05 per cent by the GoI on the total wages.

It can be seen from **Table 1.3.43** that there was short receipt of administration cost from TEs under the PF scheme ranging from ₹16.53 crore to ₹24.32 crore during 2017-18 to 2021-22. Consequently, ATEPFO incurred excess expenditure ranging from ₹3.10 crore to ₹7.37 crore over its receipts during the same period.

Besides, ATEPFO also incurred extra expenditure in excess of the administration cost levied on TEs to the extent ₹4.41 crore in 2021-22 which was also showing an increasing trend. This indicated that the administration expenditure was higher than the amount levied by ATEPFO for the purpose. Such extra expenditure on administration cost resulted in reduction of PF Administration fund corpus.

Similarly, in respect DLI, there was a shortfall in receipt of dues ranging from ₹1.80 crore to ₹7.36 crore which resulted in excess expenditure over receipts ranging between ₹0.67 crore and ₹2.30 crore during the audit period. Besides, ATEPFO incurred extra expenditure over the prescribed limit imposed as per the Act, in two (2019-20 and 2020-21) out of five years.

In reply, ATEPFO stated (November 2023) that extra administrative expenditure on PF would be reviewed and recouped from General Reserve Fund. Besides, excess administration expenditure beyond the actual receipts of DLI Fund shall be recouped from the 15 per cent statutory DLI Interest and damage charged.

*There is need for review of the administration cost incurred by ATEPFO for PF scheme to either restrict it within the prescribed limit by ensuring recovery of dues or increase the rate imposed on TEs to avoid draining the accumulated PF corpus.*

#### 1.3.14 Gratuity Scheme Fund

The position of Gratuity Scheme Fund implemented by ATEPFO during the period from 2017-18 to 2021-22 as per annual accounts was as shown in **Table 1.3.44**:

**Table-1.3.44: Gratuity Fund**

(₹ in crore)

Year	Opening Balance	Contribution from employers	Interest on investment	Total fund	Settlement of Claims	Closing Balance
2017-18	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.13	0.00	0.13	0.001	0.13
2019-20	0.13	4.20	0.02	4.35	0.95	3.40
2020-21	3.40	39.95	0.08	43.43	0.22	43.21
2021-22	43.21	56.80	0.41	100.42	3.15	97.27
<b>Total</b>		<b>101.08</b>	<b>0.51</b>		<b>4.321</b>	

**Source: Annual Accounts of ATEPFO.**

Audit observed that ATEPFO implemented the scheme since 2018-19 with only ₹0.13 crore. The corpus grew to ₹43.21 crore in 2020-21 and further increased to ₹97.27 crore during the four-year period from 2018-19 to 2021-22.

Audit noticed that outstanding share of employer's contribution to the fund as of March 2022 was ₹86.63 crore. However, the fund accumulated and the earnings from investment was adequate to meet the required disbursements.

ATEPFO in its reply (October 2023) stated that effective steps shall be taken to recover the outstanding contributions from the defaulting TEs.



*There is a need to intensify the effort to recover the outstanding contributions from the defaulting TEs by ATEPFO to increase the Gratuity Fund corpus.*

### **1.3.15 Actuarial valuation of the Schemes**

An actuarial valuation is a type of appraisal of a Scheme Fund's Assets versus liabilities, using investment, economic, and demographic assumptions for the model to determine the funded status of a Scheme plan. The assumptions are based on a mix of statistical studies and experienced judgment.

ATEPFO was managing four schemes Funds, namely, Provident Fund, Pension-cum-Family Pension Fund, and DLI Fund.

Audit observed as follow:

- (i) In respect of PF Fund, ATEPFO had neither made any fair valuation of all its allocated assets through any professional expert nor had made any attempt to find out allocated assets were sufficient to pay off the liabilities in the scheme Fund since its inception in 1955.
- (ii) In Pension and DLI scheme, though the Ministry of Labour & Employment, Govt. of India instructed ATEPFO in December 2017 and September 2018 to conduct actuarial evaluation of Family Pension and DLI scheme, ATEPFO appointed an Actuary in January 2019 but yet to complete the valuation of both the schemes as of March 2022 as it was unable to provide garden wise data required for such valuation.

*ATEPFO may formulate a policy on conducting actuarial evaluation of schemes funds periodically to assess fair valuation of its allocated assets and liabilities for long term sustainability of the Organisation.*

### **1.3.16 Systemic deficiencies**

#### **1.3.16.1 Lack of digitised PF information system for subscribers**

##### **1.3.16.1.1 Online Centralised database system not implemented**

To facilitate registration of workers/employees under the PF scheme, ATEPFO had authorised the employer of the registered TEs for allotment of new PF number at the time of joining in the Tea Estate and deposit their PF contribution to the Board. After being registered under PF scheme, every employee is required to submit PAN/Aadhaar Card, Bank details and Nomination form to the employer. Thus, basic records of workers/ employees are being maintained by TEs till the date of cessation from service.

Audit observed that though ATEPFO had taken initiatives to develop online centralised database of PF subscribers by incorporating the vital information of subscribers viz., date of birth, date of joining, PAN/Aadhaar number, nominees and bank details in the database since 2020, this was yet to be implemented (December 2022). At present, an online portal is being implemented only for settlement of claims for retirees, but the system did not have master database for all live PF subscribers, facility for calculation of annual interest of Provident fund, online generation of Annual PF Statements, etc.

Thus, due to non-implementation of centralised database of subscribers, ATEPFO was unable to generate and issue Annual PF statements online and PF details could not be made available to the subscribers through an online system.

In reply, ATEPFO stated (October 2023) that centralised database of subscribers would be tentatively completed by January 2024.

### 1.3.16.1.2 Double payment in online settlement portal

Audit scrutiny of 1,34,193 claims settled during 2017-18 to 2021-22 in online portal of ATEPFO showed that due to absence of any system generated PF number, subscribers/workers were registered in more than one TE. There were cases of awarding of double benefits under PF scheme and submission of additional claims against a particular PF number.

Audit further noticed that 66 PF claims against 33 ceased PF subscribers were settled and PF benefits were credited into the beneficiary's bank account more than once which had a financial outgo of ₹52.42 lakh. Excess payment of ₹6.77 lakh had been recovered from 12 beneficiaries and action to recover the remaining ₹45.65 lakh from 21 PF beneficiaries was under process.

In reply, ATEPFO stated that the excess payment was for ₹26.02 lakh. However, the figure was yet to be reconciled with Audit.

*There is need for implementation of online centralised database system to streamline maintenance of PF subscriber details by TEs and allow system generated unique PF account number to every subscriber for better monitoring of deposit of PF contributions, timely settlement of claims and to provide online PF balances to subscribers.*

### 1.3.16.2 Non transfer of settled claims to subscriber's bank

ATEPFO provided social security benefits to the workers and employees working in Tea Estates of Assam by settling claims of Provident Fund, Pension, Family Pension, Deposit Linked Insurance Scheme. In the event of cessation of membership due to retirement, resignation, death, invalidity, etc., ATEPFO paid the PF accumulation standing at the credit to the member or his nominees along with others benefits such as Pension, DLI and Gratuity funds directly to bank account of concerned beneficiaries.

The status of settled cases where claim amount was not credited to the bank accounts of concerned beneficiaries as of March 2022 was as shown in **Table 1.3.45**:

**Table-1.3.45: Scheme-wise non-transfer of claims to beneficiary's bank account during 2017-22**

		(₹ in crore)					
Year		2017-18	2018-19	2019-20	2020-21	2021-22	Total
Provident Fund	No. of cases	399	257	92	91	249	1088
	Amount	3.27	1.63	0.80	0.84	3.23	9.77
Pension	No. of cases	188	163	97	129	116	693
	Amount	0.67	0.50	0.49	0.73	0.98	3.37
Family Pension	No. of cases	3	9	15	105	34	166
	Amount	0.00	0.02	0.05	0.40	0.13	0.60
DLI	No. of cases	0	18	8	17	4	47
	Amount	0	0.09	0.03	0.09	0.06	0.27
Total	No. of cases	590	447	212	342	403	1994
	Amount	3.94	2.24	1.37	2.06	4.4	14.01

Source: Information furnished by ATEPFO.

It can be seen from **Table 1.3.45** that 1,994 claims of Provident Fund, Pension, Family Pension and DLI scheme involving ₹14.01 crore were settled by ATEPFO, but bank account of the concerned beneficiaries was not credited as of March 2022. Some of the reasons for failed transactions were tiny bank account<sup>38</sup>, dormant account, wrong IFSC code, inactive bank accounts, etc. Out of 1,994 cases, 1,037 cases (52 per cent) pertained to 2017-18 and 2018-19 and were pending transfer for more than three years as of March 2022. Such large failed transactions pending transfer for a long time indicated weak monitoring system and denial of benefits to entitled beneficiaries.

### 1.3.16.3 Excess claims of family pension and DLI contribution from GoI

As per provision under Section 2(g) of the Act, daily wages allowed to the workers/ employees of tea plantation consisted of basic wages, dearness allowance and cash value of food concession, leave with wages and maternity allowance but does not include bonus or commission.

ATEPFO prepared Annual Statistics Report for each Zonal/Inspectorate office covering all Tea plantations showing total wages during a particular year. This Report is the basis for issuing of wage certificate for all the TEs for the year, and for raising demand of funds to GoI for family pension and DLI payments.

Scrutiny of records in 30 selected TEs, however, showed that there were cases of excess/ less reporting of value of wages by 10 out of 30 selected TEs during 2017-18 to 2020-21 in their annual DLI returns was as shown in **Table 1.3.46**:

**Table-1.3.46: Excess/Less reporting of total wages by ten selected TEs**

Sl. No	Name of zones	Name of TEs	Excess (+) /Less (-) wages reported in Annual Statistics during four- year period (₹ in lakh)				Total difference (₹ in lakh)
			2017-18	2018-19	2019-20	2020-21	
1	Tezpur	Bettybari	0.0	479.36	42.42	35.74	557.52
2		Nonoi	(-)64.68	0.00	0.00	0.00	(-)64.68
3		Harchura	(-)0.58	0.00	0.00	0.00	(-)0.58
4		Ginjia	0.00	40.00	0.00	0.00	40.00
5	Tinsukia	Chandmari	(-)5.80	0.00	0.00	0.00	(-)5.80
6		Nokhroy	530.83	0.00	0.00	0.00	530.83
7		Hilika	4,956.01	0.00	0.00	0.00	4,956.01
8		Itakhooli	(-)34.17	0.00	0.00	0.00	(-)34.17
9	Silchar	Kalinagar	0.00	11.52	0.00	4.55	16.07
10		Goombhira	110.27	0.00	0.00	0.00	110.27
		Grand Total	5,491.88	530.88	42.42	40.29	6,105.47

*Source: Information furnished by ATEPFO.*

From **Table 1.3.46**, it can be seen that six TEs reported wages in excess of the actuals amounting to ₹62.10 crore whereas wages reported by four TEs were ₹ 1.05 crore less than the actuals resulting in net excess reporting of wages to the tune of ₹61.05 crore.

Thus, due to excess reporting of wages by TEs, ATEPFO claimed extra family pension contribution and DLI contribution cum Administration cost to the tune of ₹71.25 lakh<sup>39</sup> and ₹18.31 lakh (₹15.26 lakh<sup>40</sup> DLI contribution plus ₹3.05 lakh<sup>41</sup> DLI Administration cost) respectively from GoI during 2017-18 to 2020-21.

<sup>38</sup> Tiny accounts are such Bank Accounts in which maximum balance is fixed at ₹50,000 at any time.

<sup>39</sup> Family Pension Contribution @1.167% of ₹61.05 crore during 2017-18 to 2020-21.

<sup>40</sup> 0.25% of Total wages i.e., ₹61,05,43,962.37\*0.25%.

<sup>41</sup> 0.05% of Total wages i.e., ₹61,05,43,962.37\*0.05%.

In reply, ATEPFO stated (October 2023) that necessary steps would be taken for setting up verification system.

*There is an urgent need for an integrated centralised database to prevent such recurrence. In the interim, there is a need for verification system of total wages declared in the Annual Statistics Report of ATEPFO with the basic records maintained by the TEs to avoid short/excess contribution by TEs and GoI.*

#### 1.3.16.4 Date of cessation from service not fixed

Paragraph 2(f) of ATPPF Scheme, 1968 defines that period of membership of PF beginning with the date from which the first contribution is paid and ending with the date on which such member ceased from service. Further, as per Paragraph 29 of scheme guideline, if a PF member does not contribute PF subscription for more than six months, PF balance at credit in the account may be allowed for final settlement. However, unclaimed PF balance shall be kept alive for three years after which it is considered as lapsed.

Audit observed that all basic records of PF subscribers are maintained by the TEs till the date of cessation from service. Details of date of cessation/death of a PF subscriber are submitted by TEs to ATEPFO for payment of benefits. Audit further noticed that ATEPFO did not have any verification mechanism to ascertain the authenticity of date of birth/age, date of joining and date of cessation of subscribers, as submission of supporting documents along with PF claims by the TEs was not mandatory.

Analysis of 1,34,193 PF claims settled during the period from 2017-18 to 2021-22 showed the position as depicted in **Table 1.3.47**:

**Table-1.3.47: Analysis of gap period between date of last PF contribution and date of cessation from service during 2017-18 to 2021-22**

Nature of claims	No of claims settled	Gap period between date of last PF contribution and date of cessation/death				Data error <sup>42</sup>
		No difference	Up to six month	Beyond Six months to three years	More than three years	
Provident fund (Cessation)	1,14,555	38,823 (34%)	52,626 (46%)	17,990 (16%)	4,597 (4%)	519
Provident fund (Due to death)	19,638	5,725 (29%)	11,022 (56%)	2,387 (12%)	411 (3%)	93
<b>Total PF</b>	<b>1,34,193</b>	<b>44,548</b>	<b>63,648</b>	<b>20,377</b>	<b>5,008</b>	<b>612</b>
Family pension	4,140	1,179 (29%)	2,540(61%)	363(9%)	38(1%)	20
DLI	5,883	1,583 (27%)	3,712(63%)	497(9%)	64(1%)	27

**Source: Information furnished by ATEPFO.**

Out of 1,14,555 cases settled, 80 *per cent* were settled where the date of cessation from service was found within six months after the date of last PF contribution. In 20 *per cent* of the settled claims, it was allowed between six months and three years or more after the date of last PF contribution. Further, out of 19,638 PF cases settled due to death,

<sup>42</sup> 612 claims were settled showing last PF contribution after the date of cessation which was treated as Data error and excluded from the analysis.

85 *per cent* were found settled where date of death was within six months after the date of last PF contribution and 15 *per cent* between six months and after three years.

In respect of Family Pension and DLI cases, claims up to 90 *per cent* were settled where date of death was within six months after the date of last PF contribution. The balance of 10 *per cent* of claims in respect of both schemes was settled where the gap was six months and three years or more from the date of last PF contribution.

It is evident that since there is no specific time limit for declaring date of cessation from service beyond six months from last date PF contribution by the subscriber, claims were settled by ATEPFO even after three years from the date of last PF contribution.

Under the circumstances, ATEPFO had to keep alive unclaimed PF balances for three years since last date of PF contribution, and thereafter the amount was to be declared as lapsed. The unclaimed PF balances had also increased from ₹6.53 crore in 2016-17 to ₹11.94 crore in 2020-21.

ATEPFO while accepting the audit observation stated (October 2023) specific time limit would be fixed in this regard.

*There is need for fixing specific time limit for declaring date of cessation from service beyond six months from last date of PF contribution by retired members and family members to ensure timely settlement of claims/benefits, to avoid undue accumulation of unclaimed PF balances of subscribers.*

### **1.3.17 Comparison of schemes under ATEPFO and EPFO**

In order to provide social security to Tea workers including Artisans employed in Tea Plantation of Assam, Government of Assam (GoA) established Assam Tea Plantation Provident Fund (ATPPF) in September 1955 which included Provident fund, Pension cum Family pension, DLI scheme for the Tea workers. In 1952, the Employee's Provident Funds and Miscellaneous Provisions Act (EPFO), aimed at providing an institution of Provident Funds, Pension fund and Deposit-linked Insurance fund for employees in working in factories and other establishments. The EPFO Act is not applicable to Tea Plantations/Factories established in the state of Assam.

A comparative chart of social security benefits extended to subscribers under Provident Fund, Pension and DLI scheme as implemented by ATEPFO and EPFO is given in **Appendix 1.13**.

A comparison of the schemes implemented by ATEPFO and EPFO showed the following observations:

- As contribution to Provident Fund from the share of both employer and employee was higher by 8.33 *per cent* in ATEPFO as compared to that of EPFO, the accumulated PF balance of the subscribers at the time of cessation of service would also be higher in respect of ATEPFO.
- In ATEPFO, gratuity benefits are extended to members who rendered five years of continuous service, and to dependant family members in case of death while in service. Under ATEPFO, temporary advance is allowed to subscribers by charging @4.00 *per cent* interest *per annum*. No such provision is available in EPFO.

- The benefits extended by EPFO to its subscribers under Pension, Family Pension and DLI schemes were better in term of amount entitled, duration of benefits and qualifying service conditions.
- The minimum qualifying service for pensionary benefits under EPFO is 10 years but can be drawn on attainment of 50 years of age till death of subscriber. However, under ATEPFO, pensionary benefits are admissible with minimum qualifying service of 10 years and on attaining the age of 50 years; but the pension can be drawn only after attainment of 58 year of age for 12 years' duration.

*ATEPFO may like to review minimum qualifying service and age limit imposed for drawal of pensionary benefits and the duration of 12 years' limit fixed as deemed appropriate.*

### 1.3.18 Monitoring arrangements

#### 1.3.18.1 Shortfall in Inspection of registered Tea Estates/Factories

As per Inspector Manual of ATEPFO, every registered Tea Estate and factory should be inspected at least once in a year, if not twice to ensure effective implementation of the Act and the schemes. Every Inspector was to check cases of non-enrolment of tea workers, short deposit of PF contribution and administrative charges, pending claims under various schemes and bring to notice of such irregularities to the Board. Further, Inspectors were to keep constant vigil over unregistered Tea Estates/Factories and recommend enrolment under ATEPFO as per the provisions of the Act as applicable.

The status of Inspections carried out in the registered Tea Estates by ATEPFO during 2017-18 to 2021-22 was as shown in **Table 1.3.48**:

**Table-1.3.48: Status of Inspection carried out in registered TEs under ATEPFO during 2017-22**

Year	Nos. of registered TEs/ factories due for inspection during the year (once a year)	Nos. of TEs/ factories inspected	Shortfall in inspection	Percentage of shortfall
2017-18	1,114	536	578	52
2018-19	1,146	544	602	53
2019-20	1,157	249	910	79
<b>Total</b>		<b>1,329</b>	<b>2,090</b>	

*Source: Information furnished by ATEPFO.*

*Note: No inspection of TEs were done during 2020-21 and 2021-22 due to Covid pandemic.*

It can be seen from **Table 1.3.48** that there was shortfall in inspection of registered Tea Estates from 578 TEs (52 per cent) to 910 TEs (79 per cent) during the year 2017-18 to 2019-20 indicating a shortfall of inspection to the extent of 52 per cent to 79 per cent.

Audit further noticed that out of 1,146 TEs enrolled under ATEPFO as of March 2019, a total of 221 TEs were not inspected even once during the entire three-year period from 2017-18 to 2019-20.

#### 1.3.18.2 Manpower position of Inspectors

The status of persons-in-position of Inspectors in the State and in the three selected zonal offices as of March 2022 was as shown in **Table 1.3.49**:



**Table-1.3.49: Status of Inspectors posted under three sampled ZOs as on March 2022**

Name of the selected zone	No. of registered TEs	No. of Inspectors posted	Men in position of Inspectors under ATEPFO
Tinsukia	255	04	33
Tezpur	158	05	
Silchar	110	04	
<b>Total</b>	<b>523</b>	<b>13</b>	

*Source: Information furnished by ATEPFO.*

Out of total sanctioned strength of 44 inspectors, ATEPFO had 33 Inspectors (75 per cent) in position for inspecting 1,197 TEs as of March 2022. Out of this, 13 Inspectors were posted under three sampled zones as shown in the preceding table. There was huge gap in inspection of TEs as 13 Inspectors had to cover 523 TEs under the three sampled zones, and four to five Inspectors were to cover 110 TEs to 255 TEs per year to comply with the frequency of inspections as prescribed in the Manual. Thus, in order to strengthen the system of inspection of TEs, the inspection should be carried out in a planned manner to cover each TE once every year.

### **1.3.18.3 Meetings of committees for business**

The Board of Trustees of ATEPFO was constituted under Section 3 of Assam Tea Plantations Provident Fund and Pension Fund Scheme Act, 1955. Further, paragraph 3 of ATPPF scheme, 1968 provided for constitution of two committees, viz., Executive Committee and Investment Committee from amongst the member of trustees to oversee the administration of fund and the pattern of investment respectively. The number of meetings conducted by the Board of Trustees and two committees during 2017-18 to 2021-22 was as shown in **Table 1.3.50**:

**Table-1.3.50: Nos of Committee meeting conducted during 2017-18 to 2021-22**

Name of the committee	Total strength of the committee	No. of meetings conducted during the year				
		2017-18	2018-19	2019-20	2020-21	2021-22
Board of Trustees	15	2	2	2	1	2
Executive Committee	6	0	0	0	0	0
Investment Committee	6	2	1	1	0	1

*Source:- Information furnished by ATEPFO.*

It can be seen from **Table 1.3.50** that the Board of Trustees met twice every year during the five-year period except in 2020-21 where it met once only. Investment Committee conducted its meeting at least once every year (except in 2020-21). However, no meeting of the Executive Committee was held during the period.

### **1.3.18.4 Grievance Redressal System**

To address the grievances arising out of implementation of schemes, a Grievance Redressal Cell was established in September 2014 with the appointment of nodal officers at the Headquarters' Office as well as seven Zonal Offices (ZOs) and six Inspectorate offices (IOs) of ATEPFO. Further, the time period for settlement of grievances as notified in the Citizen Charter was 30 days from receipt of grievances by the ATEPFO. At present, grievances are received through offline mode, email and mobile phone numbers of the nodal officers.

The status of grievances received and settled by ATEPFO during the period from 2017-18 to 2021-22 was as shown in **Table 1.3.51**:

**Table-1.3.51: Status of receipt and disposal of grievances under ATEPFO as of March 2022**

Name of the Zonal/ Inspectorate Offices	Total No. of cases received	Number of cases disposed			No. of cases pending as of March 2022
		within one month	between one month and three months	after more than three months	
Grievance Cell (HQ)	20	3	08	09	0
<b>Zonal Offices</b>					
Dibrugarh	28	20	04	04	0
Golaghat	180	117	29	32	02
Jorhat	43	16	27	0	0
Tezpur	56	28	05	13	10
Tinsukia	55	20	15	13	07
Silchar	46	10	0	26	10
Sivasagar	64	59	0	02	03
<b>Sub total</b>	<b>472</b>	<b>270</b>	<b>80</b>	<b>90</b>	<b>32</b>
<b>Inspectorate Offices</b>					
Guwahati	0	0	0	0	0
Nagaon	14	5	08	01	0
North Lakhimpur	41	25	14	02	0
Sonari	44	6	01	03	34
Karimganj	40	0	28	0	12
Mangaldoi	13	10	0	03	0
<b>Sub total</b>	<b>152</b>	<b>46</b>	<b>51</b>	<b>09</b>	<b>46</b>
<b>Grand Total</b>	<b>644</b>	<b>319 (49%)</b>	<b>139 (22%)</b>	<b>108 (17%)</b>	<b>78 (12%)</b>

Source: Information furnished by ATEPFO.

From **Table 1.3.51**, it can be seen that ATEPFO received a total of 644 grievances, 20 of which were through the Headquarter Office and 624 cases through its 13 nodal offices (seven ZOs/six IOs). Only 319 cases (49 *per cent*) were disposed of within one month as prescribed in the Citizen Charter. Further, 139 grievances (22 *per cent*) were disposed of by the respective nodal offices between one month and three months, and 108 grievances (17 *per cent*) were disposed of after a delay of more than three months from the date of receipt. Moreover, 78 grievance cases (12 *per cent*) were pending disposal beyond 30 days as of March 2022.

The status of grievances received and settled by the Nodal Officers in the three sampled zonal offices during the period from 2017-18 to 2021-22 was as shown in **Table 1.3.52**:

**Table-1.3.52: Status of receipt and disposal of grievances by three sampled zones as on March 2022**

Name of the Zones	Number of cases received	Number of Cases disposed			No of cases pending disposal beyond one month
		within one month	Between one month and three months	after three months	
Silchar	46	10 (22%)	0	26 (56%)	10 (22%)
Tezpur	56	28 (50%)	5 (9%)	13 (23%)	10 (18%)
Tinsukia	55	20 (36%)	15 (27%)	13 (24%)	7 (13%)
<b>Total</b>	<b>157</b>	<b>58 (37%)</b>	<b>20 (13%)</b>	<b>52 (33%)</b>	<b>27 (17%)</b>

Source:- Information furnished by ATEPFO.

It can be seen from **Table 1.3.52**, 157 grievances were received in the three sampled zones, and 58 grievances (37 *per cent*) were disposed of within one month; whereas 72 grievances (46 *per cent*) were disposed of after the prescribed period of one month as envisaged in the Citizen's Charter. Further, 27 grievances (17 *per cent*) were still pending disposal beyond one month in three selected ZOs as on March 2022. Audit further noticed that there was no integrated system for monitoring of receipt and disposal of grievances between the nodal officers and ATEPFO headquarters for follow up action on the outstanding cases.

Thus, the disposal of grievances in ATEPFO was not effective enough as less than 50 *per cent* of complaint cases were disposed of within 30 days of the Citizen Charter. Moreover, as the Grievance Redressal System was still in offline mode, the follow up and feedback system was weak.

### **1.3.19 Conclusion**

In order to provide social security benefits to the workers employed in tea plantations and factories in Assam, Government of Assam (GoA) passed Assam Tea Plantations Provident Fund Scheme Act, 1955 (Assam Act X of 1955). Accordingly, Assam Tea Plantation Provident Fund (ATPPF) was established (September 1955) which was subsequently renamed as Assam Tea Employees' Provident Fund Organisation (ATEPFO) in June 2014. The Act was also amended from time to time and was called as The Assam Tea Plantations Provident Fund and Pension Fund and Insurance Fund Scheme Act, 1955 since 1984. Further, in exercising the powers conferred by Section 3 of the above Act, GoA framed Assam Tea Plantations Provident Fund scheme (1955), Pension-cum-Family Pension scheme (1968/72) and Deposit Linked Insurance Fund scheme (1984). In addition, GoA passed Assam Gratuity Scheme Act in 1993 and framed Scheme Rules in 2017 to provide gratuity benefits to the tea employees/workers.

A total of 573 out of 1,197 TEs involving 39,120 tea workers were not covered under PF scheme at the State level as of March 2022 as required under the Rules. The shortfall in enrolment of workers in three sampled zones as of March 2022 was 17,356 workers involving 248 TEs. In six out of 30 selected TEs, there was shortfall in enrolment of 481 tea workers as of March 2022.

There was shortfall in deposit of PF contribution of ₹315.45 crore at the end of March 2022 involving 334 TEs. In majority of TEs (278 out of 334 TEs *i.e.*, 83 *per cent*), non-deposit/delay in deposit of PF contribution was to the extent of five years. Shortfall in deposit of PF contribution in three sampled zones was ₹78.49 crore involving 112 TEs. 11 out of 30 selected TEs, defaulted in depositing PF contribution amounting ₹13 crore involving 27,431 workers as of March 2022.

As of December 2022, the outstanding default amount against 197 TEs stood at ₹130.10 crore. In respect of ATCL TEs, the amount yet to be recovered towards default of PF contributions was ₹156.96 crore involving 20,994 workers.

The unrealised statutory interest from defaulting TEs increased from ₹47.09 crore involving 237 TEs to ₹74.15 crore against 489 TEs in March 2022. ATEPFO was yet to impose statutory interests against 315 TEs for non-deposit of PF contribution as of March 2022 in violation of the provisions of the Act.

237 TEs (20 *per cent*) out of 1,167 (2020-21) TEs at the State level did not comply with the requirement of submission of Annual Return. The extent of delay in submission of Annual Return ranged up to two years in 49 TEs (21 *per cent*), from two to five years in 88 TEs (37 *per cent*) and five to above 10 years in 100 TEs (42 *per cent*). Due to delay/non-submission of annual returns by TEs, 6.01 lakh beneficiaries of 490 TEs were denied the status of PF amount at credit in the members account for FY 2020-21.

ATEPFO kept alive unclaimed PF balances for three years since last PF contribution due to absence of specific time limit for final settlement and which was showing an increasing trend from ₹6.53 crore in 2016-17 to ₹11.94 crore in 2020-21.

Provident Fund claims for final payment numbering 26,531 to 28,531 were received annually by ATEPFO and up to 87 *per cent* to 96 *per cent* were settled during relevant years. In pension claims up to 99 *per cent* were disposed of during relevant years. However, clearance of family pension cases was only 10 *per cent* to 39 *per cent* during relevant years.

Thirty two temporary PF subscribers who ceased from service after attainment of the age of 50 years and after rendering minimum qualifying service of 10 years, though eligible for monthly pension under Pension Rule (amended 2017), were not extended pension. On the other hand, monthly pension along with commutation pension amounting to ₹9.60 lakh was released to 25 ineligible PF members as they had not rendered minimum 10 years of qualifying service.

Sixty two PF beneficiaries eligible for one-time payment of pension benefit who retired prior to September 2017 were wrongly allowed monthly pension and commutation pension which resulted in inadmissible expenditure of ₹38.29 lakh. However, family pensions to existing 1,591 family pensioners from 232 TEs were discontinued merely due to non-submission/ non-updation of bank details and other related documents for a period beyond five years or more.

Two hundred and eighty three out of 296 TEs which had received provisional exemption from ATEPFO, did not renew their exemptions from the date of expiry of initially granted exemption for several months. However, ATEPFO had issued reminders to only 72 TEs and allowed the remaining 211 TEs (75 *per cent*) to avail the benefits of exemption from gratuity scheme in deviation of the provision of the Act. In 14 exempted TEs, 673 beneficiaries (17 *per cent*) were not extended the benefits of the scheme as of March 2022.

Out of 796 non-exempted TEs, past liability was charged on 132 TEs by ATEPFO leaving out 578 TEs as of March 2022. However, only 16 out of 132 TEs had paid their past liability and had come under the scheme. ATEPFO did not charge the past liability on 578 TEs (excluding 86 TEs registered after 2018-19).

Yearly outgo due to withdrawal of PF ranged between ₹471.32 crore (2019-20) to ₹623.39 crore (2021-22). Yearly receipt of contribution was able to meet the yearly withdrawals from the Fund.

The yearly earnings/returns (₹605.44 crore to ₹834.64 crore) on investment of PF *plus* the penal interest receivable and interest charged on subscribers (₹82.23 core to

₹67.54 crore) was not adequate to cover PF interest declared/ credited to subscriber's account. Besides, transfer of a portion of PF earnings/returns to Pension Fund Account ranged between ₹94.71 crore in 2017-18 and ₹159.76 crore in 2021-22.

ATEPFO's investments in certain Corporate Bonds without keeping in view the criteria of safety as per the SOP, resulted in loss of interest of ₹11.42 crore (₹21.96 crore – ₹10.54 crore) crore on default interest, and possible loss of its invested fund to the tune of ₹69.61 crore on maturity in November 2023 to September 2027.

The yearly disbursement from the Pension Fund could be met from yearly receipt of PF earning/interest transfer and GoI's contribution. Since Pension Fund had sufficient corpus for investment and to meet yearly disbursement, investing a part of PF Fund annually ranging ₹214.86 crore to ₹343.84 crore for generating interest income for the Pension Fund was not necessary.

Receipt from employer and GoI contributions for the DLI Fund was more than sufficient to meet the yearly requirement of DLI payouts by 1.65 times to 3.03 times. The returns on investment of the Fund corpus was the main factor contributing to growth of the Fund.

Persistent short receipt of funds under DLI scheme particularly contributions from the GoI resulted in loss of potential interest income in DLI Fund corpus and excess expenditure on administration account.

ATEPFO incurred extra expenditure in excess of the administration cost limit imposed on the TEs to the extent of ₹4.41 crore in 2021-22. In DLI, extra expenditure was incurred over the prescribed limit imposed as per the Act in two (2019-20 and 2020-21) out of five years.

ATEPFO was yet to implement centralised subscriber's database of all PF subscribers. As a result, it was not able to generate and issue Annual PF statements online and PF details could not be made available to the subscribers through the system.

1,994 claims of Provident Fund, Pension, Family Pension and DLI scheme involving ₹14.01 crore settled by ATEPFO were not credited to the bank account of the concerned beneficiaries as of March 2022 and 1,037 (52 *per cent*) cases pertained to 2017-18 and 2018-19 and were pending for more than three years as of March 2022.

There was shortfall in annual inspection of registered TEs from 578 TEs (52 *per cent*) to 910 TEs (79 *per cent*) during the year 2017-18 to 2019-20.

Disposal of grievances in ATEPFO was not adequate as less than 50 *per cent* of the complaint cases were disposed of within 30 days of the Citizen Charter. The Grievance Redressal System was still in offline mode and the follow up mechanism and feedback system was weak.

### **1.3.20 Recommendations**

- *ATEPFO may conduct special drive to ensure full coverage of tea employees not enrolled under the PF, Pension and DLI schemes.*
- *ATEPFO may take effective steps to obtain update beneficiary's bank account and marriage/ remarriage status of the beneficiaries from the concerned TEs through*

*Zonal/ Inspectorate offices for early release of withheld pensionary benefits to the eligible family pensioners.*

- *ATEPFO may consider using generated report of settled PF cases of deceased subscribers to take up the matter with the concerned TEs to expedite the settlements of DLI claims of the eligible beneficiaries to provide immediate relief to the family members of deceased subscribers as envisaged under the scheme.*
- *ATEPFO may take effective steps to ensure renewal of provisional exemption and complete the process of granting exemption to applicant TEs by insisting on submission of relevant documents for verification in a time bound manner in accordance with the scheme's guidelines.*
- *ATEPFO may take effective steps to ensure compliance by non-exempted TEs in payment of their past liability and in extending the benefits of gratuity to the eligible TE workers as provided under the scheme.*
- *In order to check the increasing negative balance in the Interest Distribution Account, ATEPFO may either step up its recovery mechanism of penal interest so imposed on the defaulting gardens or restrict its distribution of annual interest to the subscribers of PF fund to the extent of availability of the Fund.*
- *ATEPFO may intensify recovery of outstanding receivables and also review the present practice of investing PF and crediting its interest income to 'Pension Fund Account' apart from the mandatory PF earning transfer, and retention of un-invested cash balance, with a view to setting off the negative balance in the Distribution Account to further build up PF Corpus for the benefit of the subscribers.*
- *ATEPFO may review the investment portfolio from time to time keeping in view safety criteria and better returns.*
- *ATEPFO may take all necessary steps to recover its invested funds from the two companies on maturity. Any case of investment may also be referred to the Statutory Investment Committee of the Organisation and ATEPFO may adhere to the prescribed criteria of safety as laid down in the SOP for investment its funds.*
- *ATEPFO may intensify its efforts for release of outstanding dues from the GOI by holding periodical meetings with the GoA and GoI.*
- *ATEPFO may review its DLI investment accounts to ensure investment of available fund to earn maximum returns and also avoid retention of idle cash.*
- *ATEPFO may take effective steps with the GoA and GoI to realise the outstanding receivables in a time bound manner by holding periodical meetings.*
- *ATEPFO may review its administration cost for PF scheme to either restrict it within the prescribed limit by ensuring recovery of dues or increase the rate imposed on TEs to avoid draining the accumulated PF corpus.*
- *ATEPFO may intensify the effort to recover the outstanding contributions from the defaulting TEs to increase the Gratuity Fund corpus.*



- 
- *ATEPFO may formulate a policy on conducting actuarial evaluation of schemes funds periodically to assess fair valuation of its allocated assets and liabilities for long term sustainability of the Organisation.*
  - *ATEPFO may implement online centralised database system to streamline maintenance of PF subscriber details by TEs and allow system generated unique PF account number to every subscriber for better monitoring of deposit of PF contributions, timely settlement of claims and to provide online PF balances to subscribers.*
  - *ATEPFO may fix specific time limit for declaring date of cessation from service beyond six months from last date of PF contribution by retired members and family members to ensure timely settlement of claims/benefits, to avoid undue accumulation of unclaimed PF balances of subscribers.*
  - *ATEPFO may like to review minimum qualifying service and age limit imposed for drawal of pensionary benefits and the duration of 12 years' limit fixed as deemed appropriate.*
  - *In order to make recovery procedure of outstanding PF contribution from defaulting TEs more effective, ATEPFO may prescribe specific time frame for each stage of recovery proceedings so that actions are taken in a time bound manner. Moreover, to effect recovery of statutory interest levied on defaulting TEs, provision further may be laid down in the Recovery Manual.*
  - *Specific timelines to be followed by TEs for submission of claims on cessation of service/death of subscribers to ATEPFO may be prescribed to ensure settlement of cases in a time bound manner.*
  - *ATEPFO may streamline claim settlement of beneficiaries by clearly laying down in the SOP the time frame for submission of various claims with supporting documents by the TEs through Zonal/Inspectorate offices for early release of benefits.*
  - *ATEPFO may ensure mandatory renewal of provisional exemption of TEs for gratuity scheme in a time bound manner by putting in place verification system in accordance with the scheme's guidelines. Steps may be taken to ensure payment of past liability by non-exempted TEs for extending gratuity benefits to the eligible tea workers.*
  - *ATEPFO may review its administrative expenditure to avoid allowing excess expenditure over the prescribed limit and its receipt by lay down guidelines for regulating expenditure and monitoring of recovery of statutory dues from TEs and GoI to prevent draining of the PF and DLI Administration Fund.*
  - *ATEPFO may strengthen its monitoring arrangement and introduce online grievance redressal system with escalation mechanism for effective grievance redressal.*
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## Compliance Audit Paragraphs

### Health and Family Welfare Department

#### 1.4 Subject Specific Compliance Audit on “Public Health Infrastructure and Management of Health Services”

##### 1.4.1 Introduction

Public healthcare delivery system in India is organised at three levels – primary, secondary and tertiary. The network of Sub-Centres (SCs), Primary Health Centres (PHCs) form the primary tier of public healthcare delivery system for rural and urban population. District Hospitals (DHs) and Community Health Centres (CHCs) serve as the secondary tier for rural and urban population. These hospitals handle treatment and management of diseases or medical conditions that require specialised care. Tertiary healthcare is meant to provide advanced and super-speciality services in the medical institutions in urban areas, which are to be well equipped with sophisticated diagnostic and investigative facilities.

A Performance Audit (PA) was conducted (2021) to cover the areas of basic health infrastructure facilities in the State focused on selected District Hospitals. The findings were reported in the Comptroller and Auditor General’s Performance Audit Report on “Select District Hospitals in Assam for the year ended 31 March 2019”.

The present Subject Specific Compliance Audit (SSCA) covers healthcare services mainly in SCs, PHCs and CHCs which provide health facilities at village and block levels. The SSCA also provides a holistic view of improvement of necessary infrastructure, created for meeting emergencies related issues and service delivery by the sampled health institutions for the period 2016-17 to 2021-22.

##### 1.4.2 Overview of the public health care facilities in Assam

To cater to the healthcare services of its citizens at different levels, the State has 10 Tertiary health care facilities<sup>43</sup>, 240 Secondary care facilities<sup>44</sup> and 5,711 Primary health care facilities<sup>45</sup> spread over the 33 Districts of the State as of March 2022 (*Appendix 1.14*). There are also one Ayurveda<sup>46</sup> and three Homeopathic Colleges<sup>47</sup> in the State. Further, All India Institute of Medical Sciences (AIIMS) was inaugurated at Guwahati in April 2023.

The health facilities are under the administrative control of the Health and Family Welfare Department, Government of Assam (GoA). The Principal Secretary, Health and Family Welfare Department (H&FWD) is the Administrative Head of the Department who is assisted by the five Directors at the Directorate of Health Service, Directorate of Health and Family Welfare, National Health Mission Directorate, the Directorate of Medical Education and the Directorate of AYUSH.

<sup>43</sup> Nine Medical Colleges and Hospitals and one Super Speciality Hospital.

<sup>44</sup> 25 District Hospitals, 14 Sub-Divisional Hospitals and 201 Community Health Centers (CHCs).

<sup>45</sup> 1,010 Primary Health Centers (PHCs) and 4,701 Sub-Centres.

<sup>46</sup> Government Ayurvedic College and Hospital, Guwahati.

<sup>47</sup> SGN Homeopathic Medical College, Guwahati, Dr. J K Saikia Homeopathic Medical College, Jorhat and Government Assam Homeopathic Medical College, Nagaon.

### 1.4.2.1 Public Health Care facilities at the District

Indian Public Health Standards (IPHS) norm provide one DHs in each district. Out of a total of 33 Districts<sup>48</sup> in the State as of March 2022, there were 25 DHs and eight districts, viz., Dibrugarh, Jorhat, Karbi Anglong, Lakhimpur, West Karbi Anglong, South Salmara, Charaideo, and Biswanath Chariali had no DHs (*Appendix 1.14*). Of these eight districts, with no DHs, the requirements in four districts viz., West Karbi Anglong, Charaideo, Biswanath Chariali and South Salmara were catered to by five Sub-Divisional Hospitals and in the remaining four districts viz., Dibrugarh, Jorhat, Karbi Anglong and Lakhimpur, one Medical College and Hospital (MCH) each is available to serve people in these districts. In addition, five MCHs are available in another five districts of the State besides having functional DHs. Details of MCHs available are as shown *Table 1.4.1*:

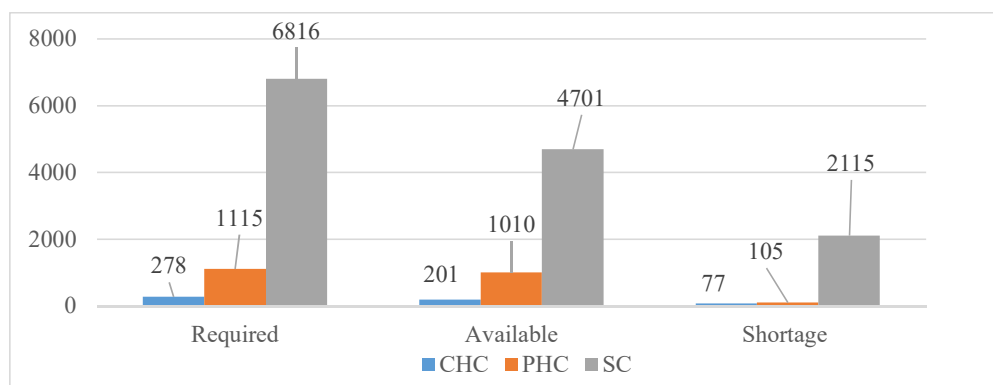
**Table-1.4.1: Position of functional Medical Colleges in the State as on 31 March 2022**

Sl. No.	District	Name of Medical college	Year of establishment
<b>Districts having MCHs only</b>			
1	Dibrugarh	Assam Medical College and Hospital	1947
2	Jorhat	Jorhat Medical College and Hospital	2009
3	Karbi Anglong	Diphu Medical College and Hospital	2019
4	Lakhimpur	Lakhimpur Medical College and Hospital	2021
<b>Districts where both DHs and MCHs are available</b>			
5	Kamrup (Metro)	Guwahati Medical College and Hospital	1960
6	Cachar	Silachar Medical College and Hospital	1968
7	Barpeta	Fakhruddin Ali Ahmed Medical College and Hospital	2011
8	Sonitpur	Tezpur Medical College and Hospital	2013
9	Dhubri	Dhubri Medical College and Hospital	2022

*Source: Departmental information.*

As regards availability of CHCs, PHCs and SCs in the State, the shortages of SCs, PHCs and CHCs vis-à-vis IPHS norms were 77 (28 per cent), 105 (nine per cent) and 2,115 (31 per cent) respectively. Detailed position of availability of CHCs, PHCs and SCs is given in *Appendix 1.14* and the status of overall shortage is depicted in *Chart 1.4.1*.

**Chart-1.4.1: Overall position of CHCs, PHCs and SCs in the State**



*Source: Rural Health Statistics, NHM and departmental information.*

<sup>48</sup> Six new districts viz., Biswanath Chariali, Charaideo, Hojai, Majuli, South Salmara and West Karbi Anglong, have been created in 2015-16.

Due to the shortage, available CHCs, PHCs and SCs, on an average, catered to 44,406, 3,372 and 2,142 persons over and above the IPHS population norms respectively.

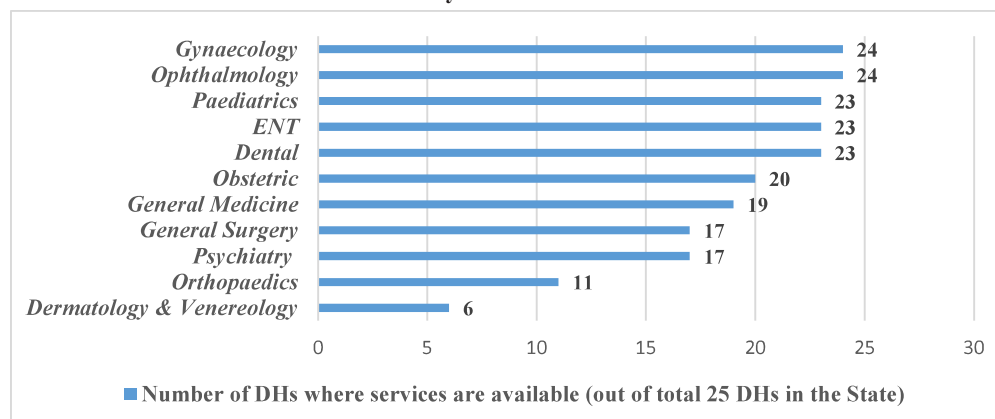
As regards availability of CHCs, PHCs and SCs in the Districts, shortages of 50 *per cent* and above as compared to IPHS population norms were noticed in few districts. Significant shortages at CHCs level were noticed in seven districts *viz.*, Kokrajhar (82 *per cent*), Kamrup (M) (70 *per cent*), Sivasagar (67 *per cent*), South Salmara (60 *per cent*), Cachar (50 *per cent*), West Karbi Anglong (50 *per cent*) and Charaideo (50 *per cent*). At PHCs level, significant shortages were noticed in three districts *viz.*, Hojai (77 *per cent*), South Salmara (63 *per cent*) and Tinsukia (50 *per cent*). There were significant shortages of SCs in three districts *viz.*, Kamrup (M) (80 *per cent*), South Salmara (54 *per cent*) and Baksa (50 *per cent*).

#### 1.4.2.2 Service availability in Public Health Care

##### (i) OPD services in DHs

As per IPHS Norms, the District Hospitals are supposed to provide 11 essential Out-patient Department (OPD) services. Overall position of availability of these essential OPD services in the DHs of the State as on 31 March 2022 was as under:

**Chart-1.4.2: Status of availability of eleven essential OPD services in the DHs**

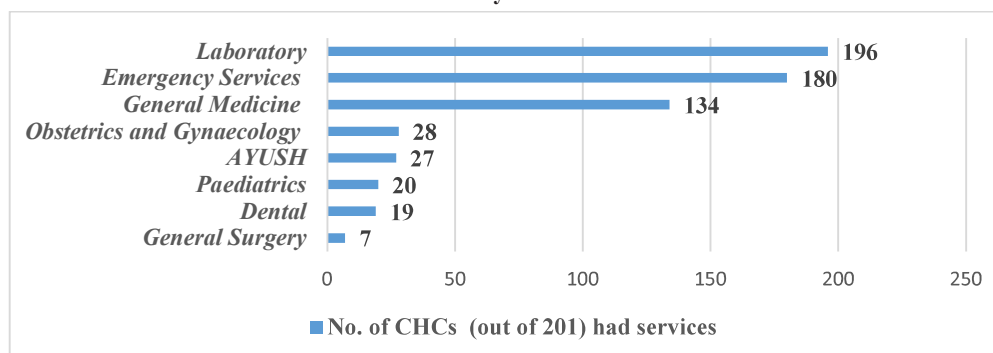


Source: Director of Health Services.

Out of 11 services, maximum seven services were available in 19 to 24 DHs (out of 25 DHs) which included Gynaecology and Ophthalmology services in 24 DHs, Paediatrics, ENT and Dental Services, in 23 DHs, Obstetric in 20 DHs and General Medicine in 19 DHs whereas Dermatology & Venereology, Orthopaedics and Psychiatry services & General Surgery were available only in six, 11 and 17 DHs respectively. Further, only three DHs had all the essential OPD services as per IPHS norms. DHs-wise availability of essential OPD services are shown in **Appendix 1.15**.

##### (ii) OPD services in CHCs

Eight speciality services *viz.*, Dental, AYUSH, Laboratory, Paediatrics, Emergency Services, Obstetrics and Gynaecology, General Surgery and General Medicine are essential for Community Health Centres (CHCs) as per the IPHS norms. The status of availability of essential OPD services in 201 CHCs of the State was given in **Chart 1.4.3**.

**Chart-1.4.3: Status of availability of essential OPD services in CHCs**

Source: Departmental records.

Out of total eight essential OPD services for CHCs, mainly three services viz., Laboratory (196), Emergency (180), and General Medicines (134) were available in most of the CHCs. Other essential services like Dental, Obstetrics & Gynaecology, AYUSH, Paediatrics and General Surgery were available only in 19 (nine per cent), 28 (14 per cent), 27 (13 per cent), 20 (10 per cent) and seven (three per cent) CHCs respectively. Thus, services in CHCs in the State were not at par with IPHS norms thereby putting pressure on the next healthcare delivery tier i.e., the DHs. CHCs wise available services are shown in *Appendix 1.16*.

### (iii) Availability of beds in DHs

As per IPHS norms, the number of beds required for a District Hospital having a population of 10 lakh with 100 per cent occupancy rate is 275. Considering the IPHS norms and the latest available population data of Census 2011, the existing 25 DHs should have had a total of 6,966 beds. However, the availability of functional beds as on 31 March 2022 in 25 DHs was to the extent of 5,429 (78 per cent) indicating an overall shortage of 1,537 beds (22 per cent).

Six DHs were having significant shortage of above 50 per cent viz., DH Cachar (79 per cent), DH Karimganj (70 per cent), DH Kamrup Metro (67 per cent), DH Golaghat, DH Baksa (59 per cent each) and DH Morigaon (58 per cent) during 2016-17 to 2021-22. On the other hand, six DHs<sup>49</sup> had excess beds against the norms during the period. DHs wise position of beds was shown in *Appendix 1.17*.

### (iv) Maternal and Child care in DHs and availability of Beds

Maternal and Child care is available in all 25 DHs as per IPHS norms. The total number of maternal and childcare beds to be earmarked as per IPHS norm (based on the bed strength) in 14<sup>50</sup> out of 25 DHs in the State as per applicable norms was 1,617 beds.

Audit noticed that 1,098 beds (68 per cent) were actually earmarked for maternal and child care in those 14 DHs. Moreover, the deficit in earmarked beds for maternal and child care was 47 per cent in 11 DHs (excluding three DHs<sup>51</sup> where the earmarked beds were more than the normative requirement).

<sup>49</sup> DH Barpeta, DH Kamrup (Rural), DH Dima Hasao, DH Sivsagar, DH Majuli and DH Nalbari.

<sup>50</sup> The DHs having 200 or more beds.

<sup>51</sup> Kokrajhar, Dhubri and Nagaon

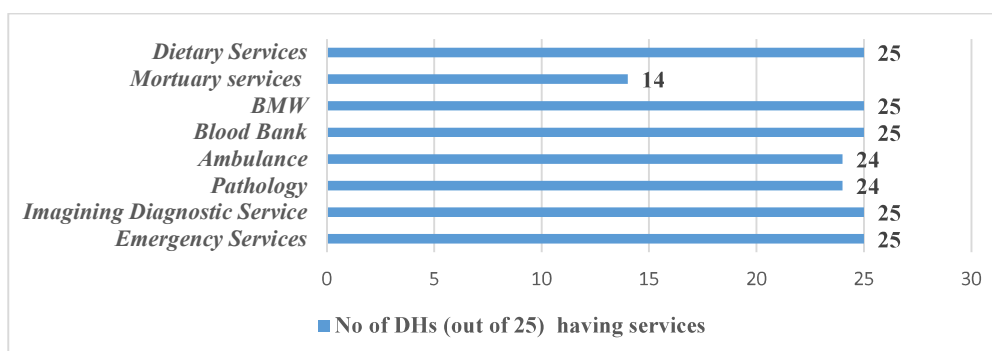
Further, there was wide variation in earmarking beds for Mother and Child care with the maximum deficit seen in Barpeta (82 *per cent*), Kamrup (Rural) (82 *per cent*), Hojai (67 *per cent*) and Nalbari (48 *per cent*).

District wise detailed position of availability of beds in DHs including Maternal and Child Care was given in **Appendix 1.17**.

#### (v) Other essential services in DHs

Other essential services in DHs as per IPHS norms *inter-alia* included Emergency Services, Diagnostic Services, Pathology Services, Ambulance Services, Support Services like Blood Bank/Dietary/Laundry/Bio-Medical Waste Management (BMW)/Mortuary Services, *etc.* The overall position of availability of other essential services in 25 DHs as on 31 March 2022 was as under:

**Chart-1.4.4: Status of availability of other essential services in DHs**



Source: Director of Health Services.

Out of eight other essential services referred to in the preceding chart, except for Mortuary Services available in 14 DHs, the remaining seven services were available in all the DHs except for two services (Ambulance and Pathology) in one DHs *i.e.*, DHs Majuli. Ambulance Service in Majuli is however, compensated by Boat Clinic and Pathology Services by existing two CHCs. Mortuary Services were not available in 11 DHs<sup>52</sup> with MCHs fulfilling the requirement of mortuary services in five DHs.

#### (vi) Manpower position in all Government Health Institutions

The overall manpower position<sup>53</sup> of the Health Department in the State as on 31 March 2022 was as under:

**Table-1.4.2: Overall Manpower Position in Health Department**

Category	Sanctioned Strength	MIP			Shortage (-)/ excess (+) (per cent)
		Regular	Contractual	Total	
Doctors	4,460	2,936	1,081	4,017	(-)443 (-10)
Nurses	10,360	7,739	1,657	9,396	(-)964 (-09)
Paramedical Staff	8,187	6,201	5,375	11,576	(+)3,389 (41)
Others <sup>54</sup>	6,476	4,413	2,934	7,347	(+)871 (13)
<b>Total</b>	<b>29,483</b>	<b>21,289</b>	<b>11,047</b>	<b>32,336</b>	<b>(+)2,853 (10)</b>

Source: Information furnished by Directorates of Health Services, Family Welfare and Medical Education and NHM.

<sup>52</sup> (1) Kokrajhar (2) Dhubri (3) Barpeta (4) Sonitpur (5) Sivasagar (6) Cachar (7) Hailakandi (8) Chirang (9) Kamrup (R) (10) Kamrup (M) and (11) Goalpara District.

<sup>53</sup> Department-wise (like ENT, Eye *etc.*) sanctioned strength and MIP were not available). No e-HRMS portal also available.

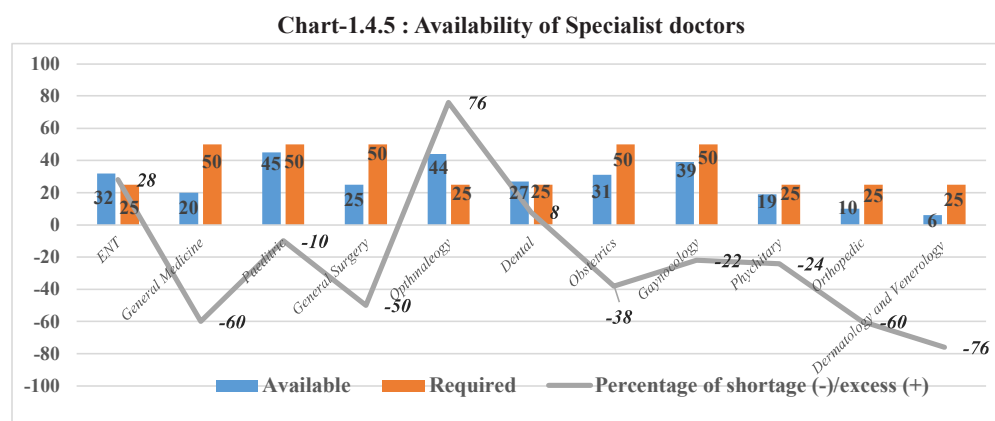
<sup>54</sup> Administrative and other Staffs of Health Department.



Against the sanctioned strength of 29,483 doctors, nurses and other medical personnel, 32,336 of them were in position as of March 2022. There was, however, shortage in the cadre of doctors (10 *per cent*) and nurses (nine *per cent*). District-wise detailed position was shown in **Appendix 1.18**.

#### (vii) DHs wise availability of Specialist Doctor

As per IPHS norm, irrespective of any number of bed strength, one District Hospital requires minimum 20 specialists in total 14 departments<sup>55</sup>. Further, one Dermatologist, Microbiologist, Forensic and AYUSH doctors are also required depending upon the beds strength. Availability of Specialist Doctors (as of June 2023) in 25 DHs as per information provided (11 departments) by the Director of Health Services was as given in **Chart 1.4.5**.



Source: Departmental records.

It may be seen from **Chart 1.4.5** that in eight fields (out of 11), there were shortage of Specialist Doctors which included General Medicine (60 *per cent*), Pediatrics (10 *per cent*), General Surgery (50 *per cent*), Obstetrics (38 *per cent*), Gynecologist (22 *per cent*), Psychiatry (24 *per cent*), Orthopedics (60 *per cent*) and Dermatology and Venereology (76 *per cent*) as compared to IPHS norm. DHs-wise availability of Specialist Doctors is given in **Appendix 1.19**.

#### (viii) Implementation of Ayushman Bharat- PMJAY

Ayushman Bharat (AB)-Pradhan Mantri Jan Arogya Yojana (PMJAY), is a flagship health scheme of Government of India launched in the State in September 2018 to achieve Universal Health Coverage (UHC) of NHP, 2017. PMJAY aims to provide health insurance cover of ₹ five lakh per family per year for secondary and tertiary care hospitalisation. In Assam, the Atal Amrit Abhiyan Society, Assam (AAAS) was responsible for implementing AB-PMJAY. Position of receipts of funds and expenditure under PMJAY was as shown in **Table 1.4.3**:

<sup>55</sup> Medicine (two), Surgery (two), Obstetrics & Gynecology (two), Pediatrics (two), Anesthesia (two), and one Ophthalmology, Orthopedics, Radiologist, Pathology, ENT, Dental, Medical Officer and Psychiatry.

**Table-1.4.3: Fund received and expenditure under PMJAY for the year 2018-19 to 2021-22**

(₹ in crore)

Year	Opening balance	Funds received			Expenditure	Closing balance
		GoI	GoA	Total		
2018-19	Nil	21.08	1.60	22.68	12.11	10.57
2019-20	10.57	133.23	9.13	142.36	119.38	33.55
2020-21	33.55	12.10	21.37	33.47	61.66	5.36
2021-22	5.36	87.91	28.80	116.71	76.02	46.05
<b>Total</b>		<b>254.32</b>	<b>60.90</b>	<b>315.22</b>	<b>269.17</b>	

Source: Atal Amrit Abhiyan Society, Assam.

A total of ₹315.22 crore was received (2018-22) by AAA Society, Assam out of which, ₹269.17 crore<sup>56</sup> was spent under the PMJAY leaving an unspent balance of ₹46.05 crore as on 31 March 2022.

Further, as per Socio-Economic Caste Census, 2011, there were 26.70 lakh eligible beneficiary families in the State. Audit noticed that all the eligible beneficiaries have been registered (100 per cent) under PMJAY. Position of claims paid to hospitals during 2018-19 to 2021-22 was as shown below:

**Table-1.4.4: Amounts of claim paid to public and private hospitals under PMJAY during 2018-22**

Type of Hospitals	2018-19		2019-20		2020-21		2021-22		Total	
	No. of beneficiaries	Claim paid (₹ in crore)	No. of beneficiaries	Claim paid (₹ in crore)	No. of beneficiaries	Claim paid (₹ in crore)	No. of beneficiaries	Claim paid (₹ in crore)	No. of beneficiaries	Claim paid (₹ in crore)
Public	153	4.12	1,251	42.41	11,131	16.79	34,071	32.50	46,606	95.82
Private	174	4.89	1,035	42.57	11,822	24.60	20,513	35.14	33,544	107.2
<b>Total</b>	<b>327</b>	<b>9.01</b>	<b>2,286</b>	<b>84.98</b>	<b>22,953</b>	<b>41.39</b>	<b>54,584</b>	<b>67.64</b>	<b>80,150</b>	<b>203.02</b>

Source: Atal Amrit Abhiyan Society, Assam.

During the four years' period 2018-19 to 2021-22, a total of ₹203.02 crore was disbursed towards claims against 0.80 lakh beneficiaries under PMJAY through public and private hospitals.

#### (ix) Operation of 108 Ambulance

Ministry of Health and Family Welfare Department recommended (December, 2013) one ambulance per 60,000 – 80,000 population.

In the State Public Health Sector, a total 796 number of 108 Ambulances were available (March 2022) to cater to 312 lakh population (Census 2011). Thus, one Ambulance covers approximately 39,203 persons which was found satisfactory against the norm. District-wise availability of 108 Ambulance varied from 16,730 to 58,509 persons per ambulance which was also well below the minimum norm of one ambulance per 60,000 population. District wise distribution of 108 Ambulance across 28 districts as on 31 March 2022 is given in *Appendix 1.20*.

<sup>56</sup> Including disbursement of claims of ₹203.02 crore along with administrative and other expenditures.

### 1.4.3 Audit objectives

The compliance audit was conducted to ascertain that:

- i. Funding to Health Sector was adequate;
- ii. Availability of Health Care infrastructure and Services in Primary and Secondary level and efficiency in utilisation of equipment created for medical emergencies during COVID-19 in the State;
- iii. Effectiveness of various health regulatory mechanism for ensuring quality healthcare services; and
- iv. The health and wellbeing conditions of people has been improved as per Sustainable Development Goal (SDG)-3.

### 1.4.4 Audit scope and methodology

The scope of audit involved assessing and functioning of the sampled SCs, PHCs and CHCs (**Appendix 1.21**) during 2016-22 and evaluating the outcomes of the selected indicators. Out of 42 CHCs, 261 PHCs and 967 SCs in the seven selected Districts<sup>57</sup>, seven CHCs (17 *per cent*), 17 PHCs (seven *per cent*) and 54 SCs (six *per cent*) were selected by adopting Simple Random Sampling without Replacement Method for detailed scrutiny. Seven DHs/MCHs in the selected districts were also covered.

Audit was conducted during August 2022 to February 2023. The audit examination included records maintained at the Directorate of Health Services (DHS), Directorate of Family Welfare, Directorate of Medical Education, Directorate of AYUSH and District Health Society, NHM, Assam.

Further, records of (i) Assam Clinical Establishment (ii) Drugs Controller, Licensing and Controlling Authority, (iii) Registrar of Medical Council and (iv) Register of Pharmacy Council, were also checked to ascertain effectiveness of various health regulatory mechanism.

Audit methodology involved scrutiny and analysis of records/ data as per the audit objectives, scope and criteria, evidence gathering by scanning of records, joint physical inspection of various facilities of the sampled health care facilities and by taking photographs, issuing questionnaires/ audit observations and obtaining replies, *etc.*

The SSCA report was issued to the Principal Secretary of Health and Welfare Department and Finance Department, GoA on 07 August 2023. The findings of audit (including overview of the public health care facilities in Assam as discussed in the preceding paragraphs) were also discussed in an exit conference held on 27 September 2023 and the Department's views were incorporated suitably wherever applicable.

<sup>57</sup> The districts selected were the same as those selected in the sample for the Performance Audit of Select District Hospitals in Assam (Report No. 3 of 2021) in order to maintain the holistic view.

#### 1.4.5 Audit Criteria

Audit criteria included the following:

- National Health Policy, 2017;
- Indian Public Health Standards, 2012;
- Framework for Implementation of National AYUSH Mission and AYUSH Operational Guideline;
- Health Regulatory Acts viz., Clinical Establishment Act, 2010; Pharmacy Act, 1948; Drugs Control Act, 1950; and Assam Medical Council Act, 1999; and
- Assam Agenda 2030 (SDG).

#### 1.4.6 Audit acknowledgement

Audit acknowledges the co-operation extended by the Health and Family Welfare Department and the sampled districts level health institutions (primary, secondary and tertiary care) and all the Directorate Office in conduct of the Compliance Audit.

#### 1.4.7 Audit findings

#### Audit objective 1: Adequacy of Funding for State Health Sector

##### 1.4.7.1 Budget allocation and expenditure

Budget allotment and expenditure of the State Government and H&FW Department during 2016-22 was as follows:

Table-1.4.5: Budget allocation and expenditure during the period 2016-22

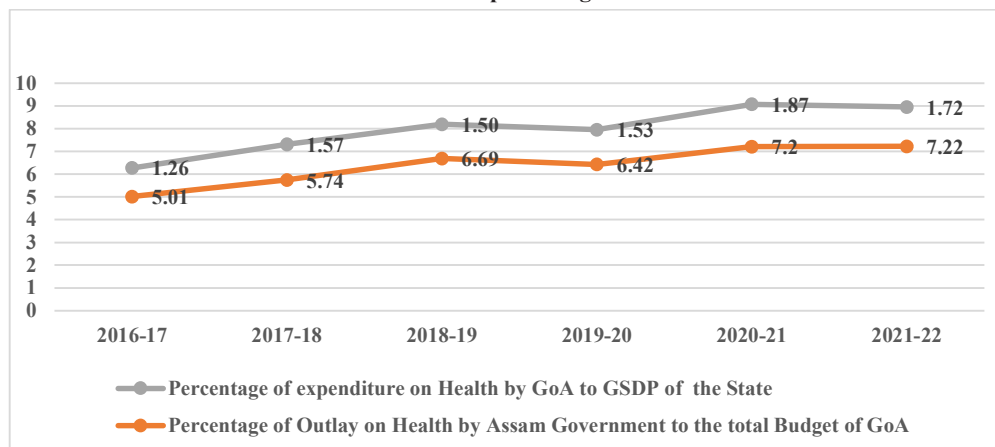
(₹ in crore)

Year	State		Health Sector		Gross State Domestic Product (GSDP)	Health Sector Expenditure (per cent of GSDP)
	Budget	Expenditure	Budget allocation (per cent of State budget)	Expenditure (per cent of State expenditure)		
2016-17	83,069	55,364	4,164 (5.01)	3,197	2,54,382	1.26
2017-18	99,453	63,428	5,709 (5.74)	4,442	2,83,165	1.57
2018-19	1,08,490	68,261	7,258 (6.69)	4,642	3,09,336	1.50
2019-20	1,19,716	83,031	7,687 (6.42)	5,334	3,46,851	1.53
2020-21	1,22,342	82,889	8,809 (7.20)	6,367	3,40,177	1.87
2021-22	1,36,555	1,07,815	9,853 (7.22)	7,479	4,33,925	1.72
<b>Total</b>	<b>6,69,625</b>	<b>4,60,788</b>	<b>43,480 (6.49)</b>	<b>31,461</b>	<b>19,67,836</b>	<b>1.60</b>

Source: SFAR, Appropriation Accounts & Detail Appropriation Accounts and GSDP: Director of Economics and Statistics, GoA.

Paragraph 2.4.3.1 of the National Health Policy (NHP) 2017, envisages to increase health expenditure of the Government as a percentage of Gross State Domestic Product (GSDP) from the existing 1.15 to 2.5 per cent by 2025 and to increase State sector health spending to more than eight per cent of their budget by 2020. The graph below indicates the expenditure as percentage of GSDP and the Budget on Health Sector to total budget of the State.

**Chart-1.4.6: Percentage of Outlay and Expenditure on Health Sector in terms of Total Budget of the State and as percentage of GSDP**



Source: SFAR, Appropriation Accounts & Detailed Appropriation Accounts.

From **Chart 1.4.6**, it can be seen that budgetary outlay on Health Services in the State showed an increasing trend from 5.01 *per cent* to 7.22 *per cent* of total budget of the State which was however, below the NHP norm of eight *per cent* which was to be achieved by 2020 itself.

Similarly, as against the target of 2.50 *per cent* (to be achieved by 2025), the expenditure on health by the State increased from 1.26 *per cent* to 1.72 *per cent* of GSDP during the period from 2016-17 to 2021-22. At the present pace of increase of health expenditure as percentage of GSDP, estimated health expenditure to GSDP at the end of 2025 would likely be 1.96 *per cent*<sup>58</sup>. The State may therefore not be able to achieve the target set under NHP-2017 by 2025.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.7.2 Requirement of funds for establishment of Health Institutions (HIs) as per SDG**

The NITI Ayog requested (June-August 2016) the State to prepare a seven-year strategy (2017-18 to 2023-24) and three-year Action Plan (2017-18 to 2019-20) for achieving the Sustainable Development Goals (SDGs) including Goal number 3 (SDG-3: health and wellbeing). GoA, in the Cabinet meeting held on 07 March 2018 approved **Assam Agenda: 2030** for Strategies and Actions of the State including SDG-3. The Action plan *inter-alia* included requirement for establishment of new Health Institutions (HIs) in three phases as was assessed by GoA considering various factors like IPHS norm, decadal population growth and geographical condition/location. Requirement of health institutions as per the SDG action plan and additional fund required to bridge the existing gaps was as follows:

<sup>58</sup> Health expenditure to GSDP increased by 0.46 *per cent* from 1.26 (2016-17) to 1.72 *per cent* (2021-22) during the last six years at an average of 0.08 *per cent* increased per year (0.46/6 years). So in the next three years (from 2022-23 to 2024-2025) it may likely be increased by 0.24 *per cent* (0.08 x 3 years) i.e., up to 1.96 *per cent* (1.72 *per cent* + 0.24 *per cent*) at the end of 2025.

**Table-1.4.6: Additional requirement of Fund as per State SDG Action Plan**

Category of HIs	Available including work in progress/ approved proposals (2016-22)	Requirement as per the Action Plan of the State SDG			Shortage of HIs as per 2019-20 target (3-2)	Average cost per unit	Estimated additional fund required (6 x 7)
		2019-20	2023-24	2030-31			
1	2	3	4	5	6	7	8
SC	4,737	6,817	8,339	9,236	2,080	0.56	1,164.80
PHC	1,041	1,112	1,362	1,510	71	1.43	101.53
CHC	225	278	341	377	53	5.75	304.75
SDH	31	54	54	54	23	4.38	100.74
DH	31	34	34	34	3	13.33	39.99
<b>Total</b>	<b>6,065</b>	<b>8,295</b>	<b>10,130</b>	<b>11,211</b>	<b>2,230</b>		<b>1,711.82</b>

Source: NHM, Assam.

It may be seen from **Table 1.4.6** that against the requirement of 8,295 HIs by 2019-20 as per SDG Action Plan, only 6,065 HIs were available (including work in progress) resulting in shortfall of 2,230 HIs as of March 2022 for which additional fund estimated at ₹1,711.82 crore<sup>59</sup> was required.

GoA, however, neither made the State budget with their 100 *per cent* state sponsored programme nor sent a fund proposal through State Programme Implementation Plan (SPIP<sup>60</sup>) to GoI during 2016-22 for requirement of additional 2,230 HIs except for inclusion of only 60 new HIs in SPIPs which was approved by GoI.

In reply, NHM stated (March 2022) that owing to limitation of Total Resource Envelope (TRE)<sup>61</sup>, the SDG Action Plan was not communicated to GOI. NHM, while acknowledging that the State required additional infrastructure and funds as per SDG-3 Action Plan, further stated (September 2022) that to minimise the health infrastructure gap, State Government has taken up different new schemes under 15<sup>th</sup> Finance Commission (FC) and Prime Minister Ayushman Bharat Health Infrastructure (PM-ABHIM).

Audit however noticed that 430 additional HIs<sup>62</sup> were approved (2021-22) under 15<sup>th</sup> FC and PM-ABHIM against the requirement of 2,230 units by the year 2019-20 which would fulfil only 19 *per cent* of the requirement gaps leaving a shortfall of up to 81 *per cent*. Moreover, SDG Action Plan was not communicated to GoI besides non-provisioning of the additional fund in the State budget during 2016-22.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

<sup>59</sup> Average cost of SC, PHC, and CHC is worked out from cost approval of project of the 15<sup>th</sup> Finance Commission. But in respect of SDH and DH average cost was worked out as per Records of Proceedings (ROP) 2020-21 approved by GoI on State's proposal.

<sup>60</sup> SPIP is a document to be prepared by States annually which helps them in identifying and quantifying their targets required for programme implementation for the proposed year.

<sup>61</sup> TRE = Total fund available in a financial year which includes GoI's contribution, proportional state share and unspent balances available with states. TRE is prepared based on SPIP sent to GOI each year.

<sup>62</sup> 26 under 15<sup>th</sup> FC and 404 under PM-ABHIM.



### 1.4.7.3 Financial management- AYUSH

AYUSH is an umbrella term of Indian Systems of Medicine and Homoeopathy (ISM&H) which includes treatment of Ayurveda, Siddha, Unani, Homoeopathy and therapies such as Yoga and Naturopathy.

Paragraph 5.2.6 of Framework for Implementation of National AYUSH Mission (FFINAM) provides that Mission should prepare State Annual Action Plan (AAP) after reviewing the detailed expenditure. State AYUSH Mission Society (SAS) which implements various activities under AYUSH and submits Utilisation Certificates (UCs) to the Director for onward transmission to GoI and GoA.

For North Eastern and Himalayan (NE&H) States including Assam, the funding pattern is 90:10 between Centre and State for all components under the AYUSH scheme. Funds received and utilised during 2016-17 to 2021-22 was as under:

**Table-1.4.7: Funds received and utilisation**

(₹ in crore)

Year	Approved State AAP	Opening Balance	Funds received	Funds available (3+4)	Funds refunded	Net funds available (5-6)	Expenditure	Closing Balance (savings in per cent) (7-8)	Funds received in the last quarter
1	2	3	4	5	6	7	8	9	10
2016-17	18.13	0.76	18.13	18.89	8.65	10.24	3.30 (32%)	6.94 (68%)	16.13
2017-18	26.56	6.94	26.56	33.50	13.90	19.60	3.32 (17%)	16.28(83%)	2.00
2018-19	25.99	16.28	25.99	42.27	10.70	31.57	4.04(13%)	27.53(87%)	25.99
2019-20	0.00	27.53	0.00	27.53	0.00	27.53	5.06(18%)	22.47(82%)	0.00
2020-21	7.72	22.47	3.86	26.33	0.00	26.33	3.58 (14%)	22.75(86%)	0.00
2021-22	28.42	22.75	0.00	22.75	0.00	22.75	1.94 (9%)	20.81(91%)	0.00
<b>Total</b>	<b>106.82</b>		<b>74.54</b>		<b>33.25</b>				

Source: Director of AYUSH, Assam.

It can be seen from **Table 1.4.7** that expenditure during 2016-17 to 2021-22 was low ranging only between 9 and 32 *per cent* of the net available funds. Consequently, savings had increased from 68 *per cent* in the year 2016-17 to 91 *per cent* in the year 2021-22. State AYUSH Society refunded ₹33.25 crore (GoI share ₹29.93 crore *plus* GoA share ₹3.32 crore) representing 45 *per cent* of total funds received (₹74.54 crore) during 2016-17 to 2021-22 due to its inability to utilise towards approved activities.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

### 1.4.7.4 Conclusion

Budgetary outlay on Health Services in the State during the six-year period 2016-22, ranged from 5.01 *per cent* to 7.22 *per cent* against the NHP norm of eight *per cent* to be achieved by the year 2020. Though expenditure on health sector increased from 1.26 *per cent* to 1.72 *per cent* of GSDP during the same period, with the present pace it may not be able to achieve the target of 2.5 *per cent* set under NHP-2017 and would likely be 1.96 *per cent* at the end of 2025. GoA neither made budget provision with their 100 *per cent* state share nor sent a proposal to GoI regarding the requirement of 2,230 new health institutions for which additional fund estimated to ₹1,711.82 crore was required as per SDG Action Plan.

Utilisation of funds allocated for AYUSH programmes was remarkably low and ranged between 9 and 32 *per cent* during 2016-22 and an amount of ₹33.25 crore representing 45 *per cent* of total funds received (₹74.54 crore) was to be refunded by the State due to inability of the AYUSH Society to utilise towards the approved activities.

#### 1.4.7.5 Recommendations

- Government may increase budget allocation and expenditure on health services in line with the guidelines of National Health Policy, 2017
- Government may take steps to allocate funds to fill the gaps in the requirement of health institutions to achieve the SDG-3.
- Government may strengthen the implementation of AYUSH scheme to ensure full utilisation of funds allocated for the scheme.

**Audit objective 2: Availability of infrastructure and health care services at primary and secondary levels and efficiency in utilisation of equipment created during COVID-19.**

#### 1.4.8 Physical infrastructure

##### 1.4.8.1 Availability of CHCs, PHCs and SCs in the State

The number of health facilities required as per Indian Public Health Standards (IPHS), actual availability and shortfall thereof, against the three categories of healthcare infrastructure as of March 2022 (detailed in **Appendix 1.14**) is shown in **Table 1.4.8**.

**Table-1.4.8: Shortage of CHCs, PHCs and SCs in the State**

Health facility	IPHS Norms	Required as per norms	Available	Percentage of Shortfall
SCs	One SC for 3,000 population in tribal/ hilly/ desert areas and 5,000 for Plain Areas	6,816	4,701	31
PHCs	One PHC for 20,000 population in tribal/ hilly/ desert areas and 30,000 for Plain Areas	1,115	1,010	9
CHCs	One CHC for 80,000 population in tribal/ hilly/ desert areas and 1,20,000 for Plain Areas	278	201	28

**Source: Rural Health Statistics, Census (2011) and Departmental information.**

It can be seen from **Table 1.4.8** that the highest shortage of Health Institutions (HIs) was at SC level (31 *per cent*) and the lowest at PHC level (nine *per cent*). Shortage of CHCs was 28 *per cent*. Audit analysis of all categories of HIs in the selected Districts showed the following:

##### 1.4.8.2 Availability of DHs in selected Districts

As per IPHS Guidelines, District Hospital (DH) is a hospital at the Secondary referral level for providing comprehensive Secondary Health Care Services in the District at an acceptable level of quality. As envisaged in the Guidelines, every district is expected to have a DH.

Out of seven sampled Districts, Audit noticed that DHs were available in five Districts, viz., Kamrup (Metro), Nagaon, Tinsukia, Hailakandi and Kokrajhar. In Jorhat and Karbi Anglong Districts, though one Medical College and Hospital (MCH) each was available, no DH was found available.

As there is no DH in Jorhat, actual functional IPD beds (959) in the District MCH exceeded its sanctioned capacity (500) by 92 *per cent* indicating overcrowding in the MCH. In respect of Karbi Anglong, impact of non-availability of DH could not be ascertained as the erstwhile DH has recently (November 2019) been upgraded to MCH.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken. Government also intimated that few steps like upgradation of existing Sub-Divisional Hospitals to DHs was under process.

#### 1.4.8.3 Availability of SCs in selected Districts

The availability and requirement of SCs against the IPHS in the seven selected districts were as shown in **Table 1.4.9:**

**Table-1.4.9: Requirement and availability of SCs in the selected Districts**

Sl. No.	Name of selected Districts	Number of SC		Shortage (per cent)	Excess population covered by each SC on an average over IPHS norm	Total area in sq km	Average distance travelled by each patient
		Required*	Available				
1	Kokrajhar	296	161	135 (46)	2,510	3,296	5 km
2	Nagaon	379	258	121 (32)	2,335	2,250	3 km
3	Tinsukia	266	166	100 (38)	3,000	3,790	5 km
4	Jorhat	185	110	75 (41)	3,409	1,758	4 km
5	Karbi Anglong	220	115	105 (48)	2,747	7,366	8 km
6	Hailakandi	132	107	25 (19)	1,162	1,327	4 km
7	Kamrup (M)	251	50	201 (80)	20,079	955	4 km
	<b>Total</b>	<b>1,729</b>	<b>967</b>	<b>762 (44)</b>	<b>35,242</b>	<b>20,742</b>	<b>5 km</b>

*Source: Rural Health Statics (RHS) 2021-22 and furnished by the Joint Director of Health Services.*

*\* The requirement for these hilly/tribal districts has been calculated on one SC for 3,000 population.*

In all the seven selected Districts, the shortage of SCs against IPHS norm ranged from 19 to 80 *per cent*. Consequently, at an average, each SCs catered to over and above IPHS norm ranging from 1,162 to 20,079 population. One patient has to travel an average of 4 to 8 km (except Nagaon) to reach SC against IPHS norm of three km.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.8.4 Availability of PHCs in selected Districts

The requirement and availability of PHCs against IPHS norms in the sampled districts was as shown in **Table 1.4.10:**

**Table-1.4.10: Requirement and availability of PHCs in the selected Districts**

Sl. No.	Name of selected Districts	Number of PHC			Average population covered by each PHC	Total area in sq km	Average distance to travel by each patient
		Required*	Available	Shortage (per cent)			
1	Kokrajhar*	44	46	--	19,286	3,296	8 km
2	Nagaon	63	72	--	26,285	2,250	6 km
3	Tinsukia	44	22	22 (50)	60,360	3,790	13 km
4	Jorhat	31	36	--	25,693	1,758	7 km

Sl. No.	Name of selected Districts	Number of PHC			Average population covered by each PHC	Total area in sq km	Average distance to travel by each patient
		Required*	Available	Shortage (per cent)			
5	Karbi Anglong*	33	24	9 (27)	27,540	7,366	18 km
6	Hailakandi	22	13	9 (41)	50,715	1,327	10 km
7	Kamrup (Metro)	42	48	--	26,123	955	20 km
	<b>Total</b>	<b>279</b>	<b>261</b>	<b>18 (6)</b>		<b>20,742</b>	<b>12 km</b>

Source: Rural Health Statistics (RHS) 2021-22 and furnished by the Joint Director of Health Services.

\* The requirement for these hilly/tribal districts has been calculated on one PHC for 20,000 population.

In three out of seven selected districts, there was shortage of 27 to 50 per cent PHCs against IPHS norm based on category of the district concerned. Further, IPHS-PHC Guidelines though do not provide norm for road distance between patient and the nearest PHC, comparing to IPHS-SC norms of three km to reach an HI, audit observed that one patient has to travel an average distance of 6 to 20 km to avail the facilities of PHC even in those districts where no shortage of PHCs was observed as per IPHS norm.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.8.5 Availability of CHCs in selected Districts

District-wise requirement and availability of CHCs as per IPHS norm were as shown in **Table 1.4.11**:

**Table-1.4.11: Requirement and availability of CHCs in the selected Districts**

Sl. No.	Name of District	Number of CHCs			Average population covered by each CHC	Total area in sq km	Average distance travelled by each patient
		Required*	Available	Shortage (per cent)			
1	Kokrajhar*	11	2	9 (82)	4,43,571	3,296	41 km
2	Nagaon	16	13	3 (19)	1,45,581	2,250	13 km
3	Tinsukia	11	8	3 (27)	1,65,991	3,790	22 km
4	Jorhat	8	6	2 (25)	1,54,159	1,758	17 km
5	Karbi Anglong*	8	6	2 (25)	1,10,159	7,366	35 km
6	Hailakandi	5	4	1 (20)	1,64,824	1,327	18 km
7	Kamrup (Metro)	10	3	7 (70)	4,17,979	955	18 km
	<b>Total</b>	<b>69</b>	<b>42</b>	<b>27 (39)</b>		<b>20,742</b>	<b>23 km</b>

Source: Rural Health Statistics (RHS) 2021-22 and Information furnished by the respective Joint Directors of Health Services.

\* The requirement for these hilly/tribal districts has been calculated at one CHC for 80,000 population.

It can be seen from **Table 1.4.11** that shortage of CHCs ranged between 19 and 82 per cent against the required norms in the seven selected districts. Further, comparing to IPHS-SC norms of three km to reach a health institution, audit observed that one patient has to travel an average distance of 13 to 41 km to avail the facilities of CHC.

The shortage of PHCs and CHCs in the selected districts has resulted in higher patient load in DHs which is being reflected by abnormally high Bed Occupancy Ratio (BOR) in Tinsukia (186), Hailakandi (131) and Nagaon (102) and above normal BOR in Kokrajhar, as discussed in the succeeding Paragraph.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.9 Availability of beds in Sampled DHs and MCHs *vis-à-vis* Bed Occupancy Rate

As per the norms, requirement of beds in a District Hospital is 275<sup>63</sup> for every 10 lakh population in a district. Further, as per IPHS norms, expected Bed Occupancy Rate (BOR)<sup>64</sup> in DHs should be at least 80 *per cent*.

On the basis of average inpatient flow during 2016-17 to 2021-22 and considering five days' average stay as prescribed under IPHS, a comparison of BOR against the required rate of 80 *per cent vis-à-vis* requirement of beds on that occupancy rate in respect of selected DHs/MCHs is shown in **Table 1.4.12**:

**Table-1.4.12: Beds required as per IPHS population norm *vis-à-vis* average Bed Occupancy Rate (BOR) of the selected DHs/MCHs 2016-22**

Particulars	S. K. Roy Civil Hospital, Hailakandi	B.P. Civil Hospital, Nagaon	Civil Hospital, Tinsukia	R.N.B Civil Hospital, Kokrajhar	DH, Sonapur	Jorhat MCH, Jorhat	Diphu MCH, Karbi Anglong
Number of average IPD patient during 2016-22 per year	9,561	29,696	34,133	13,710	1,991	38,661	9,732
Average stay (in days)	5	5	5	5	5	5	5
Number of inpatient bed-days per year	47,805	1,48,480	1,70,665	68,550	9,955	19,33,05	48,660
<b>Beds available</b>	100	397	252	200	115	959	350
No. of beds required as per IPHS population norm <sup>65</sup>	181	520	365	244	345	500	500
Shortage (red)/ excess (green) of beds as per IPHS population norm (percentage of shortfall in bracket)	81 (45)	123 (24)	113 (31)	44 (18)	230 (67)	459 (92)	150 (30)
<b>BOR (in per cent)</b>	<b>131</b>	<b>102</b>	<b>186</b>	<b>94</b>	<b>24</b>	<b>55</b>	<b>38</b>
Number of beds required based on 80 <i>per cent</i> BOR norm (inpatient days x 100/80 x 365)	163	508	584	234	34	662	167
Short (-)/excess (+) beds compared to available beds on BOR.	<b>(-)63</b>	<b>(-)111</b>	<b>(-)332</b>	<b>(-)34</b>	<b>(+)81</b>	<b>(+)297</b>	<b>(+)183</b>

*Source: Information furnished by concerned Hospitals.*

It can be seen from **Table 1.4.12** that against the population norms of IPHS, there was shortage of beds (as per 2011 Census) in the five selected DHs, which ranged between 18 *per cent* (Kokrajhar) and 67 *per cent* (Kamrup-Metro). Of the two MCHs, excess

<sup>63</sup> Considering 100 per cent occupancy of beds as per IPHS norms.

<sup>64</sup> As per Para 3.6.1 "Best Practices of Performances of District Hospital of NITI Aayog"

Bed Occupancy Rate (%) =  $\frac{\text{Total number of inpatient bed days added for a year}}{\text{Total Functional Beds} \times 365 \text{ days}} \times 100$

<sup>65</sup> 275 x population of the district/10,00,000. In respect of two Medical College and Hospital, beds required is as per sanctioned strength being IPHS population norm is not applicable.

beds to the extent of 92 *per cent* over and above the sanctioned beds was noticed in Jorhat MCH whereas shortage of 30 *per cent* against the sanctioned strength was noticed in Diphu MCH. Impact of such shortage/excess of beds can be observed from BOR as discussed below:

In all the above four DHs (except DH Sonapur), the BOR exceeded 80 *per cent* due to shortage of beds indicating overcrowding of inpatients. In respect of Sonapur DH, low BOR (24 *per cent*) was due to availability of other hospitals, Medical College Hospital and Super Speciality Hospital in Kamrup (Metro) district.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.9.1 Availability of beds in Sampled CHCs vis-à-vis Bed Occupancy Rate

As per IPHS norms, each functioning CHC should have 30 beds. Further Average BOR for a CHC should be 60 *per cent* as per IPHS norm. The strength can be further increased if the occupancy increases with subsequent upgradation of the facilities.

Average BOR<sup>66</sup> (2016-17 to 2021-2022) of the sampled CHCs vis-à-vis availability of beds (August-February 2023) as per IPHS norm was shown in **Table 1.4.13**:

**Table-1.4.13: Average Bed Occupancy Rate (BOR) vis-à-vis beds available as per IPHS norm in the selected CHCs during 2016-22**

CHCs	Number of average IPD patient during 2016-22 per year	Average stay (in days)	Number of inpatient bed-days per year (col. 1x col. 2)	BOR (in per cent)	Beds available as against IPHS norm of 30 beds
Khetri (Kamrup Metro)	726	1	726	7	30
Dotoma (Kokjhar)	1,422	1	1,422	10	40
Dangari (Tinsukia)	238	1	238	2	30
Raha Rantholi (Nagaon)	60	1	60	2	7 (77 per cent shortage)
Bokajan (Karbi Anglong)	3,347	2	6,694	61	30
Nagajanka (Jorhat)	63	1	63	1	18 (40 per cent shortage)
Lala (Haillakandi)	1,592	1	1,592	29	15 (50 per cent shortage)

Source: Information furnished by the Joint director of Health Services.

Audit test checked seven out of 42 CHCs available in the seven selected districts. The shortage of beds in terms of IPHS norm was from 40 to 77 *per cent* in three CHCs, namely Raha Ranthali CHC (77 *per cent*) in Nagaon, Lala CHC (50 *per cent*) in Hailakandi and Nagajanka CHC (40 *per cent*) in Jorhat. Excess beds over the IPHS norm was also noticed in Dotoma CHC (33 *per cent*) in Kokrajhar District whereas in three CHCs (in Tinsukia, Kamrup and Karbi Anglong Districts) the availability of beds was as per IPHS norms.

Impact of such shortage/excess of beds can be observed from BOR as discussed below:

<sup>66</sup> IPD patients in case of CHCs discharged within 30 hours of admission is considered as one day of staying in hospitals for calculating BOR.



Based on average patient inflow during 2016-22 and availability of beds, the BOR in the test checked CHCs was far below the expected norms of 60 *per cent* except in Bokajan CHC where delivering mother stayed for two days as per IPHS norms. This should be seen in the context of non-availability of essential infrastructure/ services like X-ray, ECG, C-section delivery, Obstetrics & Gynaecologist, Paediatrics in any of the test-checked CHCs. Such condition in the CHC would have caused referral cases of patients/ pregnant women to DHs. Thus, to reach the expected BOR of 60 *per cent*, services in CHCs would require to be strengthened as per IPHS norm to reduce referral cases to higher level of health care centres.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.9.2 Availability of Essential Medicines

As per the latest GoA notification (September 2022), a Primary Level of Health Care (PHC) should have 171 items of Essential Drugs (ED), a Secondary Level of Health Care (DHs/CHCs) 392 and Tertiary Level of Health Care (Super speciality and Medical College) 499 items of drugs under the ‘Essential Drugs List (EDL)’.

The position of availability of EDL (August 2022 to February 2023) in the sampled 28 HIs {two Tertiary (MCHs), 12 Secondary (five DHs and seven CHCs) and 14 Primary Care (PHCs)<sup>67</sup>} in the selected districts is shown in (*Appendix 1.22*).

Audit categorised the functioning HIs in terms of availability of medicines into four groups *viz.*, availability of Essential Drugs as per EDL (i) up to 25 *per cent* (ii) 26 to 50 *per cent* (iii) 51 to 75 *per cent* and (iv) more than 76 *per cent* as detailed below:

**Table-1.4.14: Group wise availability of EDL**

Essential Drugs as per EDL available	No. of HIs	Range of Available in percentage	
		Minimum	Maximum
Up to 25 <i>per cent</i>	2	8	21
26 to 50 <i>per cent</i>	14	27	48
51 to 75 <i>per cent</i>	10	51	74
More than 76 <i>per cent</i>	2	76	95
<b>Total</b>	<b>28</b>		

*Source: Selected HIs.*

It can be seen from *Table 1.4.14* that during the audit period (August 2022 to January 2023), out of 28 sampled HIs, only two HIs were having ED of more than 76 *per cent*, 10 HIs were having 51 to 75 *per cent* EDs followed by 14 HIs with only 26 to 50 *per cent* EDs while availability of EDs in two HIs was below 25 *per cent*.

Audit further observed that during 2016-22, under the State programme “National Health Mission- Free Drugs Service” (implemented from 2016-17), NHM received ₹835.50 crore of which, ₹688.83 crore was utilised leaving an unspent balance of ₹146.67 crore as on 31 March 2022, as detailed in *Table 1.4.15*.

<sup>67</sup> Excluding three PHCs where updated data were not available.

Table-1.4.15: Funds received and expenditure incurred under Free Drugs Services

Year	Receipts (GoA funds) (₹ in crore)	Utilised (₹ in crore)	Unspent Balance (₹ in crore)
2016-17	30.00	0	30.00
2017-18	100.00	80.46	19.54
2018-19	110.00	135.16	(-)25.16
2019-20	170.00	139.29	30.71
2020-21	181.50	146.60	34.90
2021-22	244.00	187.32	56.68
<b>Total</b>	<b>835.50</b>	<b>688.83</b>	<b>146.67</b>

Source: NHM, Assam

Thus, the available funds could have been utilised to meet the shortfall of ED for supply to patients free of cost as per 'Free Drugs Service' scheme.

Government in its reply stated (September 2023) that shortage of EDL was worked out by audit based on old EDL list. The reply was not acceptable as Audit considered the latest EDL issued by GoA in September 2022 for arriving at the shortage of EDL.

#### 1.4.10 Human Resources in the selected Health Institutions

##### 1.4.10.1 Availability of Doctors in sampled HIs

In the sampled 31 HIs {two MCHs, five DHs, seven CHCs, and 17 PHCs} in seven selected Districts, the status of sanctioned strength *vis-à-vis* men in position of doctors was as shown below:

Table-1.4.16: Position of Doctors in sampled HIs<sup>68</sup>

District	Number of sampled HIs				Sanctioned strength				Persons-in-position				Percentage of shortage Excess (+)/Shortage (-)			
	DH/ MC	CHC	PHC	Total	DH/ MC	CHC	PHC	Total	DH/ MC	CHC	PHC	Total	DH/ MC	CHC	PHC	Total
Kamrup Metro	1	1	2	4	43	4	5	52	35	3	5	43	(-)19	(-)25	0	(-)17
Kokrajhar	1	1	2	4	29	4	4	37	19	1	2	22	(-)34	(-)75	(-)50	(-)41
Tinsukia	1	1	2	4	35	3	1	39	24	3	1	28	(-)31	0	0	(-)28
Jorhat	1	1	3	5	243	3	4	250	176	3	3	182	(-)28	0	(-)25	(-)27
Nagaon	1	1	4	6	37	3	5	45	31	3	4	38	(-)16	0	(-)20	(-)16
Karbi Anglong	1	1	2	4	267	3	1	271	117	2	0	119	(-)56	(-)33	(-)100	(-)56
Hailakandi	1	1	2	4	36	4	3	43	28	2	3	33	(-)22	(-)50	0	(-)23
<b>Total</b>	<b>7</b>	<b>7</b>	<b>17</b>	<b>31</b>	<b>690</b>	<b>24</b>	<b>23</b>	<b>737</b>	<b>430</b>	<b>17</b>	<b>18</b>	<b>465</b>	<b>(-)38</b>	<b>(-)29</b>	<b>(-)18</b>	<b>(-)37</b>

Source: Director of Health Services and the Director of Medical Education.

Note: (1) PHCs where there is no doctor are run by contractual doctors by NHM.

There was shortage of 38 per cent doctors in seven sampled DHs/MCHs, 29 per cent in seven sampled CHCs, and 18 per cent in 17 sampled PHCs. In two sampled PHCs in Karbi Anglong, no government regular doctors were posted which were, however, run by the contractual doctors provided under NHM. District wise variations in shortage of doctors was also noticed ranging from 16 per cent to 56 per cent in DHs, and even wider variation was in CHCs between 25 per cent and 75 per cent, and from 20 per cent to 100 per cent in PHCs. This indicated that manpower resources were not provided and distributed in an equitable manner. Moreover, there is disparity in availability of doctors and associated health care services.

<sup>68</sup> Department-wise (like ENT, Eye etc.) sanctioned strength and MIP were not available. No e-HRMS portal also available.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.10.2 Availability of Nurses and Paramedics

The persons-in-position *vis-à-vis* sanctioned strength in respect of Nurses in the 85 sampled health institutions (two MCHs, five DHs, seven CHCs, 17 PHCs and 54 SCs) under seven selected districts was as shown in **Table 1.4.17**.

**Table-1.4.17: Nurses and Paramedics in selected Health Institutions<sup>69</sup>**

District	Number of sampled HIs					Sanctioned strength					Men-in-position					Percentage of shortage Excess (+)/Shortage (-)				
	DH/ MC	CHC	PHC	SC	Total	DHs/ MC	CHC	PHC	SC	Total	DHs/ MC	CHC	PHC	SC	Total	DH/ MC	CHC	PHC	SC	Total
Kamrup (M)	1	1	2	3	7	197	13	14	9	233	124	12	13	3	152	(-)37	(-)8	(-)7	(-)67	(-)35
Kokrajhar	1	1	2	8	12	100	11	7	8	126	54	10	3	8	75	(-)46	(-)9	(-)57	0	(-)40
Tinsukia	1	1	2	8	12	113	6	2	8	129	95	4	2	8	109	(-)16	(-)33	0	0	(-)16
Jorhat	1	1	3	6	11	822	7	17	6	852	719	6	11	6	742	(-)13	(-)14	(-)35	0	(-)13
Nagaon	1	1	4	17	23	90	12	12	17	131	64	11	10	17	102	(-)29	(-)8	(-)17	0	(-)22
Karbi Anglong	1	1	2	7	11	200	13	3	7	223	196	13	3	7	219	(-)2	0	0	0	(-)2
Hailakandi	1	1	2	5	9	137	5	14	5	161	71	5	9	5	90	(-)48	0	(-)36	0	(-)44
<b>Total</b>	<b>7</b>	<b>7</b>	<b>17</b>	<b>54</b>	<b>85</b>	<b>1,659</b>	<b>67</b>	<b>69</b>	<b>60</b>	<b>1,855</b>	<b>1,323</b>	<b>61</b>	<b>51</b>	<b>54</b>	<b>1,489</b>	<b>(-)20</b>	<b>(-)9</b>	<b>(-)26</b>	<b>(-)10</b>	<b>(-)20</b>

*Source: Director of Health Services and the Director of Medical Education.*

Against the sanctioned strength of 1,855 nurses and paramedical staff in 85 sampled HIs, 1,489 staff were available indicating an overall shortage of 366 (20 *per cent*). Overall major shortage of Nurses and Paramedics was noticed at the DH/MCH (20 *per cent*) and PHC (26 *per cent*) levels. Further, at the DH/MCH level, the shortage was highest in Hailakandi (48 *per cent*) followed by 46 *per cent* in Kokrajhar, the lowest being Karbi Anglong at two *per cent*.

There is a need for proper human resource management for filling up the shortfall in manpower to equip these health care centres for providing health care services more effectively.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

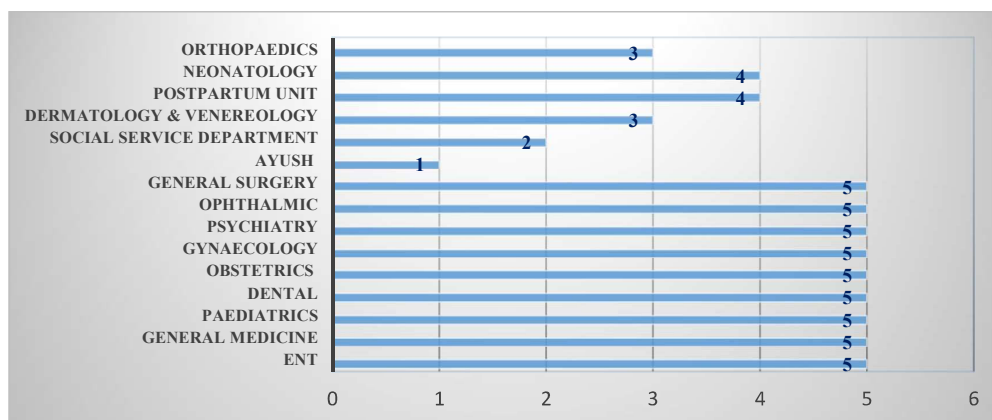
### 1.4.11 Availability of Services

#### 1.4.11.1 Availability of OPD services in sampled District Hospitals

The availability of 15 mandatory OPD services as per the IPHS norm in five test checked DHs is depicted in **Chart 1.4.7 (Appendix 1.15)**:

<sup>69</sup> Department-wise (like ENT, Eye, etc.) sanctioned strength and MIP were not available. No e-HRMS portal also available

**Chart-1.4.7: No of OPD services available in selected DHs**



**Sources: Selected DHs.**

It may be evident from **Chart 1.4.7** that nine out of 15 services were available in all five selected DHs. Audit, however, noticed that AYUSH services were available only in Civil Hospital, Nagaon and services relating to Social Service Department in Civil Hospitals in Kokrajhar and Kamrup (M). As many as two services *viz.* (i) Orthopaedic and (ii) Dermatology & Venereology were not available in Civil Hospitals at Hailakandi and Tinsukia. Civil Hospital in Hailakandi and Tinsukia also did not have one service each *viz.*, Postpartum and Neonatology services respectively.

Such shortfall in OPD services in Civil Hospitals at Tinsukia and Hailakandi would have put severe constraint on the contribution towards providing health services in these Hospitals. Details are given in **Appendix 1.15**.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.11.2 Availability of OPD services in sampled CHCs**

The availability of mandatory OPD services as per IPHS norm in the seven (out of 42) test checked CHCs in the seven selected districts is given below:

Audit observed that in the sampled CHCs, apart from General Medicine and Laboratory services, none of the essential OPD services, *viz.*, General Surgery, Obstetrics & Gynaecology, Paediatrics and AYUSH<sup>70</sup> services was available. Six out of seven sampled CHCs had round the clock service as per norms. Dangori CHC in Tinsukia had no round the clock services and the CHC discharged the delivering mothers on the same day as against the minimum requirement of 48 hours as per IPHS norm, as discussed in **Paragraph 1.4.12.3**.

Thus, critical and essential four to six OPD services as required under the norms were not provided in all the seven test checked CHCs. Such heavy shortfall in providing essential OPD services as per norms would have severely impacted the functioning of CHCs as health care service providers at the secondary care level leading to high patient load in DHs and the resultant inconvenience to the patients.

<sup>70</sup> Only one CHC *i.e.*, Lala CHC in Hailakandi district has AYUSH service.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.11.3 Availability of OPD services in PHCs

As per IPHS norms, a total of six hours of OPD services and round the clock emergency services in PHCs is required with basic Obstetric and Nursing.

Audit observed that normal six hours OPD services were provided in all the 17 sampled PHCs. However, round the clock services as required under the IPHS norms were not provided in 65 per cent PHCs (11 PHCs<sup>71</sup>).

Consequently, PHCs discharged the delivering mothers by retaining them only for a period of six hours to 12 hours as against the minimum requirement of 48 hours as per IPHS norm, as discussed in **Paragraph 1.4.12.3**.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.11.4 Patient load in OPD registration and OPD cases per doctor per annum

As per NHM assessor's guidebook for quality assurance in health institutions, number of counters should be such that there are 12-20 patients/per hour per counter. IPHS, however, does not provide any norm for doctor patient load. Average number of patients per hour per counter<sup>72</sup> and doctor OPD patient load at average during 2016-17 to 2021-22 in respect of 14 sampled health care HIs (five DHs, two MCHs, and seven CHCs) is as shown in **Table 1.4.18**:

**Table-1.4.18: Average patient load per counter per hour in sampled Secondary HIs.**

Name of HIs (DHs/CHCs)	Average number of			Average OPD	
	OPD cases	Registration counters	patients per hour per counter <sup>73</sup>	Doctor	cases per doctor per annum
DH, Tinsukia	1,03,405	4	15	10	10,341
DH, Sonapur	2,963	1	2	2	1,482
DH, Kokrajhar	6,0374	3	11	12	5,031
DH, Nagaon	1,90,713	5	22	25	7,629
DH, Hailakhandi	79,555	3	15	3	26,518
Diphu MCH	66,029	8	5	20	3,301
Jorhat MCH	28,60,22	5	32	59	4,848
Dangori CHC, Tinsukia	35,116	1	20	2	17,558
Khetri CHC, Kamrup (M)	9,977	1	6	2	4,988
Dotoma CHC, Kokrajhar	23,380	1	13	3	7,793
Raha Rantholi CHC, Nagaon	11,221	1	6	3	3,740
Bokajan CHC, Karbi Anglong	32,069	1	18	5	6,414
Lala CHC, Hailakandi	22,640	1	13	1	22,640
Nagajanka CHC, Jorhat	10,324	1	6	2	5,162

**Source: Departmental information.**

**Colour code: Green denotes range of 12-20, yellow denotes lower than 12 and red denotes slightly higher than the maximum range of 20 patients per counter per hour.**

<sup>71</sup> Santusnagar PHC, Hailakandi; Phuloni PHC, Jorhat; Diphu PHC, Karbi Anglong; Basistha & Sonapur PHCs, Kamrup (M); Balipari PHC, Kokrajhar; Mahadewsal, Haldiati & Deodhar PHCs, Nagaon; and Bordubi & Tingrai Tinali PHCs, Tinsukia

<sup>72</sup> Average 295 working days with six hours per day in State Government HIs.

<sup>73</sup> Average patients per hour per counter = {No of OPD cases (average between 2016-2022)} / {No. of OPD Counters (average between 2016-2022) x 295 (minimum working days considered in a year) x 6 hours OPD per day}.

It can be seen from **Table 1.4.18** that at six (43 *per cent*) out of 14 selected HIs, the prescribed average patient load per counter per hour was as per the norm (12-20), two HIs exceeded patients' turnout against the norms pointing to entry overload and six HIs had low patients' turnout and thus performing well.

Average doctor patient load per annum was significantly higher in three HIs *viz.*, DH, Hailakandi (1:26,518), Lala CHC, Hailakandi (1:22,640) and Dangori CHC, Tinsukia (1:17,558) as compared to the remaining HIs which were more or less within 1:10,000 per *annum*. The higher doctor patient load in three HIs would likely lead to a longer wait period for appointments.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.11.5 Services in Sub Centres

As per IPHS norms, Sub Centres are the first point of contact between the primary health care system and the community, and are expected to provide OPD services for promotive, preventive and a few basic level of curative primary health care services.

Audit noticed that OPD services were available in all the test checked 54 SCs covering all the required services as per IPHS norms. However, out of 54 test-checked SCs, continuous water and un-interrupted electric supply with adequate power back-up as required as per IPHS norms were not available in 22 (41 *per cent*) and 27 (50 *per cent*) SCs respectively. Thus, potency of the vaccines could be effected owing to such interrupted power supply in the SCs as various types of vaccines like BCG, DPT, TT, *etc.* were required to be stored within their cold-chain temperature ranges.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

### 1.4.12 IPD Services in selected DHs/MCHs

#### 1.4.12.1 Surgery procedures and average number of surgery per surgeon per annum

IPHS guidelines prescribe Operation Theatres (OTs) for selective major surgery, emergency services and ophthalmology/ ENT (Ear, Nose and Throat) for DHs having bed strength of more than 100. Availability of OT services in the test-checked DHs and number of surgery per surgeon per year (2016-22) were as follows:

**Table-1.4.19: Availability of OTs and Surgeons in the test-checked Hospitals**

Hospital	Type of surgeries operated			
	General	ENT	Orthopaedic	Eye surgeries
<b>District Hospital, Nagaon</b>	A	A	NA	A
Average number of Surgeon	4	2	DNA	2
Average number of Surgery per surgeon per year	336	47	DNA	0
<b>R.N.B Hospital, Kokrajhar</b>	A	A	NA	A
Number of Surgeon	3	2	DNA	2
Average number of Surgery per surgeon per year	3,041	293	DNA	2,668
<b>Civil Hospital, Tinsukia</b>	A	A	A	A
Average number of Surgeon	1	1	1	2
Average number of Surgery per surgeon per year	431	121	8	279
<b>District Hospital, Sonapur (Kamrup-Metro)</b>	A	A	A	A



Hospital	Type of surgeries operated			
	General	ENT	Orthopaedic	Eye surgeries
Average number of Surgeon	2	3	1	3
Average number of Surgery per surgeon per year	57	0	0	0
<b>S.K. Roy Civil Hospital, Hailakandi</b>	A	NA	NA	A
Average number of Surgeon	1	1	DNA	3
Average number of Surgery per surgeon per year	1	0	DNA	115
<b>Jorhat MCH</b>	A	A	A	A
Average number of Surgeon	17	3	8	3
Average number of Surgery per surgeon per year	4,387	464	93	238
<b>Diphu MCH, Karbi Anglong</b>	A	A	A	A
Average number of Surgeon	5	3	4	2
Average number of Surgery per surgeon per year	161	22	65	5

Source: DHs and MCHs. (A- Available, NA-Not Available, DNA-Does Not Arise).

It can be seen from **Table 1.4.19** that all OT services were available in seven test checked DHs/ MCHs except for orthopaedic surgery in DHs Nagaon, Kokrajhar and Hailakandi Districts. However, services of Eye, ENT and Orthopaedic Surgeons at DH Kamrup (M), ENT and Eye Surgeons of S.K. Roy Civil Hospital, Hailakandi and DH Nagaon respectively were being utilised as a general physician owing to lack of required facilities during 2016-22.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.12.2 Dietary/food services for IPD patients in DHs, CHCs and PHCs

As per IPHS Guidelines, diet to IPD patient should be provided in all DHs and CHCs. At PHC level, IPHS envisages that nutritious and well- balanced diet is desirable and shall be provided to all IPD patients.

Six test checked DHs were providing dietary services. Audit observed that 10<sup>74</sup> (four CHCs and six PHCs) out of 12 test checked HIs were providing 24x7 IPD services but no dietary services was being provided. Under the scheme ‘Samahar’ under Janani Shishu Suraksha Karyakaram (JSSK), however, all the PHC/CHCs with delivery service were providing dry packaged food (three days for normal deliveries) to mothers since 2021-22.

Thus, dietary services were not found available in all the test checked PHCs/CHCs except for two CHCs<sup>75</sup>.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.12.3 Maternal Care Services

Maternal care services for inpatients mainly deal with delivery service and observation and treatment after delivery.

<sup>74</sup> Kalinagar PHC and Lala CHC, Hailakandi; Mariani & Kakojhan PHCs and Nagajanka CHC, Jorhat; Dengaon PHC, Karbi Anglong; Kamalsingh PHC & Dotoma CHC, Kokrajhar; Amsoi PHC and Raha Rantholi CHC in Nagaon district.

<sup>75</sup> Bokajan CHC and Khetri CHC.

**(i) Delivery Services in the selected PHCs and CHCs**

As per IPHS norm, CHC and PHC should deliver healthcare services of essential and emergency Obstetric Care including surgical interventions like Caesarean Sections (C-Section) and other medical interventions.

Audit noticed that out of 17 test-checked PHCs, delivery services were not available in six PHCs as required under IPHS norms. These PHCs were in four selected districts viz., Karbi Anglong (Diphu UPHC), Kamrup (M) (Basistha and Sonapur PHC), Kokrajhar (Balimari PHC) and in Nagaon (Haldihati and Deodhar PHC).

Further, though delivery services were available in all the seven sampled CHCs<sup>76</sup> but none had C-Section delivery. No Obstetrics and Gynaecology doctors was posted in any of the sampled CHCs which was found to be the reason for non-availability of C-section delivery. Thus, delivery services in the sampled PHC/CHCs were not found adequate in terms of IPHS norms.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

**(ii) Early release of mothers against IPHS norm**

As per IPHS norms, minimum 48 hours of stay after delivery and three to seven days of stay post-delivery are required for managing complications. The status in the test checked 18 PHCs/CHCs is shown below:

**Table-1.4.20: Position of stay of mothers after delivery in test checked HIs**

Sl. No.	Name of HIs	Delivery Services Available	Patient stayed for minimum 48 hours in HIs	Patient retained after delivery
<b>Hailakandi</b>				
1	Santoshnagar PHC	A	No	Max. 12 hours
2	Kalinagar PHC	A	No	Day service only
3	Lala CHC	A	No	Max. 12 hours
<b>Jorhat</b>				
4	Mariani MPHC	A	No	Max 12 hrs
5	Kakojan PHC	A	No	Max 12 hrs
6	Phuloni PHC	A	No	Max 12 hrs
7	Nagajanka CHC	A	No	Max 12 hrs
<b>Karbi Anglong</b>				
8	Dengaon PHC	A	No	8 to 12 hours
9	Bokajan CHC	A	Yes	48 hours
<b>Kokrajhar</b>				
10	Kamalsingh SHC/ PHC	A	No	6 to 12 hours
11	Dotoma CHC	A	No	6 to 12 hours
<b>Kamrup (M)</b>				
12	Khetri CHC	A	No	24 to 30 hours
<b>Nagaon</b>				
13	Amsoi PHC	A	No	Same day released
14	Mahadewsai PHC	A	No	Same day released
15	Raha Ranthali CHC	A	No	Same day released

<sup>76</sup> Lala, Nagajanka, Bokajan, Khetri, Dotoma, Raha Ranthali and Dangori.

Sl. No.	Name of HIs	Delivery Services Available	Patient stayed for minimum 48 hours in HIs	Patient retained after delivery
<b>Tinsukia</b>				
16	Bordubi New PHC	A	No	Day service only
17	Tingrai Tiniali PHC	A	No	Day service only
18	Dangori CHC	A	No	Day service only

*Source: Joint Directors of Health Services of concerned districts.*

*Colour Code: Red denotes Risky Category and Green denotes low risk.*

Thus, though in selected seven districts, all 18 HIs (seven CHCs & 11 PHCs) conducted deliveries, only Bokajan CHC retained delivering mother for the required minimum 48 hours. The remaining 17 HIs discharged mothers by retaining them only for a period of six hours to 12 hours. This was fraught with the risk of having an adverse impact on the health of delivering mothers. The HIs attributed this to lack of post-delivery infrastructure (ECG, X ray)/ human resources.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.13 Health and Wellness Centres**

HWC should deliver Comprehensive Primary Health Care (CPHC) bringing healthcare closer to the homes of people covering both maternal and child health services and non-communicable diseases, including free essential drugs and diagnostic services.

As against the SDGs target of upgradation of 100 *per cent* SCs into HWCs by 2019-20, a total 2,988 SCs out of a total of 4,701 SCs were upgraded to HWCs as of March 2023 as per the Budget Speech document, thereby leaving 1,713 SCs still to be upgraded. In the selected districts, only Phuloni and Kamalsingh SCs in Jorhat and Kokrajhar districts respectively were upgraded to HWCs. Overall percentage of test checked SCs upgraded to HWCs was only four *per cent*.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

##### **1.4.13.1 Line Services and Support services**

IPHS norm provides for various line and support services for DHs and CHCs. The position of availability of these services in DHs and CHCs is discussed below:

##### **(i) Line Services and Support Services in sampled DHs**

The position of other essential line and support services in five test checked DHs was as shown in **Table 1.4.21:**

**Table-1.4.21: Line and support services in sampled DHs**

Name of DH	Ambulance	Blood Bank	Oxygen	Bio-medical Waste	Mortuary	Laundry and Diet services
	Line Services					Support services
S.K. Roy CH, Hailakandi	A	A	A	A	NA	A
R.N.B CH, Kokrajhar	A	A	A	A	NA	A
Civil Hospital Tinsukia	A	A	A	A	A	A
B.P. Civil Hospital Nagaon	A	A	A	A	A	A
DH, Sonapur Kamrup Metro	A	A	A	A	NA	A

Source: Information furnished by DHs.

It is evident from **Table 1.4.21** that except for mortuary services in three out of five test checked DHs, remaining services were available in all DHs.

## (ii) Line Services and Support Services in sampled CHCs

The position of essential and optional services (as per IPHS norm) available in seven sampled CHCs was as shown in **Table 1.4.22**:

**Table-1.4.22: Essential and optional services in test checked CHCs**

Name of CHCs	Ambulance (essential)	Blood Bank/ Blood storage	Bio-medical Waste (essential)	Laundry	Hospital Dietary services
	Line Services			Support services	
Dangori CHC, Tinsukia	A	NA	A	A	NA
Khetri CHC, Kamrup (M)	NA	NA	A	A	A
Dotoma CHC Kokrajhar	A	NA	A	A	NA
Raha Ranthali CHC, Nagaon	A	NA	A	A	NA
Bokajan CHC, Karbianglong	A	NA	A	A	A
Lala CHC Hailakhandi	A	NA	A	A	NA
Nagajanka CHC, Jorhat	A	NA	A	A	NA

Source: Joint Director of Health Services.

It can be seen from **Table 1.4.22** that except for Blood Storage facility in all the sampled CHCs, Ambulance services in one CHCs, Hospital Dietary services in five CHCs, all the remaining line and support services were available in seven test-checked CHCs. However, ambulances were operated without basic life support, essential drugs and oxygen as required under the IPHS norms.



**Ambulance at Bokajan CHC without essential facilities**  
Date of photo: 29-12-2022.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

### 1.4.14 Disaster Management and Patient safety

IPHS 2012 norms provide for disaster prevention measure like buildings with earthquake proof, flood proof and fire protection features with a dedicated disaster management plan in line with State Disaster Management Plan.

Availability of Disaster Management Plan for patient safety in the test-checked HIs are as detailed in *Appendix 1.23* and summarised in *Table 1.4.23*.

**Table-1.4.23: Availability of services related to disaster management and patient safety**

Number of sampled HIs (PHCs to MCHs)	Disaster management plan	Earth quake proof	Fire protection measures available				
			NOC	Fire Water hydrant	Automatic alarm	Smoke detector	Fire extinguisher
<b>Hailakhandi:</b>							
4	2	1	0	0	1	0	2
<b>Jorhat</b>							
5	2	1	0	1	1	1	2
<b>Karbi Anglong</b>							
4	2	1	2	1	1	1	2
<b>Kamrup (M)</b>							
4	2	0	2	1	1	0	2
<b>Kokrajhar</b>							
4	1	0	0	0	1	0	1
<b>Nagaon</b>							
6	1	0	0	0	1	1	4
<b>Tinsukia</b>							
4	1	0	0	1	1	0	4
<b>Total (31)</b>	<b>11</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>7</b>	<b>3</b>	<b>17</b>

*Source: Information furnished by concerned Joint Director of Health Services.*

It can be seen from *Table 1.4.23* that out of 31 test checked HIs, only 11 HIs prepared disaster management plan. Three HIs were having earthquake proof buildings. In respect of Fire Safety Measures, it was noticed that ‘No Objection Certificate (NOC)’ from Fire Directorate was obtained by four HIs while fire hydrant was also available in four HIs. Other fire safety measures like automatic fire alarm were available in seven HIs, smoke detector in three HIs and fire extinguishers in 17 HIs. Thus, patient safety was at risk in absence of above safety measures.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.15 Integration of AYUSH with the Allopathic System of Medicines**

Department of AYUSH, Ministry of Health and Family Welfare, GoI launched National AYUSH Mission (NAM) during 12<sup>th</sup> Plan for implementing through States/UTs. The basic objective of NAM is to promote AYUSH medical systems through cost effective AYUSH services, strengthening of educational systems, facilitate the enforcement of quality control of Ayurveda, Siddha and Unani & Homoeopathy (ASU&H) drugs and sustainable availability of ASU&H raw-materials. For effective implementation of AYUSH in the Country, GoI issued<sup>77</sup> an Operational Guideline under the “Framework for Implementation of National AYUSH Mission (NAM)”.

Implementation of AYUSH in the State had been covered in this audit and deficiencies noticed are discussed in succeeding paragraphs.

<sup>77</sup> Department of AYUSH, Ministry of Health and Family Welfare, GoI

#### 1.4.15.1 Functioning of State AYUSH Mission Society and Directorate Office of AYUSH

Paragraph 5.2 of the Operational Guideline of AYUSH envisages that the Mission at State level shall be governed and executed by a State AYUSH Mission Society (SAS) consisting of a Governing Body under the Chairpersonship of Chief Secretary and an Executive Body under the Chairpersonship of Principal Secretary/Secretary in-charge of AYUSH (Health & Family Welfare).

The Directorate of AYUSH, Assam was created in 2011 and has been functioning since June 2012 and manages the Ayurvedic & Homoeopathic system of Medicine. SAS, Assam was registered in March 2015.

#### 1.4.15.2 Co-location of AYUSH facilities in Health Institutions

Para 1 of the Operational Guideline of AYUSH envisaged to enhance coverage of health care system through cost effective AYUSH which inter-alia covers co-location of AYUSH facilities at PHCs, CHCs, DHs and setting up of up to 50 bedded Integrated AYUSH Hospitals.

Scrutiny of records of the Director of AYUSH showed that out of 5,951<sup>78</sup> Health Institutions<sup>79</sup>, 783 institutions (13 *per cent*) had AYUSH facilities leaving 5,168 HIs (87 *per cent*) with no such facilities<sup>80</sup>. The position of test checked seven districts is as shown in **Table 1.4.24**:

**Table-1.4.24: District-wise status of co-location of AYUSH facilities with Health Institutions**

Name of District	Total sampled PHC/CHC/DHS/MCHs	AYUSH services not co-located
Kamrup (Metro)	4	4
Kokrajhar	4	3
Tinsukia	4	4
Jorhat	5	4
Nagaon	6	5
Karbi Anglong	4	4
Hailakhandi	4	3
<b>Total</b>	<b>31</b>	<b>27</b>

Sources: Joint Director of Health Services.

It can be seen from **Table 1.4.24** that 27 (84 *per cent*) out of 31 sampled HIs were yet to be co-located with AYUSH facilities. Thus, only 16 *per cent* health institutes were found functioning with AYUSH facilities in the test checked seven Districts.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.15.3 Poor implementation of Scheduled activities under AYUSH

Paragraph 4.2.1 of the Operational Guideline of AYUSH provides that 20 *per cent* of total funds available for AYUSH was to be spent on scheduled 11 items *viz.*, AYUSH Wellness Centres including Yoga & Naturopathy, Tele-medicines, Sports Medicine through AYUSH, Innovations in AYUSH including Public Private Partnership, Interest

<sup>78</sup> As per Rural Health Statistics 2021-22.

<sup>79</sup> Excluding nine Medical Colleges.

<sup>80</sup> DHs: 25, CHCs: 62, PHC: 595, SHC/SC (56+45): 101 = 783. There were another 133 State Dispensaries (SDs) functioning with AYUSH facilities.



subsidy component for Private AYUSH educational Institutions, Reimbursement of Testing charges, IEC activities, Research & Development in areas related to Medicinal Plants, Voluntary certification scheme, Market promotion, *etc.* and Crop insurance for Medicinal Plants.

During the period from 2016-17 to 2021-22, GoI approved the State Resource Envelope aggregating to ₹74.54 crore under AYUSH activities. Against the norm of 20 *per cent*, the SAS spent only 2.58 *per cent* of the Resource Envelope on one out of 11 items *i.e.*, AYUSH Wellness Centres including Yoga and Naturopathy.

On this being pointed out, the Director of AYUSH stated (March 2023) that non-availability of District Programme Management Unit (DPMU) was the reason for not covering the scheduled activities and initiatives envisaged in the Scheme.

Thus, despite availability of fund, the State AYUSH Mission could not implement the scheduled activities which has slowed down the promotion of AYUSH in the State.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.15.4 AYUSH School Health Programme**

AYUSH Guidelines focused on School Health Programme through AYUSH to address the health needs of school going children both physical and mental through providing AYUSH services including Yoga and counselling.

Audit noticed that Government of Assam was yet to implement the School Health Programme. This was attributed to non-formation of DPMU. An amount of ₹0.33 crore (GoI share ₹0.30 crore and GoA share ₹0.03 crore) received during 2017-19 under the programme was refunded to Government. No further funds had been sought from GoI for the purpose till the date of Audit. Thus, introduction of alternative system of medicine to school going children could not take off in Assam.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.16 Efficiency on management of equipment procured during COVID-19**

##### **1.4.16.1 Receipts and utilisation of COVID-19 fund**

GoI provided funds under emergency COVID Response Package to the States in order to support preparedness and prevention related activities due to COVID-19 outbreak. Simultaneously, GoA had also allocated funds for the management of COVID-19 pandemic through NHM, Assam. Position of receipts funds from various sources and expenditure incurred for management of COVID-19 pandemic was as shown below:

**Table-1.4.25: Receipts and utilisation of COVID-19 fund**

Year	Receipts				Expenditure	Balance
	GoI	GoA	CM Relief/Donation	Total		
2019-22	1037.21	1663.97	338.84	3040.02	2299.66	740.36

Source: NHM, Assam.

During 2019-20 to 2021-22, an amount of ₹3,040.02 crore was released to NHM, Assam for COVID management, against which, ₹2,299.66 crore was utilised (Major expenditure in Table below) leaving an unspent balance of ₹740.36 crore (May 2022).

**Table-1.4.26: Major expenditure incurred for management of COVID -19**

Items	Expenditure (₹ in crore)	Percentage of expenditure to total expenditure
Testing for COVID-19	416.38	18
Emergency COVID Response Plan (ECRP)	290.00	13
Financial assistance to stranded persons of outside Assam/India, critical care patient,	169.55	7
Advances for Construction activities to PWD <sup>81</sup>	88.60	4
Drugs and supplies including PPE Kit, Mask, Sanitiser, etc	77.92	3
Equipment facilities for patient care including support for ventilator	68.42	3
Procurement of vaccine for COVID-19	45.18	2
Transportation cost	31.60	1
Administrative expenses	21.12	1
Operational cost for COVID-19 vaccine	16.57	1
<b>Total</b>	<b>1,225.34</b>	<b>53<sup>82</sup></b>

*Source: NHM, Assam.*



As shown in **Table 1.4.26**, funds were mainly utilised for testing of COVID-19 (18 *per cent*), Emergency COVID Response Plan (13 *per cent*), financial assistance to stranded persons (seven *per cent*) and construction activities (four *per cent*) along with other minor expenditures (one to three *per cent*).





#### **1.4.16.2 COVID equipment/materials lying unutilised- ₹8.53 crore**

As mentioned in **Table 1.4.26**, an amount of ₹68.42 crore was spent for purchase of various materials/ equipment by NHM, Assam. A joint physical verification conducted (August-January 2023) in seven selected DHs/ MCHs showed that equipment/ materials purchased for COVID-19 worth ₹8.53 crore were found lying unutilised in various DHs/District Medical Colleges and Hospitals mainly due to non-operational ICU wards after COVID-19 owing to insufficient technical staff or no beds to support the machine, *etc*. Many equipment were found to be sealed packed till January 2023 which indicated that equipment were not put to use either during COVID-19 or till the date of audit. The details of unutilised equipment and materials are highlighted as under:

<sup>81</sup> In two phases: (₹67.00 crore + ₹21.60 crore).

<sup>82</sup> ₹1,225.34 crore x 100/₹2,299.66 crore = 53.28 *per cent*.

<b>Fingertip Pulse Oximeter</b>	2,236 Fingertip Pulse Oximeters were lying in the NHM, Central Store, Narangi, without distribution since its procurement (May 2021). Another 1,344 Oximeters, supplied by NHM to Jorhat Medical College were also lying in stock. Total value of the stock of material was <b>₹0.28 crore</b> .	 <p><b>Central Store, Narangi, Guwahati. &amp; JMCH</b> Date of photograph: 9-10-2022 and 15-12-2022</p>
<b>Ventilators</b>	NHM supplied (March-June 2021) total 81 ventilators of different types to various District Hospitals viz., (i) Kamrup Metro, Sonapur (40), (ii) Kokrajhar Civil Hospital (16), (iii) District Hospital Tinsukia (15); (iv) Nagaon Civil Hospital (10) for management of COVID. All 81 ventilators worth <b>₹7.11 crore</b> were lying uninstalled and not put to use.	 <p>DHs: Kamrup (M), Kokrajhar, Tinsukia and Nagaon Photo: 1/9/22, 10/11/22, 23/11/22, 26/11/22</p>
<b>Cardiac Monitor/ Multi Patient Para Monitor</b>	23 cardiac monitors of which 15 in District Hospital, Sonapur, Kamrup Metro (₹9.74 lakh) and eight in S.K Roy, Civil Hospital, Hailakhandi (₹5.20 lakh) remained unutilised due to non-functioning of ICU and no bed capacity available inside the ICU to utilise them respectively. Another 23 Multi Patient Para Monitor (13 in District Hospital, Tinsukia worth ₹12.96 lakh and 10 in Nagaon Civil Hospital worth ₹9.90 lakh) were lying unutilised. Total worth of these equipment was <b>₹0.38 crore</b> .	 <p>Multi parameter: DHs Tinsukia &amp; Nagaon. Sealed Cardiac Monitor: Civil Hospital, Hailakhandi.</p>
<b>Automated Blood Gas Analyser and Defibrillator</b>	Two Automated Blood Gas Analyser (one in Kokrajhar Civil Hospital and another in District Hospital, Tinsukia) in addition to one Defibrillator in District Hospital, Tinsukia were lying in stock. Total value of these materials were <b>₹0.27 crore</b> .	 <p>District Hospital Tinsukia</p>
<b>Oxygen Flowmeter</b>	Eighty seven oxygen flowmeters procured at <b>₹2.46 lakh</b> during COVID pandemic remained packed in the Central Store, NHM, Narangi till date. Three Oxygen flow meters were also lying in unutilised with Kokrajhar Civil Hospital owing to not having skilled staff.	 <p>Central Store, Narengi, Guwahati and Kokrajhar Civil Hospital Date of physical inspection: 1-9-2022 &amp; 15-11-2022</p>

<p><b>ICU and Hospital beds</b></p>	<p>Unutilised 32 ICU beds of <b>₹0.14 crore</b> supplied (March 2020) by NHM to (i) Kokrajhar Civil Hospital (16 numbers) and (ii) District Hospital Tinsukia (16 numbers) were noticed.</p> <p>Further, 215 hospital beds with mattress worth <b>₹0.33 crore</b> received back (2021) from quarantine centres after dismantling were lying idle in the open yard on the roof of the District Hospital, Kamrup (Metro), Sonapur. Thus, total value of unutilised beds (ICU and Hospital Beds) is <b>₹0.47 crore</b></p>	<div>   </div> <p>ICU bed in Kokrajhar Civil Hospital 10-11-2022 and District Hospital, Tinsukia Date of photograph: 23-11-2022.</p> <div>   </div> <p>Hospital Bed along with mattress on the roof of District Hospital, Kamrup (Metro) Sonapur .Date of photograph: 1-9-2022 Date of photograph: 1-9-2022</p>
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Thus, it can be seen that materials and equipment purchased were lying idle and unutilised. The Department did not explore the possibility of utilising the available stock of equipment in other HIs where ICU/ related facilities were available. Further, fingertip pulse oximeter could have been allotted to ANMs/ ASHA workers for gainful utilisation of the same.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken for rationalising the unused materials procured for management of COVID-19.

#### 1.4.16.3 Conclusion

There was shortage of all categories of Health Institutions. Due to unavailability of DH in Jorhat, actual functional IPD beds (959) in the District MCH exceeded its sanctioned capacity by 92 *per cent* indicating overcrowding in the MCH. Hospitals beds were not available as per Bed Occupancy Ratio/IPHS population norms in majority of the test checked HIs. BOR in the test checked CHCs were far below the expected norms of 60 *per cent* due to non-availability of essential infrastructure/ services like ECG, X-ray, C-section delivery, Obstetrics & Gynaecologist, Paediatrics which are mandatory for a CHC. There was shortage of 38 *per cent* doctors in seven sampled DHs/MCHs, 29 *per cent* in seven sampled CHCs, and 18 *per cent* in 17 sampled PHCs. Shortage of nurses and paramedical staff compared to sanctioned strength was 20 *per cent*. Deficiencies in service facilities in Primary (PHCs) and Secondary health centres (CHCs) like no round-the-clock services, inadequate diet services to mothers, early release of delivering mothers against the norm, not having C-Section delivery facility in any sampled CHCs, longer waiting time in OPD counter, *etc.* were noticed. AYUSH services remained unattended in the State owing to non-implementation of various AYUSH activities. Materials and equipment worth ₹8.53 crore purchased for management of COVID-19 were lying unutilised.



**1.4.16.4 Recommendations**

- *The Government may review the requirement of health institutions as per population norms to provide the health service in a uniform manner to various Districts.*
- *The Government may provide beds as per IPHS norms reviewing the Bed Occupancy Ratio and upgrade HIs with equipment as per IPHS norm.*
- *Availability of all Essential Medicines as per EDL and essential equipment may be ensured in the Health Institutions across the State.*
- *Services of Health Care System may be strengthened with C-section delivery facility in CHCs, utilisation of specialists in their actual field, round the clock services with provision for diet and adequate OPD counters.*
- *Government may take immediate step to constitute District Programme Management Unit for effective implementation of AYUSH in the State.*
- *The Government may consider to make a plan for utilisation of equipment and materials which were procured for management of COVID-19 pandemic.*

**Audit objective 3: Effectiveness of various regulatory mechanisms**

Role of the State Government is not limited to regulation of Public Health Institutions, it is also responsible for regulation of Private Sector Hospitals, pharmacies, *etc.* within the State as per relevant Acts, Rules, Regulations and Guidelines. Implementation of various Acts and Guidelines prevailing in the State had been covered in this audit and deficiencies noticed are discussed in succeeding paragraphs.

**1.4.17 Clinical Establishment Act, 2010**

GoA adopted (December 2015) the Clinical Establishments (Registration & Regulation) Act, 2010 and notified (October, 2016) Assam Clinical Establishments (Registration & Regulation) Rules, 2016 (ACER, 2016) under the Act, *ibid.* Accordingly, State Council for Clinical Establishment and District Registration Authority was to be constituted at the State and District Levels.

**1.4.17.1 Inadequacy in State Council and District level meetings**

As per GoA notification (November 2016), senior most Secretary of Health and Family Welfare Department is the Chairman of the State Council for Clinical Establishment. The Chairman is assisted by one Member Secretary (Director of Health Services) and 11 members. At the District level, Deputy Commissioner is the Chairperson of the District Registration Authority and is assisted by Joint Director of Health Service (Convenor) and three members.

Rule 3(1) and 4(2) of ACER, 2016 provide that the State Council shall meet once in three months while the District Registration Authority at the District level should meet once every month.

Audit observed that except for two meetings held in the year 2016-17, no such State Council Meetings was held during 2017-18 to 2021-22. Non-conducting of the State Council Meetings was attributed to lack of quorum. Similarly, only 12 meetings of

District Registration Authority were held in the seven selected districts<sup>83</sup> during 2016-17 to 2021-22 against the mandated 504 meetings<sup>84</sup>. Thus, there was shortfall in conduct of business under the Act at the State and District level.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.17.2 Renewal of Registration certificates under Clinical Establishment Act**

As per Section 17 of the Clinical Establishment Act, 2010, provisional registration for a clinical establishment, which is renewable, shall be valid for twelve months from the date of issue of certificate of registration. District Registration Authority is responsible for issuing registration certificates and monitoring timely renewal of the same.

As of July 2022, there were altogether 7,830 Clinical Establishments (5,945 Public and 1,885 Private) in Assam. All clinical establishments in the State were functioning with provisional registration certificate issued under the Act. Out of 2,004 Clinical Establishments<sup>85</sup> in the seven selected Districts, the validity period of the provisional certificates in respect of 1,072 had expired<sup>86</sup> prior to 2016-17. The functional status of those units had neither been assessed nor had any step been taken for renewal of those certificates till the date of audit (January 2023).

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.17.3 Inspection of Clinical Establishment**

Rule 17 of the ACER, 2016 provides that the District Authority shall search the clinical establishments for enquiring whether the Clinical Establishment is operating without registration or has contravened any of the provision or rule and inspect any record.

Scrutiny of records of the Director of Health Services showed that no inspection of clinical establishments was carried out in four<sup>87</sup> (total 1,010 clinical establishments) out of seven selected districts during 2016-17 to 2021-22. In the remaining three sampled districts, 311 clinical establishments (out of 994)<sup>88</sup> were inspected during 2016-22 at an average of 52 units per year. Thus, 84 *per cent* (1,693 out of 2,004) of clinical establishments in the seven selected districts were not inspected during 2016-22.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

### **1.4.18 Assam Drugs Control Act, 1950**

GoA enacted (January, 1951) the Assam Drugs Control Act, 1950 for regulating the control, sale and distribution of drugs including cosmetic, Ayurvedic, Siddha and Unani drugs.

<sup>83</sup> **Tinsukia:**-No meetings; **Jorhat:**-One meeting; **Kamrup (Metro), Kokrajhar, Karbi Anglong and Nagaon:**-Two meetings each; and **Hailakhandi:**-Three meetings

<sup>84</sup> Twelve meetings a year *i.e.*, 72 meetings during last six years. For seven districts total meeting = 504.

<sup>85</sup> Public 1,360 Private 644.

<sup>86</sup> Jorhat (Public:140; Private:0), Karbianglong (Public:112, Private:4), Tinsukia (Public:166; Private:31), Kamrup Metro (Public:29, Private:22), Hailakhandi (Public:122, Private:0), Nagaon (Public:351, Private:0) and Kokrajhar (Public:90, Private:5).

<sup>87</sup> Karbianglong (213), Tinsukia (250), Kamrup Metro (368) and Kokrajhar (179).

<sup>88</sup> Jorhat (97 out of 237), Hailakhandi (20 out of 167) and Nagaon (194 out of 590)



However, GoA has not framed Rules under the Act as required as per Section 17 of the Assam Drugs Control Act, 1950 till the date of audit (January 2023).

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.18.1 Inspection of licensees**

As per Rule 65B of the Drugs and Cosmetics Rule, 1945 (amended 2017), Drug Inspector should inspect each premises license not less than once in three years or as needed as per risk-based approach. Licensees are to be inspected in such a way that all inspections are completed within a cycle of three years.

Audit noticed that as of March 2022, GoA had 32,715 (11,165 in seven selected District<sup>89</sup>) drug licensees including 62 drugs manufacturing units registered with Food and Drugs Administration in Assam. Out of 32,715 licensees in the State, 19,500 (60 *per cent*) were inspected (including 8,129 in selected districts<sup>90</sup>) during the last five years from 2017-18 to 2021-22 at an average of 3,900 inspections per year. Thus, as many as 13,215 drug premises representing 40 *per cent* of total licensees remained out of ambit of inspection for more than five years. This shortfall was seen despite the fact that 785 (including 197 in seven selected districts<sup>91</sup>) cases of violations were detected during inspection of 19,500 premises, of which 752 licenses were cancelled.

The shortfall in inspection was attributed to shortage of Drugs Inspectors. Such shortfall posed serious health security concerns for the populace. There was a need for the Government to take effective steps to address the shortcomings in a time bound manner.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.18.2 Quality control of drugs**

Section 56 of the Act provides for quality testing of drugs through Government Analyst to be appointed by the State Government as per Section 3(c). The Drugs and Cosmetics Act, 1940, however, does not provide quantum of samples to be tested including frequency of conducting test.

Audit noticed that the State Government had not yet appointed the Government Analyst. On being pointed out, the Drugs Controller stated that samples were being tested at GoI run Regional Drug Testing Laboratory, Guwahati. During 2017-18 to 2021-22, altogether 2,953 samples/ products (including 1,074 in seven selected districts<sup>92</sup>) were tested in the Regional Drug Testing Laboratory, Guwahati. Out of 1,074 samples tested, 144 samples (13 *per cent*) were found to be substandard and were withdrawn from the market.

<sup>89</sup> Tinsukia: 575; Nagaon: 1,376; Jorhat: 618; Kamrup (Metro): 7,586; Hailakhandi: 400; Karbi Anglong: 202 and Kokrajhar: 408.

<sup>90</sup> Tinsukia: 1,018; Nagaon: 3252; Jorhat: 540; Kamrup (Metro): 1,445; Hailakhandi: 978; Karbi Anglong: 391; and Kokrajhar: 505.

<sup>91</sup> Tinsukia: 19; Nagaon: 38; Jorhat: 22; Kamrup (Metro): 51; Hailakhandi: 28; Karbianglong: 29 and Kokrajhar: 10.

<sup>92</sup> Tinsukia (68); Nagaon (203); Jorhat (292); Kamrup-Metro (468), Hailakhandi (10); Karbianglong (18) and Kokrajhar (15).

This indicates the urgent need for the Government to prescribe the quantum of samples and frequency of tests to be conducted to ensure quality of medicines sold in the market.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.18.3 Assam Medical Council Act, 1999**

Assam Medical Council Act, 1999 was enacted in December 1999 with a view to provide for the reconstitution of the Medical Council of Assam and for the maintenance of a Medical Practitioner's Register for Assam and for matters concerned therewith. Section 15 read with Section 27 of the Act *ibid* provides that the Council shall cause to be maintained in the prescribed manner a register for enrolment of Registered Medical Practitioners in the State. Section 32 of the Act further provides that the list of doctors is to be printed and published in every five years. Further, a supplementary list containing addition and alteration to be printed and published every year.

Scrutiny of records of the Registrar of Assam Medical Council showed that though the Council maintained a Register for Medical Practitioners, it was not updated regularly to capture details of names of deceased registered doctors, doctors registered with the State but transferred/residing in other States, *etc.* The Council, however, intimated (September 2020) to audit that the State had approximately 19,266 functional doctors. The list of doctors was required to be printed and published with supplementary additions and alterations but this was not carried out till the date of audit (January 2023).

Thus, the Assam Medical Council should follow the provision of the Assam Medical Council Act.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### **1.4.18.4 Pharmacy Act, 1948**

As per the Section 29 of the Pharmacy Act 1948, the State Government shall cause to be prepared a register of pharmacists for the State which shall include the full name and residential address of the registered person, the date of first admission to the register, qualifications for registration, professional address, and if employed by any person, the name of such person, *etc.* The Government of Assam, under the provisions of the Pharmacy Act 1948, constituted (May 2017) a statutory body, namely, the Assam Pharmacy Council to regulate the profession and practice of Pharmacy in the State.

Scrutiny of records of the Registrar of Pharmacy Council, Assam showed that though approximately 12,243 pharmacists were in existence in the State as of January 2023, however, the Council did not maintain the Register of pharmacists registered in the State. The reason for non-maintenance of the Register was not on record. As such, veracity of the number of pharmacists available in the State could not be verified in Audit.

Moreover, as required under Section 34 of the Pharmacy Act 1948, details of yearly renewal of registration of pharmacists could also not be verified in Audit due to non-maintenance of data by the Registrar.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.18.5 Conclusion

Regulatory mechanism to control various activities related to health care was not functioning effectively in Assam. Deficiencies under “Assam Clinical Establishment Act” viz., non-conducting of regular State and District Level Meetings, non-renewal of registration certificates, inadequate inspection of clinical establishments *etc.*, were noticed. There was shortfall in inspection of the premises under the “Drugs and Cosmetics Rules” and details of renewal of registration of pharmacists under the “Pharmacy Act” could not be verified due to non-maintenance of records by the Registrar. Due to lack of maintenance of records under the “Medical Council Act”, the position of actual functional doctors in the State, including private practitioners, could not be ascertained in Audit.

#### 1.4.18.6 Recommendation

- *Compliance to various provisions of the Acts and Rules may be reviewed to ensure achievement of objectives as laid down in the Acts/ Rules.*

#### **Audit objective 4: Health and Wellbeing under Sustainable Development Goals (SDG)-3**

The Sustainable Development Goals (SDGs) Agenda evolved from Millennium Development Goals (MDGs)<sup>93</sup> was adopted by United Nations General Assembly in September 2000 to set out a vision for a world free of poverty, hunger, disease and want, where all life can thrive. India is committed to the SDGs agenda which were targeted to be achieved by 2030. There are 17 SDGs (SDG-1 to SDG-17) and 169 targets set for such sustainable development. Among these 17 Goals, Goal-3 *i.e.*, SDG-3 seeks to ensure health and wellbeing for all, at every stage of life.

In India, National Institution for Transforming India (NITI) Aayog is responsible for overall coordination of the SDGs and the Ministry of Statistics and Programme Implementation (MoSPI) is responsible for the formulation of the National Indicator Framework (NIF) to monitor the SDGs.

Government of Assam, in order to move forward with the SDGs, designated (January, 2016) the Transformation and Development Department (TDD)<sup>94</sup> as the ‘Nodal Department’ with overall responsibilities for implementing the SDGs in the State. In the Cabinet meeting held on 07 March 2018, GoA approved **Assam Agenda 2030** for implementation of SDGs in Assam.

Audit analysis showed the following observations:

#### **1.4.19 Non-alignment of Targets and Indicators under SDG-3**

There are 13 targets set under SDG-3 and under each target, a number of indicators (periodical birth rate, mortality rate, disease rate, *etc.*) were laid down to measure

<sup>93</sup> MDGs were first Global attempt at establishing measures goals and targets on key challenges facing the world within a single framework and galvanised countries and communities in action.

<sup>94</sup> Renaming (18 April, 2017) of the erstwhile Planning and Development Department, GoA.

periodical comparative value and progress of each target. There are a total of 41 such National indicators under these targets. Details of 13 targets and 41 indicators and their mapping are shown in *Appendix 1.24*.

Audit noticed that out of 41 National Indicators covering 13 Targets under Goal-3, “Assam Agenda 2030” has mapped only 19 indicators (*Appendix 1.24*). The remaining 22 National health indicators were yet to be mapped in their Action Plan under SDG-3. Reasons for non-alignment of these unmapped 22 National indicators with the State SDG Action Plan were not on record (April 2023). The unmapped indicators in Assam Agenda *inter-alia* include diseases like tuberculosis (TB), HIV and suicidal behaviour disease, *etc.*, which are prevalent in the State<sup>95</sup>. Their alignment with the State SDG action plan is essential for direct intervention of Government on management of these diseases as can be seen as below:

- Assam has the highest incidence of TB in NE States with 26,192 positive cases. Out of 13,35,998 TB cases in India, Assam was at the top among the eight NE States with the highest of 26,192 TB cases (66 *per cent* out of 39,924 in NE States) notified during January-September 2020.
- The State of Assam ranked third among the eight NE States with the highest burden of HIV infection. Out of 1,07,530 infected people in the NE States, Assam registered 21,220 (20 *per cent*) HIV cases of which 1,330 new cases were detected in 2019-20. During January-September 2020, as many as 102 new cases (out of 522 in NE States) were diagnosed HIV positive alone among pregnant women.
- Assam registered (HMIS 2020-21) 910 number of adolescent’s / adult’s deaths due to suicide during 2020-21 of which 904 cases were in rural areas during 2020-21.

Non-mapping of all the National indicators will put a constraint on the measurement of progress/ achievement against the SDG 2030 targets in the State.

While accepting the audit observations, Government stated (September 2023) that alignment of the left out indicators and targets would be made in consultation with Transformation and Development Department, GoA.

#### ***1.4.19.1 State SDG Action Plan versus the present status of major health indicators***

State SDG Action Plan (Assam Agenda 2030) sets target of various Health Indicators in three phases *i.e.*, 2019-20, 2023-24 and 2030-31. Targets sets in the State SDG Action Plan against the following health indicators and achievement there against as per the latest SRS<sup>96</sup> (2017-19) and NFHS<sup>97</sup> -5 (2019-21) including trend of improvement of indicators are shown below:

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<sup>95</sup> Annual Report (2020-21) of the Ministry of Health and Family Welfare Department, GoI.

<sup>96</sup> Sample Registration System.

<sup>97</sup> National Family Health Survey done in Assam in 2019-20.

Table-1.4.27: State SDG Target versus achievement of the main health indicators

Indicators	Target as per State SDG Action Plan			Status as per the latest SRS (2017-19)/NFHS-5 (2019-20)	
	2019-20	2023-24	2030-31	Assam	National average
Maternal Mortality Ratio (MMR)	203	155	70	205	103
Neonatal Mortality Ratio (NMR)	22	18	10	22.5	24.9
Infant Mortality Ratio (IMR)	41	33	19	31.9	35.2
Under 5 Child Mortality Rate (U-5 CMR)	55	44	25	39.1	41.9

Source: Assam Agenda 2030 and SRS for MMR and NFHS for NMR, IMR and U-5CMR.

Note: Colour code: Green means good (below the National average) and Red: Poor (Very high as compared to the National average).

As indicated in **Table 1.4.27**, according to NFHS-5, NMR (22.5), IMR (31.9) and U-5 CMR (39.1) in respect of Assam were below the National average (NMR: 24.9, IMR: 35.2 and U-5 CMR 41.9). The State could achieve the target set (2019-20) in the State SDG Action Plan for IMR and CMR only.

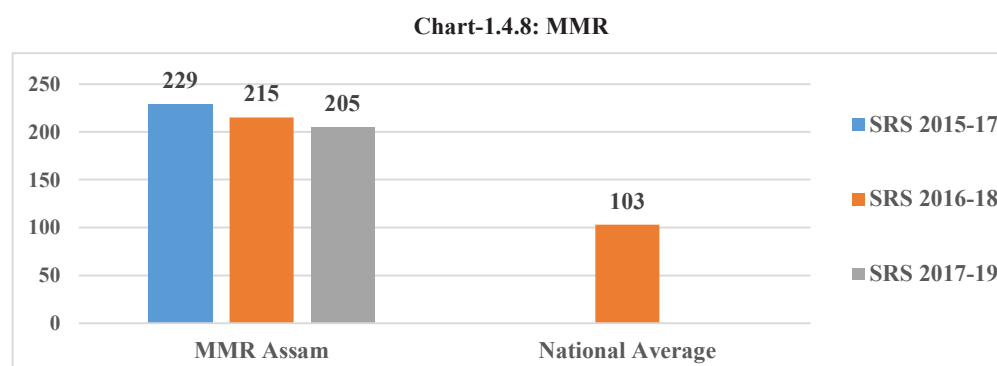
However, as per the latest SRS (2017-19), MMR in the State was significantly higher with 205 per 1,00,000 live births as compared to the National average of 103 during the same period. Even SDG target (203 by 2019-20) was not achieved till 2019-20.

While accepting the audit observation, Government stated (September 2023) that corrective measures would be taken.

#### 1.4.20 Trends in the achievement of health indicators

##### 1.4.20.1 Maternal Mortality Rate (MMR)

**Chart 1.4.8** shows the trend of MMR in the State of Assam from the years 2015 to 2019:



Source: SRS.

It would be seen that the MMR over a period from 2015-17 to 2017-19<sup>98</sup> was improving but was far below the National average.

##### 1.4.20.2 Position of Health Care Services provided for pregnant women

The State Government provided various health care services for pregnant women to reduce MMR as discussed below:

<sup>98</sup> SRS data published upto 2017-19 only.

- (i) IPHS provides four mandatory Ante Natal check-up (ANC) during pregnancy.

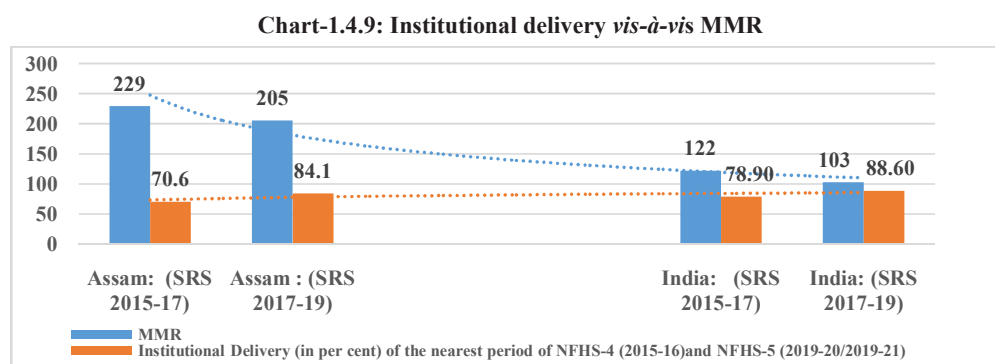
However, the latest NFHS-5 survey showed that only 50.70 *per cent* pregnant women received four ANC. Complete ANC is considered essential for timely detection of complicity with pregnancy to prevent mortality.

- (ii) According to the Guidelines of NHM for Antenatal Care and skilled attendance at birth, all pregnant women need to be given one tablet of Iron and Folic Acid (IFA) every day for at least 100 days starting after the first trimester at 14 to 16 weeks of gestation to prevent anaemia. These dose requirement is to be repeated for three months' post-partum.

However, it was noticed that according to NFHS-5 survey, 47.5 *per cent* pregnant mothers consumed IFA for 100 days.

- (iii) Further, as per the NFHS-5, only 2.6 *per cent* of home deliveries were attended by skilled health professionals. Vast majority of (97.4 *per cent*) home deliveries were conducted without the assistance and supervision of any skilled health professionals.

- (iv) The position of institutional delivery *vis-à-vis* the MMR is depicted in **Chart 1.4.9**.



**Source:** NFHS/SRS.

From **Chart 1.4.9**, it can be seen that higher the number of institutional deliveries, lesser the number of MMR.

Thus, in order to address high MMR in Assam, there is a need for strengthening and ensuring ANC check-up for pregnant women, institutional deliveries and birth access to health care professionals for home deliveries.

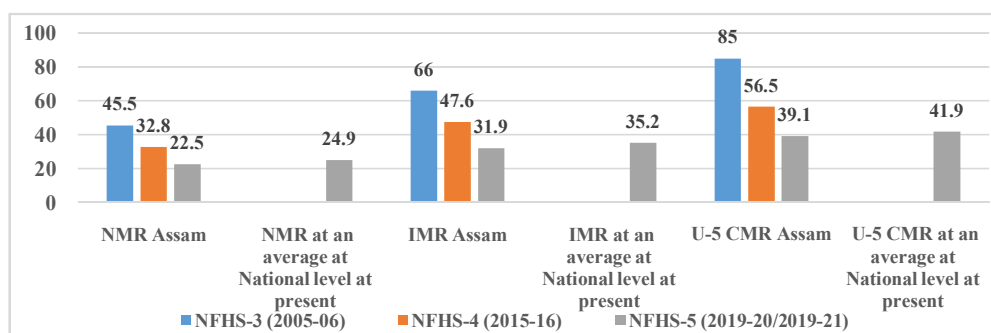
While accepting the audit observation, Government stated (September 2023) that efforts were being taken to reduce the mortality rate.

#### 1.4.20.3 Child Mortality Rate

The position of child mortality rate (NMR, IMR, U-5 CMR) in the State of Assam *vis-à-vis* National average from 2015-17 to 2019-20 is shown below.



Chart-1.4.10: Child Mortality Trend



Source: NFHS.

Thus, Child Mortality Rate in Assam was below the National average. Further analysis in Audit showed the factors affecting child mortality rate in the State as given below:

**(i) Low Birth Weight of Children**

In the selected seven Districts, 599 Verbal Autopsy Reports<sup>99</sup> (VAR) pertaining to the year 2020-21 were test checked and district wise position of underweight children is shown below:

Table-1.4.28: Percentage of Low Birth Weight of Children succumbed to illness in sampled Districts

Name of District	Number of VAR of Child death	Number of child died who were born with low birth weight	Percentage of low weight to total test checked cases
Kamrup Metro	6	2	33
Kokrajhar	5	2	40
Nagaon	332	59	18
Tinsukia	21	9	43
Jorhat	83	28	34
Karbianglong	45	10	22
Hailakhandi	107	27	25
<b>Total</b>	<b>599</b>	<b>137</b>	<b>23</b>

Sources: Joint Director of Health Services-cum-District Health Societies.

Audit noticed that 137 (23 per cent) children (out of 599 test checked) were born with low birth weight (less than 2.5 kg) who succumbed to illness within few days of delivery. This can be seen in the light of NFHS-5 Report where number of underweight children (below 2.5 kg at birth) in Assam increased to 32.8 per cent during NFHS-5 from 29.8 per cent during NFHS-4. As such, it is essential to ensure healthy diet and medical care (ANC) during pregnancy for healthy baby and subsequent proper nutritional support to the child.

**(ii) Immunisation**

GoI launched “Mission Indradhanush” (December 2014) targeting unvaccinated and partially vaccinated children less than 2 years of age to reach at least 90 per cent full immunisation coverage and unvaccinated pregnant women before 2020 due to the risk of morbidity running a three to six times higher risk of death as compared with fully immunised children.

<sup>99</sup> Verbal Autopsy is a methodology based on the collection of information by an oral interview with a close relative or caregiver of a person who died within a short time of death.

Audit noticed that in Assam immunisation coverage to children aged 12-23 months was 66.40 *per cent* (NFHS-5) which was far below the National average of 76.40 *per cent*. This was attributed (February 2022) to fear psychosis/ no faith in vaccine among the beneficiaries (caregiver), multiple vaccine hesitancy at one shot (same day), and non-availability of ASHA/ANM in the non-registered area/ forest area in the State.

Government stated (September 2023) that more awareness programme would be taken up under immunisation programme.

#### 1.4.21 Other major health Indicators under the State SDG Action Plan

##### 1.4.21.1 Screening of cancer

For early detection of cancer, Assam SDG Action Plan developed a health indicator namely “Cancer among 30-70 years screening coverage”. The State set target for 100 *per cent* screening of cancer by 2030-31 in three phases viz., 25 *per cent*, 50 *per cent* and 100 *per cent* by 2019-20, 2023-24 and 2030-31 respectively.

According to NFHS-5, only 0.2 *per cent* women have undergone a screening test for cancer (cervical, breast and oral) while, only 1.4 *per cent* among men tested for oral cancer in the State. Thus, screening of cancer had not picked up as per the State SDG targets.

Further, Section 6 of Cigarettes and Other Tobacco Products Act (COTPA) 2003 prohibited sale of tobacco product in the area within a radius of 100 yards of any educational institution. District Health Society, NHM and Director of Health Services is responsible to impose and collect fine against violation of the Act *ibid* (Schedule-III of the Act).

Joint physical inspection, however, showed a few instances of selling of tobacco products within the prohibited areas around educational institutions as shown in the photographs placed below:



Tobacco shop (within prohibited area 20 feet/6.67 yards) attached with Pratibha Junior College, in Hailakhandi Town.  
Date of photo: 10-01-2023



Tobacco shop (within radius of 8 yards) in the entrance/exit gate of Kendriya Vidyalaya, Khanapara, Guwahati, Kamrup Metro.  
Date of photo: 8-02-2023

While accepting the audit observation, Government stated (September 2023) that efforts were being taken for betterment of health services in the State.

##### 1.4.21.2 Out-of-pocket expenditure

Assam SDG Action Plan, addressed for reduction of out-of-pocket expenditure per maternal delivery. As per the Action Plan of Assam Agenda, out-of-pocket expenditure per delivery to be reduced from ₹3,210 (2015-16) to Nil at the end of 2030-31 as per the milestone shown as below:

**Table-1.4.29: SDG target on out-of-pocket expenditure per delivery**

2019-20	2023-24	2030-31
₹2,354	₹1,498	Nil

Source: Assam Agenda 2030.

It was, however, noticed from NFHS that average out-of-pocket expenditure per delivery in a public health facility had significantly increased to ₹5,415 (NFHS-5) from ₹3,821 (NFHS-4). Expenditure was noticeably higher in Urban Areas (₹6,651) as compared to Rural Areas (₹5,269). Therefore, the State of Assam was lagging behind the set target to reduce the out of pocket expenditure for per delivery.

While accepting the audit observation, Government stated (September 2023) that efforts were being taken to reduce out-of-pocket expenditure.

#### **1.4.21.3 Monitoring of SDG-3**

Assam Agenda 2030 (Chapter-9) provides to create a dashboard for displaying the monitoring parameters of SDG which shall also alert the progress on outcomes falling behind the schedule and to initiate corrective action at State and District level to reach the targets.

Audit noticed that the process of creating the dashboard for monitoring the SDG was still under consideration. The TDD, the Nodal Department of GoA, however, stated (May 2022) that Goals and Targets under the SDG are monitored manually where progress is collected in the form of data from Districts. TDD further intimated (September 2022) that a consulting firm has been engaged (January 2022) for monitoring and evaluation of actual progress of SDG with stipulation to complete the work by March 2022.

Thus, the dashboard for monitoring progress/achievement against Assam Agenda 2030 is yet to be in place.

Government noted (September 2023) the audit observation for compliance.

#### **1.4.21.4 Conclusion**

Out of 41 National Health Indicators under the targets set to achieve the SDG-3, the State of Assam was yet to map 22 indicators with State SDG Action Plan. Disease like tuberculosis (TB), HIV and suicidal behaviour disease *etc.*, have not been aligned in the State SDG. MMR over the period from 2015-17 to 2017-19 was improving but was far below the National average. In order to address high MMR in Assam, there is a need for strengthening and ensuring ANC check-up for pregnant women, institutional deliveries and birth access to health professionals for home deliveries. Child Mortality Rate in Assam was below the National average. Immunisation coverage to children aged 12-23 months was 66.40 *per cent* which was far below the National average of 76.40 *per cent*. Screening for Cancer was negligible (upto 1.4 *per cent*) in the State against the target of 25 *per cent* by 2019-20. Average out-of-pocket expenditure per delivery in a public health facility had significantly increased to ₹5,415 (NFHS-5) from ₹3,821 (NFHS-4) against the target of ₹2,354 set in the Action Plan of the SDG. The dashboard for monitoring progress/achievement against Assam Agenda 2030 is yet to be in place.

#### **1.4.21.5 Recommendations**

- *All the National indicators covering 13 targets under SDG-3 may be mapped with the State SDG Action Plan for increased Government intervention and proper measurement of progress/achievement of set targets.*
- *There is a need for strengthening health care services provided to pregnant women to encourage/increase ANC check-up, institutional deliveries and better access to health care professional for home delivery.*
- *GoA may take steps to increase awareness of the benefit of immunisation and the importance of ensuring healthy diet and medical care during pregnancy.*
- *The dashboard for monitoring the progress against Assam Agenda may be put in place to display monitoring parameters of SDG and help initiate corrective action to achieve the target.*

### **Tribal Affairs (Plain) Department**

#### **1.5 Subject Specific Compliance Audit on “Functioning of selected Autonomous Councils, Assam”**

##### **1.5.1 Introduction**

##### **1.5.1.1 Autonomous Councils in Assam (Non-Sixth Schedule Areas)**

Government of Assam (GoA), in order to accelerate development process of Schedule Tribes and other specified communities in the State, constituted 10 Autonomous Councils (ACs) during the year 1995 and 2021 through legislations of the respective Council Acts. Establishment of Autonomous Councils was aimed at achieving democratic decentralisation of powers by empowering the tribal and other specified communities to participate in the planning and implementation of schemes at grass root level. The Council Acts envisioned to provide ACs with maximum autonomy for social, economic, educational, ethnic and cultural advancement of tribal communities living in Core Areas<sup>100</sup> (covering villages within the boundaries attached with its headquarters) as well as in Satellite Areas<sup>101</sup> covering many districts.

As per the Acts, ACs were constituted comprising villages for the specified community and other tribal people having more than 50 *per cent* of population living in the villages. The Councils were entrusted with legislative powers to make bye-laws for regulation and control of functions and duties and the executive powers over many listed subjects, to formulate developmental plan and implement schemes and programmes, regulate trade and commerce, levy and collect taxes, *etc.*

##### **1.5.1.2 Scope and coverage of Audit**

Ten Autonomous Councils constituted by GoA during the period from 1995 to 2021 were as shown below:

<sup>100</sup> ‘Core Areas’ means the compact and contiguous areas predominantly inhabited by Scheduled Tribes population (50 *per cent* and above) in the area and not necessarily in the individual village.

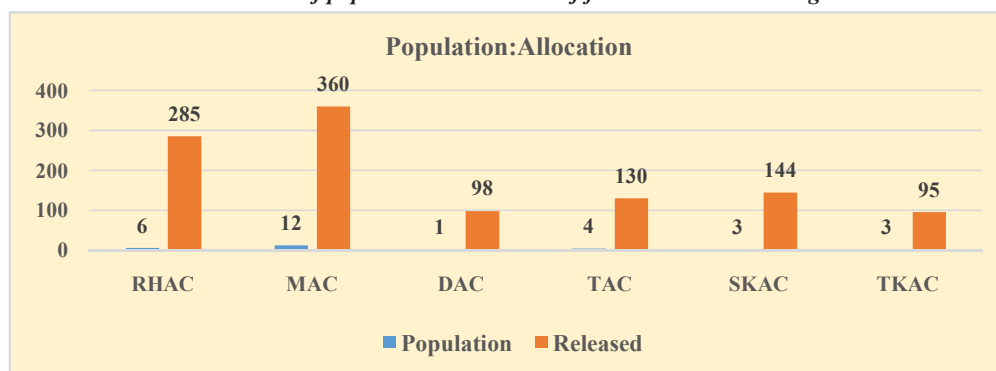
<sup>101</sup> ‘Satellite Areas’ means the area or areas consisting of non-contiguous cluster of villages predominantly inhabited by Scheduled Tribes population (50 *per cent* and above) in the cluster and not necessarily in the individual villages.

**Table-1.5.1: Details of Autonomous Councils and its villages**

Sl. No.	Name of Autonomous Council	Year in which constituted	Nos. of Villages	
			Core	Satellite
1	Rabha Hasong Autonomous Council (RHAC)	1995	779	0
2	Mising Autonomous Council (MAC)	1995	1,495	392
3	Tiwa Autonomous Council (TAC)	1995	269	154
4	Deori Autonomous Council (DAC)	2005	48	82
5	Thengal Kachari Autonomous Council (TKAC)	2005	0	233
6	Sonowal Kachari Autonomous Council (SKAC)	2005	0	581
7	Moran Autonomous Council	2020	Villages yet to be notified.	
8	Matak Autonomous Council	2020		
9	Kamatapur Autonomous Council	2020		
10	Bodo Kachari Welfare Autonomous Council	2021		

*Source: Information furnished by the Directorate, Tribal affairs and ACs.*

GoA entrusted audit of the first six Autonomous Council to the Comptroller and Auditor General of India (CAG) in September 2020 whereas audit of the remaining four ACs was yet to be entrusted. Further, two out of six ACs, namely, Rabha Hasong Autonomous Council (RHAC) and Mising Autonomous Council (MAC) were selected for Subject Specific Compliance Audit considering the comparatively higher population and allocation of funds during the five years' period of 2017-2022 as shown in the following chart:

**Chart-1.5.1: Position of population and release of funds to six ACs during 2017-2022**

*Source: Departmental figures. Population in lakh and release of fund in crore of rupees.*

The Compliance Audit of the two selected ACs was conducted during August to September 2022 and November to December 2022 covering the period from 2017-18 to 2021-22 to assess the functioning of these Councils in compliance to Acts and Rules.

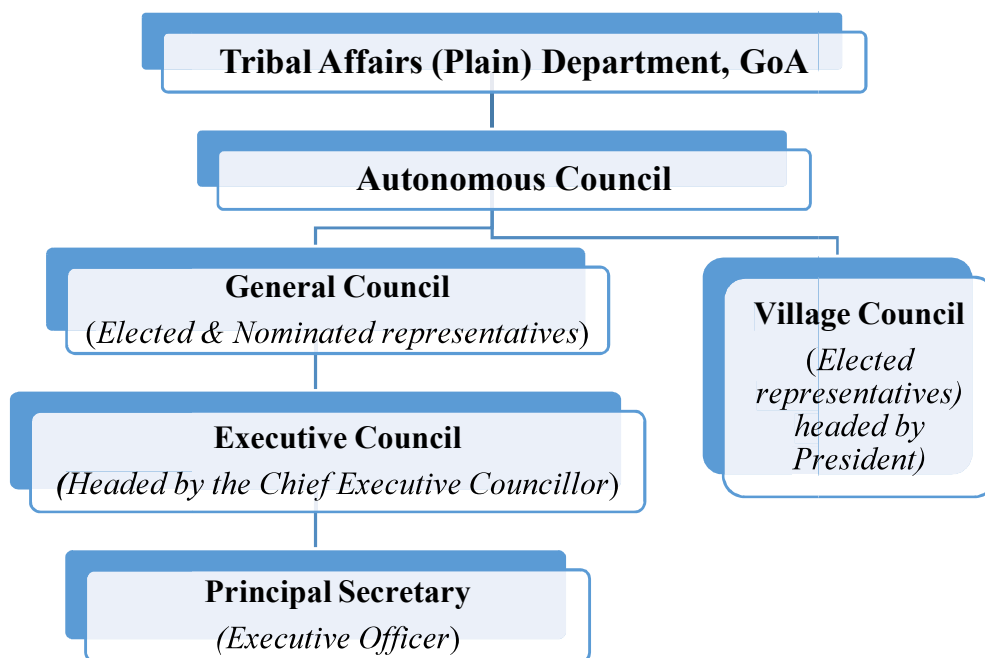
An Exit Conference was held (October 2023) to discuss the audit findings wherein representatives from GoA and two Councils including the Principal Secretary, Tribal Affairs (P) Department, GoA were present. Views and replies of the Department received have been suitably incorporated wherever applicable.

## **1.5.2 Audit findings**

### **1.5.2.1 Governance framework**

The two sampled AC, namely, RHAC and MAC were established through Rabha Hasong Autonomous Council Act, 1995 and Mising Autonomous Council Act, 1995 respectively. The powers & functions and administrative control of the ACs

were exercised through its General Council, Executive Council and Village Council incorporated in the respective AC Acts. The organisational structure for the functioning of the ACs was as shown below:



Source: Departmental records.

Audit observations on compliance to acts and rules for functioning of the selected ACs are discussed in subsequent paragraphs.

#### (i) Oversight role of the State Government

Under the Acts, GoA has the general power to make rules and issue instructions and orders for purpose of implementation of the Acts. The powers and functions of the Councils are to be exercised by framing bye-laws and rules subject to approval of the State Government and its publication in the official gazette to be effective. At the State level, Tribal Affairs (Plain) Department was to provide policy formulation, budgetary allocation and approval to transfer financial resources and exercise oversight role over utilisation of funds released to the Councils without dilution of their autonomy.

#### (ii) General Council

Sections 3 and 6 of RHAC Act and MAC Act stipulated that there shall be autonomous councils with a General Council (GC) consisting of 40 members of which 36 shall be directly elected and four members shall be nominated from the group of communities not otherwise represented in the GC by the Government with the concurrence of the Council. Out of 40 seats, 25 seats shall be reserved for Scheduled Tribes and six seats reserved for woman of any community.

Audit observed that elections in both the ACs were held for the first time in October/ November 2013<sup>102</sup> and thereafter during January 2019 for five-year terms. In both

<sup>102</sup> Prior to 2013, members of ACs were nominated by the Government from the respective Council areas.



these elections, the required 36 members were elected including 25 members from the specified tribal communities and six women members as per the Acts.

Further, while four members were nominated by GoA to the General Council of RHAC, no members were nominated to GC of MAC as required under Acts. Thus, participation of members from other communities was not complied with in MAC.

On this being pointed out, the Department stated (October 2023) that the matter has been taken up for nomination of members from amongst the group or communities not otherwise represented to the GC of MAC as per the requirement of the Act.

### **(iii) Executive Council**

As per Sections 3 (3) and 24 of both RHAC Act and MAC Act, there shall be constituted Executive Council consisting of Chief Executive Councillor (as Chairman) and Executive Councillors who are elected members of the General Council. Section 6(4) (iv) of both the Acts stipulated that Executive Council shall not be more than one third of total members of GC.

Audit observed that Executive Council was constituted with the CEC and the required number of Executive Councillors in both the selected ACs during the audit period of 2017-18 to 2021-22 as per provision of the Acts.

### **(iv) Village Council**

Under Sections 4 (1) (2) and 32 (1) of both RHAC Act and MAC Act, there shall be a Village Council (VC) for each block of villages as may be notified by the Government, consisting of 10 members of which, five seats shall be reserved for the specified community out of which at least one shall be a woman.

Audit, however, observed that VCs had not been constituted by GoA since the enactment of respective Acts in 1995. The requirement for issuing official notification and conduct of election for constituting the VCs in both the ACs had not been complied with by the State Government since the last eight years till the date of Audit (September 2022). Thus, decentralisation of powers with maximum autonomy at the village levels as envisaged in the Acts had not been fully taken up in the selected ACs.

On this being pointed out, the Department stated (October 2023) that Gaon Panchayat as well as Urban local bodies are functioning in the council area and, hence Village Council was not considered required. The State Government have taken steps for amendment of the Act for removal of the provision of Village Council.

#### **1.5.2.2 Allotment of villages under ACs areas**

As per Sections 2, 3 and 4 of both the Acts, areas and villages of the Councils may be notified by the Government in the official gazette. Audit observed as follows:

##### **(i) Core areas and satellite areas**

GoA (September 2005) notified core areas of 773 and 1,245 villages under both RHAC and MAC with six lakh and 12 lakh population spreading over two and nine districts respectively. In addition, 366 satellite villages spreading over eight districts were notified under MAC while RHAC had no satellite villages.

However, in its Annual Reports 2015-16, MAC showed 1,515 villages as against notified 1,245 villages under its jurisdiction. Further, information furnished (February 2021) by MAC showed 1,495 core villages and 392 satellite villages under its area. Thus, MAC showed excess of 250 core villages and 26 satellite villages under its jurisdiction without any notification by the State Government.

On this being pointed out, the Department stated (October 2023) that discrepancy of the figure of villages would be corrected in future.

## (ii) Over-lapping of revenue village with other ACs

As per the Acts, ACs were to be constituted comprising of villages predominantly inhabited by specified ST population having more than 50 *per cent* as a whole in a cluster or in core area.

Audit noticed that in respect of MAC, nine revenue villages which spread over four districts of the State were also notified for Deuri AC (DAC) and Sonowal Kachari AC (SKAC) as shown in **Table 1.5.2**.

**Table-1.5.2: Details of allocation of same villages to different ACs**

Name of the district	Name of village	No. of Households	Population in the village		Name of ACs where villages were notified
			Total	ST ( <i>per cent</i> )	
Jorhat	Kachari Gaon	-	1,071	1,032 (96)	MAC, SKAC <sup>103</sup>
Dhemajji	Bijoypur	118	637	620 (97)	DAC, MAC
	Majgoan	99	558	309 (55)	DAC, MAC
Dibrugarh	Modhupur Thakera Pukhuri F.V.	85	645	645 (100)	MAC, SKAC
	June Gaon	83	566	566 (100)	MAC, SKAC
	Modhupur Baragharia F.V.	38	302	300 (99)	MAC, SKAC
	Janzimukh Gaon	69	389	174 (45)	MAC, SKAC
	Lezai Miri Pather Gaon	174	1,057	104 (10)	MAC, SKAC
Sibsagar	Jagara Habi	65	534	534 (100)	MAC, SKAC

*Source: Notified village list and census 2001.*

The above position indicated that the notification of villages under the ACs was not as specified under the provision of the Acts.

### 1.5.2.3 Entrustment of functions

As per Section 18 of both RHAC Act and MAC Act, the GC shall have executive powers within the Council Area over 34 subjects such as Cottage Industry, Animal Husbandry, Agriculture, Rural Roads, *etc.* as per details given in **Appendix 1.25**.

Audit noticed that out of 34 subjects listed in the Acts, functions in respect of 31 subjects and 29 subjects (**Appendix 1.26 and 1.27**) have been transferred and were being performed by the RHAC and MAC respectively, during the period 2017-2022. Both the ACs did not perform the functions in respect of three<sup>104</sup> and five subjects<sup>105</sup> during the period respectively. Moreover, due to non-establishment of VCs in the two

<sup>103</sup> MAC-Mising AC, SKAC- Sonowal Kachari AC, DAC- Deori AC.

<sup>104</sup> 1. Municipal Boards, improvement trust, *etc.* 2. Weights & measures, 3. Land and land revenue.

<sup>105</sup> 1. Weights & measures, 2. Municipal Boards, improvement trust, *etc.* 3. Lotteries, cinemas, *etc.* 4. Vital statistics including registration of birth and deaths and 5. Food & civil supplies.

Council areas, various State Own Priority Development (SOPD) schemes under TSP were directly implemented by the GC without involving the VCs though required under Acts. Moreover, the subjects listed in the Acts for the VCs were not performed in these two ACs since their constitution in 1995.

#### **1.5.2.4 Non-compliance to provision of Acts**

##### **(i) Devolution of powers**

As per Section 23 (1) of ACs Act, the General Councils shall have the power to, subject to the approval of the Government, make bye-laws (for exercising various powers) to be applicable within the Council area for regulation, control and administration to be effective upon their publication in the official Gazette.

Some important powers entrusted to the ACs under the Acts are as follow:

- Regulate trade and commerce in accordance with the existing laws including issue of permit or licenses to individuals within the council area;
- Guide customs and traditions and social justice of the specified community according to the traditional laws;
- Allot permits for trade and commerce to the people residing in the Council Area preference being given to the specified Community;
- Impose and collect taxes, levy fees, tolls;
- Invest surplus moneys in the General Council Fund.

Audit, however, observed that no bye-laws have been framed by the Councils to exercise the entrusted powers on the above subjects during 2017-18 to 2021-22.

On this being pointed out, the Department stated (October 2023) that they had instructed the ACs to undertake the process of framing bye-laws immediately.

### **1.5.3 Planning**

#### **1.5.3.1 No integrated development plan formulated by the ACs**

Under Section 19 and 44 of Acts, the GC/VC shall formulate integrated development plans and implement schemes and programmes for development of the General Council and Village Council areas.

Audit, however, noticed that the GC of the two selected ACs did not formulate any integrated development plan for the Council areas during 2017-18 to 2021-22.

On this being pointed out, the Department stated (October 2023) that the ACs prepare Annual Action Plan as per the planning approach that involves the entire council area.

The reply is not acceptable as the Annual Action Plan included schemes/works of individual nature due to non-preparation of an integrated development plan as envisaged in the Act.

#### **1.5.3.2 State Budgetary provision and fund allocation to AC**

As per Section 61 (1) of the Acts, the State Government shall provide funds to the General Council and the Village Council from the Tribal Sub-plan (TSP) and other

resources in accordance with the appropriate formulas to be worked out keeping in mind resources of the Government, priorities or development works in other areas.

It was observed that fund allocations<sup>106</sup> were intimated to the ACs after the budgetary provision was made in the State Government budget under Grant No. 38 {2225-02-800-0111 (MAC) and 0112 (RHAC)} of the Tribal Affairs (Plain) Department, GoA for implementation of SOPD schemes under TSP in the Council areas.

Year-wise position of State budgetary provisions under TSP for SOPD and allocation of funds to MAC and RHAC was as shown in **Table 1.5.3** and **Chart 1.5.2**:

**Table-1.5.3: Position showing allocation to RHAC and MAC vis-à-vis the State budget**

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Budget Allocation under TSP Grant No. 38 (02 Schedule Tribe)	767.19	861.21	769.93	929.90	724.01	4,052.24
Out of total Budget, allocation for MAC	72.50	79.70	100.80	90.79	79.71	423.50
Out of total Budget, allocation for RHAC	54.86	70.30	75.64	70.64	61.58	333.01
Percentage of total allocation-MAC	09	09	13	10	11	10
Percentage of total allocation-RHAC	07	08	10	08	09	08

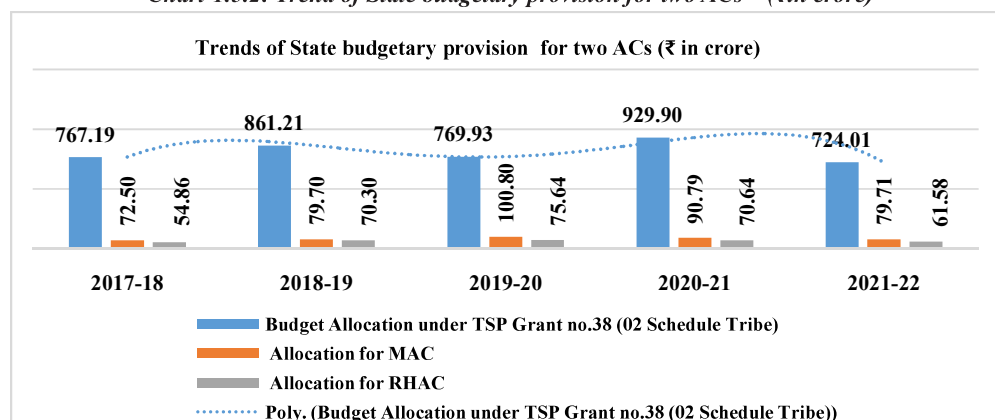
Source: Detailed Appropriation Accounts 2017-18 to 2021-22.

Audit observed as follows:

#### (i) State Budgetary provision for TSP

Budgetary provision in TSP for SOPD increased by 12 per cent (₹861.21 crore) during year 2018-19 from the previous year 2017-18 (₹767.19 crore) which was reduced by 11 per cent to ₹769.93 crore during the year 2019-20. Again, during the year 2020-21 the budget was enhanced by 21 per cent over the previous year which was subsequently reduced by 22 per cent during the year 2021-22. On the whole, State budgetary provision under TSP (02 Schedule Tribe under Grant No. 38) declined to ₹724.01 crore in 2021-22 from ₹767.19 crore in 2017-18.

**Chart-1.5.2: Trend of State budgetary provision for two ACs (₹ in crore)**



#### (ii) Budgetary transfer to ACs

Budgetary allocation of funds to MAC and RHAC was showing an increasing trend from ₹72.50 crore and ₹54.86 crore in 2017-18 to ₹100.80 crore and ₹75.64 crore in

<sup>106</sup> based on the population pattern and geographical challenges

2019-20 respectively. Thereafter, it declined to ₹79.71 and ₹61.58 crore in 2021-22 in respect of MAC and RHAC respectively. Fund allocation to MAC and RHAC *vis-à-vis* budgetary allocation from TSP in the whole State was only 9 to 13 *per cent* and 7 to 10 *per cent* respectively during the period of Audit.

### 1.5.3.3 Preparation of Annual Operation Plan (AOP)

GoA in November 2017 issued guidelines which stipulated that subject to specific provision in the annual budget, ACs shall approve the schemes for the amount as provided in the State Budget and submit to GoA for approval before June of each year. GoA shall convey approval of Annual Operation Plans (AOP) along with the list of scheme by August of each year.

Audit observed that the two selected ACs submitted AOP based on State budgetary provision under TSP for allocation of funds to ACs for implementation of schemes under SOPD. Position of submission of AOP, approval and sanction of funds by GOA in respect of the sampled ACs during 2017-18 to 2021-22 is given in **Table 1.5.4**.

**Table-1.5.4: Submission and approval of AOP and sanction of funds**

Year	Date of allocation of funds	Details of submission of AOP to Government			Date of financial Sanction
		Due date	Actual date	Delay (Days)	
Rabha Hasong Autonomous Council					
2017-18	26-04-2017	31-05-2017	01-12-2017	183	21-02-2018
2018-19	21-06-2018	31-05-2018	10-10-2018	131	06-02-2019
2019-20	14-01-2019	31-05-2019	18-12-2019	200	07-03-2020
2020-21	12-02-2020	31-05-2020	02-01-2021	215	11-02-2021
2021-22	20-07-2021	31-05-2021	15-02-2022	259	05-03-2022
Mising Autonomous Council					
2017-18	26-04-2017	31-05-2017	18-08-2017	78	04-12-2017
2018-19	21-06-2018	31-05-2018	30-07-2018	59	20-02-2019
2019-20	14-01-2019	31-05-2019	16-07-2019	45	06-03-2020
2020-21	12-02-2020	31-05-2020	21-11-2020	173	16-02-2021
2021-22	20-07-2021	31-05-2021	08-10-2021	129	02-03-2022

**Source: Information furnished by RHAC and MAC.**

From **Table 1.5.4**, it can be seen that there was delay in submission of AOP by RHAC to GoA to the extent of 131 days to 259 days beyond the prescribed timeline of May of each year, whereas in respect of MAC, the delay in preparation and submission of AOP ranged between 45 days and 173 days. Audit further observed that in respect of RHAC, allocation of funds was conveyed after the due date of submission of AOP during 2018-19 and 2021-22. Due to such delays in submission of AOP by the two ACs without any recorded reasons, there was delays in approval of AOP and sanction of funds from GoA. Consequently, ACs could implement the schemes included in the AOP only in the next financial year.

While accepting the audit observation, the Department stated (October 2023) that steps are being taken for timely submissions of AAP.

#### 1.5.3.4 Planning process

Clause 1.3 of guidelines for utilisation of fund by Autonomous Councils (November 2017), provided that the Councils shall coordinate with Gaon-panchayats to ensure that Gaon Sabha meetings take place before finalising of such schemes or alternatively the Council will take initiative to hold meetings of Gaon-Panchayat/ Gaon-Council to ensure people's participation in the planning of the schemes.

Audit observed that the AOPs were prepared by the ACs sector-wise or Department-wise indicating schemes and allocation of funds as required under the guidelines against which funds were to be released to the Councils. No meeting of Gaon Sabha for formulation of schemes was held in RHAC during the audit period. MAC produced records regarding holding Gaon Sabhas in only four out of 36 constituencies. Thus, due to non-functioning Gaon Sabha, programmes/ schemes were prepared by departments within the ACs without people's participation in the planning process.

On this being pointed out, the Department stated (October 2023) that as there was no Village Council, schemes were sanctioned by ACs based on their priority.

#### 1.5.3.5 Sector-wise allocation of funds in AOP

As per the guidelines issued by the Department of Tribal Affairs (Plain), GoA, the Councils shall give priority to constructions of Aganwadi buildings, mother and child nutrition, class rooms, sports and cultural infrastructure, etc. and to undertake preservation and propagation of culture, art, artefacts, etc.

Department-wise or sector-wise allocation of scheme funds in the AOP for SOPD in RHAC and MAC are given in **Appendix 1.26 and 1.27**. Details of 10 sectors/ departments in terms of higher allocation of funds during 2017-18 to 2021-22 were as given below:

**Table-1.5.5: Sector-wise/department-wise priority in allocation of funds in AOP during 2017-18 to 2021-22 for SOPD expenditure**

Sl. No.	Department/ Sector	RHAC (Total Fund:- ₹253.35 crore)		MAC (Total Fund:- ₹393.32 crore)	
		Amount Allocated	Percentage to total fund	Amount Allocated	Percentage to total fund
1	Education	10.57	4	59.82	15
2	Agriculture	16.66	7	16.70	4
3	Handloom & Textiles	7.91	3	13.09	3
4	Tourism	7.72	3	12.77	3
5	Rural Roads & Bridges	53.76	21	--	--
6	Tribal Welfare	42.59	17	--	--
7	Social Welfare	25.12	10	3.87	1
8	Health & Family Welfare	8.61	3	6.19	2
9	Public Health Engineering (Drinking Water)	8.17	3	10.37	3
10	Sports and Youth Welfare	8.00	3	10.23	3
11	PWD	--	--	66.52	17
12	Cultural Affairs	5.50	2	48.07	12
13	Water Resources	--	--	34.67	9
14	WPT&BC	--	--	22.42	6
15	P&RD	7.70	3	20.01	5
16	Cooperation	5.62	2	11.76	3

Source: Departmental records.



From **Table 1.5.5**, audit observed that total fund allocation for RHAC and MAC for the five year periods from 2017-18 to 2021-22 was ₹253.35 crore and ₹393.32 crore respectively against the fund proposed in the AOPs.

Further, in RHAC, four (Rural Roads & Bridges, Tribal Affairs, Social Welfare and Agriculture) out of 31 sectors/departments were accorded higher priority with more than 50 *per cent* funds allocated to these sectors/ departments. Similarly, in MAC, four out of 29 departments/sectors *viz.*, PWD, Education, Cultural Affairs and Water Resources, were allocated more than 50 *per cent* of the total funds.

Audit further observed as follows:

- RHAC though allocated 10 *per cent* of total funds to Social Welfare, but not a single *Anganwadi* Centre was constructed during the same period. An amount of ₹10.57 crore (four *per cent*) was allocated to Education including construction of 18 additional class rooms; ₹5.50 crore (two *per cent*) for Cultural Affairs and ₹8.00 crore (three *per cent*) for Sports and Youth Affairs.
- In MAC, ₹0.32 crore (0.08 *per cent*) was allocated for construction of *anganwadi* centres; ₹7.54 crore (1.92 *per cent*) towards additional classrooms; ₹37.24 crore (9.47 *per cent*) for cultural complex (Murung Ghar, *etc.*) and ₹4.60 crore (1.17 *per cent*) was allocated for sports infrastructure.

Thus, the required priority in terms of fund allocation was not given to mother & child nutrition programme and construction of *anganwadi* centre by the two sampled ACs as envisaged in the guidelines.

On this being pointed out, the Department stated (October 2023) that the Councils took up the schemes based on priority needs.

The reply is not acceptable as the schemes proposed in the AOP and implemented by ACs were not in accordance with GoA's guidelines issued in this regard.

#### **1.5.3.6 Nature of works planned and implemented**

As per fund utilisation guidelines, sanction and expenditure on Individual Beneficiary Schemes (IBS) shall not exceed 20 *per cent* of the total expenditure of the Councils.

Audit, however, noticed that RHAC allocated 43 *per cent* of the total fund on IBS whereas MAC allocated 21 *per cent* on individual beneficiary schemes in their AOPs without any recorded reasons. Thus, sampled ACs did not maintain the required percentage of fund allocation/ expenditure out of the total fund available to the Councils as envisaged in the guidelines.

While accepting the audit observation, the Department stated (October 2023) that the ACs had been instructed to limit the expenditure on IBS to 20 *per cent*.

*There is a need to review allocation of funds to different sectors/departments so as to prioritise schemes according to assessed needs of each village or people in the Council areas and translate them into an integrated development plan as envisaged in the Acts.*

#### **1.5.4 Fund flow and utilisation**

##### **1.5.4.1 General Council Fund and Village Council fund**

As per Section 61 (1) of RHAC Act and MAC Act, there shall be General Council Fund and Village Council Fund to be depicted under separate sub-heads within the State budget and all moneys realisable and grants shall be credited to this fund. Further, the procedure to be followed in respect of payment of money, withdrawal of money, custody of the money, *etc.* shall be laid down in the bye-laws of the Councils.

Audit noticed that the State Budget depicted separate sub-heads for RHAC and MAC under 2225-02-800-0112-Assistance to Rabha Hasong Autonomous Council, and 2225-02-800-0111-Assistance to Mising Autonomous Council for transfer of funds to the two Councils as assistance or grants-in-aid which is in line with the Acts.

However, two ACs had not framed bye-laws for management of funds as required under the Acts, nor was accounts or any financial report prepared and submitted for Audit since its creation in 1995 as required under Section 61 (13). The RHAC and MAC maintained seven and eight savings bank accounts respectively in favour of the concerned Principal Secretary during 2017-18 to 2021-22.

##### **1.5.4.2 Budget not prepared by sampled ACs**

Under Section 63(1) of both RHAC Act, 1995 and MAC Act as amended in 2005, General Council shall prepare in each year, a budget of its estimated receipts and disbursement for the following year and submit it to the Government by November of the current financial year. Section 63(3) provided that no expenditure shall be incurred unless the budgets of the Councils are approved by the Government.

Audit noticed that two sampled ACs did not prepare budget of its estimated receipts and disbursement as required under the Acts. Both the ACs prepared Annual Operational Plans (AOP) for SOPD and Establishment Expenses (EE) funds for release of funds by GoA and for implementation of schemes and payment of EE to staffs and officers by the Councils during the period of audit.

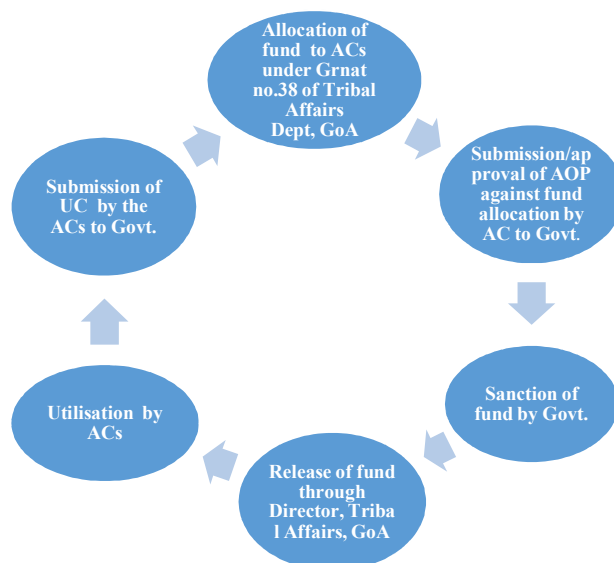
Thus, due to non-preparation of budget by the ACs, the position of estimated receipts and expenditure *vis-a-vis* actual receipts and expenditure and the financial performance of the two ACs could not be assessed in audit.

While accepting the audit observation, the Department stated (October 2023) the ACs had been instructed to prepare annual budgets.

##### **1.5.4.3 Fund flow, release and utilisation of funds**

**Chart 1.5.3** depicts complete process flow of fund from State budgetary provision, AOP, financial sanction, release of funds to two ACs, utilisation and submission of utilisation certificate to GoA by the ACs:

Chart-1.5.3: process flow of fund



## (i) Allocation, sanction and release of funds

The position of allocation, sanction and release of fund under SOPD in respect of the two sampled ACs are as discussed below:

Table-1.5.6: Position of allocation, sanction and release of fund during 2017-18 to 2021-22

₹ in crore)

Year	Fund Allocation				Financial Sanction accorded				Funds Released			
	SOPD	One Time	EE	Total	SOPD	One Time	EE	Total	SOPD	One Time	EE	Total
<b>Rabha Hasong Autonomous Council</b>												
2017-18	54.36	0.00	0.50	54.86	54.36	0.00	0.50	54.86	54.36	0.00	0.50	54.86
2018-19	59.80	10.00	0.50	70.30	59.80	10.00	0.50	70.30	59.80	10.00	0.50	70.30
2019-20	63.54	10.00	2.10	75.64	63.54	10.00	1.76	75.30	63.54	10.00	1.76	75.30
2020-21	63.04	5.00	2.60	70.64	63.04	5.00	1.79	69.83	18.91	2.50	1.79	23.20
2021-22	56.74	2.50	2.34	61.58	29.49 27.24	2.50	2.31	61.54	29.49 27.24	2.50	2.31	61.54
<b>Total</b>	<b>297.48</b>	<b>27.5</b>	<b>8.04</b>	<b>333.02</b>	<b>297.47</b>	<b>27.5</b>	<b>6.86</b>	<b>331.83</b>	<b>253.34</b>	<b>25.00</b>	<b>6.86</b>	<b>285.20</b>
<b>Mising Autonomous Council</b>												
2017-18	72.00	0.00	0.50	72.50	72.00	0.00	0.50	72.50	72.00	0.00	0.50	72.50
2018-19	79.20	0.00	0.50	79.70	79.20	0.00	0.50	79.70	79.20	0.00	0.50	79.70
2019-20	83.99	15.00	1.81	100.80	83.99	15.00	1.81	100.80	83.99	15.00	1.81	100.80
2020-21	83.49	5.00	2.30	90.79	83.49	5.00	0.00	88.49	25.05	2.50	0.00 <sup>107</sup>	27.55
2021-22	75.14	2.50	2.07	79.71	39.06 36.08	2.50	2.07	79.71	39.06 36.08	2.50	2.07	79.71
<b>Total</b>	<b>393.82</b>	<b>22.5</b>	<b>7.18</b>	<b>423.50</b>	<b>393.82</b>	<b>22.5</b>	<b>4.88</b>	<b>421.20</b>	<b>335.38</b>	<b>20</b>	<b>4.88</b>	<b>360.26</b>

Source: Departmental records and detailed appropriation accounts.

From the above two tables, the following Audit observations emerged:

**RHAC**

- Against fund allocation of ₹333.02 crore, financial sanction was accorded for ₹331.83 crore.

<sup>107</sup> Ceiling was not issued during 2020-21, however, ₹115.00 lakh was released in 2021-22 and was shown along with funds for 2021-22 of ₹92.00 lakh. Hence, the total receipts in 2021-22 was ₹2.07 crore.

- Against sanction of ₹69.83 crore during 2020-21, a sum of ₹23.20 crore was actually released.

### **MAC**

- Against fund allocation of ₹423.50 crore, GoA sanctioned ₹421.20 crore resulting in a shortfall of ₹2.30 crore which was meant for Establishment Expenses.
- Against sanction of ₹88.49 crore during 2020-21, a sum of ₹27.55 crore was actually released.

Thus, actual release of funds fell short by ₹46.63 crore and ₹60.94 crore during 2020-21 in respect of RHAC and MAC respectively.

### **(ii) Utilisation of funds**

Year-wise position of fund release under SOPD and its utilisation during 2017-18 to 2021-22 by the two sampled ACs was as under:

**Table-1.5.7: Year-wise position of release and utilisation of fund during 2017-18 to 2021-22**

Year	Amount released (SOPD)	Date of release (FOC) of fund	Utilisation submitted			Time taken in days for utilisation
			Amount in crore	Percentage (Col. 4/Col. 2)	Date of submission	
1	2	3	4	5	6	7
<b>Rabha Hasong Autonomous Council</b>						
2017-18	54.36	03-03-2018	54.36	100	10-10-2018	220
2018-19	59.80	21-03-2019	59.80	100	18-12-2019	271
2019-20	63.54	26-03-2020	54.41	86	02-01-2021	282
2020-21	18.91	31-03-2021	18.50	98	15-02-2022	321
2021-22	29.49	13-08-2021	28.58	97	15-02-2022	185
	27.24	25-03-2022	22.29	82	21-06-2022	88
<b>Total</b>	<b>253.34</b>		<b>237.94</b>	<b>94</b>		
<b>Mising Autonomous Council</b>						
2017-18	72.00	10.02.2018	72.00	100	30-07-2018	170
2018-19	79.20	21.03.2019	79.20	100	16-07-2019	117
2019-20	83.99	17.03.2020	80.54 <sup>108</sup>	96	21-11-2020	249
2020-21	25.05	31.03.2021	25.05	100	08-10-2021	191
2021-22	39.06	04.09.2021	75.14	100	06-08-2022	336
	36.08	25.03.2022				
<b>Total</b>	<b>335.38</b>		<b>331.93</b>	<b>99</b>		

*Source: Detailed Appropriation Accounts and information furnished by RHAC and MAC.*

From the table above, Audit observed as follows:

- Out of total ₹253.34 crore released to RHAC during 2017-18 to 2021-22 under SOPD, Utilisation Certificates (UCs) for ₹237.94 crore (94 per cent) were submitted to GoA leaving a balance of ₹15.40 crore at the end of 2022. UCs were submitted within three months to 11 months after the release dates.
- Against ₹335.38 crore released to MAC by GoA during 2017-18 to 2021-22, UCs for ₹331.93 crore (99 per cent) had been submitted by the Councils leaving a balance of ₹3.45 crore at the end of 2021-22. UCs were submitted within four months to 11 months.

<sup>108</sup> UC submitted against SOPD of ₹83.99 crore and One-time grant of ₹15.00 crore.

By the end of 2021-22, UCs for funds released in the preceding year were still pending. Thus, submission of UCs of the funds received by ACs was not ensured by the Department of Tribal Affairs, GoA.

Further, it was observed that there was delay in release of fund by the Government by 10 days to 68 days from the date of sanction of the fund to the sampled ACs.

While accepting the audit observation, the Department stated (October 2023) that pending UCs will be submitted by the ACs.

#### (A) Receipts and Expenditure as per Cash Book

Position of receipts and expenditure as reflected in the Cash Book from different sources (SOPD/EE/One-time grant) during 2017-18 to 2021-22 were as under:

**Table-1.5.8: Details of receipts and expenditure of RHAC**

(₹ in crore)

Year	Unspent balance of previous years	Receipts	Total available fund	Expenditure	Closing balance
<b>Rabha Hasong Autonomous Council</b>					
2017-18	42.62	54.86	97.48	35.74	61.74
2018-19	61.74	70.30	132.04	46.81	85.23
2019-20	85.23	75.30	160.53	19.46	141.07
2020-21	141.07	23.20	164.27	95.52	68.75
2021-22	68.75	61.54	130.29	39.57	90.72
<b>Total</b>		<b>285.20</b>		<b>237.10</b>	
<b>Mising Autonomous Council</b>					
2017-18	114.66	72.50	187.16	103.83	83.33
2018-19	83.33	79.70	163.03	155.39	7.64
2019-20	7.64	100.80	108.44	16.30	92.14
2020-21	92.14	27.55	119.69	87.10	32.59
2021-22	32.59	79.71	112.3	94.75	17.55
<b>Total</b>		<b>360.26</b>		<b>457.37</b>	

*Source: Information furnished by RHAC (figures under SOPD includes one-time assistance from the year 2018-19 onwards @ ₹10 crore during 2018-19 and 2019-20, @ ₹2.50 crore during 2020-21 and 2021-22) and MAC (figures under SOPD includes one-time assistance of ₹15 crore during the year 2019-20, @ ₹2.50 crore during 2020-21 and 2021-22).*

Audit observations on RHAC were given below:

- Out of total available fund of ₹327.82 crore including opening balance of ₹42.62 crore during 2017-18, and fund of ₹285.20 crore received by RHAC during 2017-2022, an amount of ₹237.10 crore (72 per cent) was shown as spent in the cash book of RHAC leaving unspent balance of ₹90.72 crore at the end of 2021-22.
- The fund balance at the end of each financial year ranging between ₹61.74 crore and ₹141.07 crore was more than the average of fund released for each year (₹57.04 crore) of the five-year period 2017-18 to 2021-22 by 108 per cent to 247 per cent.
- Further, as the balance funds of ₹90.72 crore at the end of March 2022 in respect of RHAC was more than two years' releases of ₹82.45 crore under SOPD (2019-20: ₹63.54 crore and 2020-21: ₹18.91 crore), it is evident that RHAC did not utilise the

funds as of March 2022, though UC was submitted up to 86 *per cent* to 98 *per cent* against 2019-20 and 2020-21 respectively.

As per UCs submitted to Government, an amount of ₹15.40 crore was the unspent balance at the end of 2021-22, whereas the Cash Book showed balance of ₹90.72 crore at the end of March 2022. Even if the amount of ₹61.54 crore received during 2021-22 had to be utilised in next year, the unspent balance at the end of 2021-22 would have been ₹29.18 crore as against ₹15.40 crore indicated as unspent balance in the UCs {**Paragraph 1.5.4.3 (ii)**}.

Thus, there was substantial retention of unutilised funds by RHAC and the accuracy of UCs submitted by RHAC to GoA was doubtful.

Audit observations on MAC are given below:

- Out of total available fund of ₹474.92 crore including unspent balance of ₹114.66 crore during 2017-18 and fund of ₹360.26 crore received by MAC during 2017-2022, an amount of ₹457.37 crore (96 *per cent*) was spent leaving unspent balance of ₹17.55 crore at the end of 2021-22.
- The fund balance at the end of each financial year ranged from ₹7.64 crore to ₹92.14 crore during 2017-18 to 2021-22. The unspent balance during two years 2017-18 (₹83.33 crore) and 2019-20 (₹92.14 crore) was more than the average of fund released for each year (₹72.05 crore) during the five-year period.

Thus, there is a need for fixing level or percentage of utilisation of funds released in the previous years before the next sanction of funds for SOPD under AOP to ensure proper implementation of the schemes in the two ACs.

## **(B) Revenue generation in ACs**

### **(i) Collection of revenue by MAC**

During 2017-22, the MAC generated revenue lessee of *meen mahals*<sup>109</sup>, *parghat*<sup>110</sup>, *bazar*, *etc.*, and collected lease money from the lessees.

Audit observed that MAC collected ₹3.46 crore from meen mahal, parghats during the five year periods from 2017-18 to 2021-22 without framing bye-laws or GoA notification to regulate the rates of collection. Moreover, an amount of ₹3.21 crore was spent during the audit period on payment of salaries for fixed/non-sanctioned post, contingency, refund to lessee, *etc.*

Thus, collection of revenue without any Government notification or framing of bye-laws by the council was not in accordance with the Act. Moreover, the revenue so collected should be initially credited into the Council Fund and cannot be spent without budgetary provision of the GoA.

*The Council/ Government may take action to bring out notification and frame bye-laws to empower MAC to generate own revenue resources in the Council areas.*

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<sup>109</sup> Fish pond/lake.

<sup>110</sup> Ferry.



## (ii) Collection of revenue by RHAC

Audit observed that RHAC procured a delux bus at the cost of ₹21.83 lakh and released fund in March 2015 (AOP 2013-14). The bus was leased out to one person<sup>111</sup> for operation on monthly payment of ₹44,000 per month toward rent for a period of five years with effect from August 2015.

However, it was noticed that till the date of audit (September 2022) the lessee paid only ₹16.28 lakh<sup>112</sup> against the agreed value of ₹26.40 lakh<sup>113</sup>. The balance amount of ₹10.12 lakh as per agreement was neither recovered from the operator nor was the bus returned (September 2022) to the RHAC after the expiry of agreement.

Action to recover the outstanding dues and the bus from the operator was not found on record.

In reply, the Department stated (October 2023) that MAC has been instructed to frame bye-laws and include the receipts in the budgets. Regarding procurement of bus by RHAC, the department stated that action has been initiated against the lessee.

### 1.5.4.4 Maintenance of Cash Book

As per Assam Financial Rule, 1939, all monetary transactions should be entered in the cash book as soon as they occur. The cash book should be closed regularly and completely checked and at the end of each month the officer in charge of the Cash Book should personally verify the cash balance in the Cash Book and record a signed and dated certificate to that effect. Bill-wise analysis with dates of drawls in respect of closing cash balance is also required to be made at the end of each month.

Audit observed as follows:

- The entries in the cash books of RHAC and MAC were not attested by DDOs during the five-year period from 2017-18 to 2021-22. As such, authenticity of entry made in the cash book was not ensured.
- The analysis of closing balances with signature of DDOs at the end of each month was not carried out by both RHAC and MAC.
- No reconciliation of closing balance as per cash books and with the banks was carried out in RHAC. MAC carried out reconciliation with the bank up to 2019-20.
- 623 nos. of bank drafts, pertaining to the period from August 2017 to April 2018, valuing ₹3.21 lakh received by MAC being the tender fee were not deposited into the bank within the validity period and the same were lying with the Accounts Branch of MAC as of March 2022.
- The difference between closing balances as per cash books and bank accounts were as shown below:

<sup>111</sup> Sri xxxx Rabha.

<sup>112</sup> Last payment was made on October 2019.

<sup>113</sup> ₹44,000 x 12 x 5 = ₹26,40,000.

**Table-1.5.9: Difference between cash book and bank passbook**

(₹ in crore)

Name of AC	Year	Closing Balance as per		Difference
		Cash Book	Bank Statement	
RHAC	2017-18	61.74	62.43	0.69
	2018-19	85.23	87.56	2.33
	2019-20	141.07	144.37	3.30
	2020-21	68.75	73.84	5.09
	2021-22	90.72	101.09	10.37
MAC	2017-18	83.33	82.48	0.85
	2018-19	7.64	86.02	78.38
	2019-20	92.14	121.12	28.98
	2020-21	32.59	34.62	2.03
	2021-22	17.55	58.91	41.36

Source: Departmental records.

It is evident that no regular reconciliation with the banks was not carried out by the two ACs during the period of five years from 2017-18 to 2021-22.

While accepting the audit observation, the Department stated (October 2023) that the RHAC had carried out the reconciliation upto 2021-22. However, the MAC was yet to reconcile the figures and the Department instructed the MAC to carry out reconciliation.

#### 1.5.4.5 Human Resources

The position of human resources in RHAC and MAC for administration of the Council Secretariats as sanctioned by GoA, was as given in the table below:

**Table-1.5.10: Position of human resources in the sampled Autonomous Councils**

Designation	RHAC			MAC		
	Sanctioned Post	Persons in position	Shortfall	Sanctioned Post	Persons in position	Shortfall
Pr. Secretary	1	1	0	1	1	0
Secretary	1	0	1	1	0	1
Deputy Secretary	--	--	--	1	0	1
Deputy Secretary (F)	1	1	0	1	1	0
Superintendent	1	0	1	1	0	0
Planning Officer	1	0	1	1	1	0
Accounts Officer	1	0	1	1	1	0
Executive Engineer	01	0	1	1	1	0
Asstt. Executive Engineer	1	0	1	1	1	1
Junior Engineer	3	0	3	2	0	2
UDA	2	1	1	2	1	1
LDA	4	2	2	4	1	3
Accountant	1	0	1	1	0	1
Grade IV	6	5	1	6	4	2
<b>Total</b>	<b>24</b>	<b>10</b>	<b>14</b>	<b>24</b>	<b>12</b>	<b>12</b>

Source: information furnished by the ACs.

As can be seen from **Table 1.5.10**, there was shortage of 14 staff (58 per cent) against the sanctioned strength of 24 under various categories in RHAC Secretariat. The shortage of 12 staff against the sanctioned strength of 24 in various categories in MAC was to the extent of 50 per cent. Thus, the manpower posted by the GoA for both the Councils was highly inadequate to discharge its functions.

In order to manage the shortage of manpower, RHAC and MAC engaged 18 and 57 contractual staff at the Grade III and IV respectively as of March 2022. The engagement of contractual staff engaged by both RHAC and MAC was more than the existing vacancy by 11 and 45 persons respectively.

There is an urgent need to review the manpower position for strengthening the RHAC and MAC in a time bound manner to enable two ACs to function more effectively.

### 1.5.5 Execution of schemes by sampled Councils

#### 1.5.5.1 Avoidable expenditure

RHAC accorded administrative approval (March 2019) for construction of 100 additional classrooms of 648 *sq.ft.* in 100 schools at the rate of ₹10.00 lakh per classroom. The work included civil works and supply of 17 pairs of four seater steel desk benches, *etc.*, for accommodating 50 students in a classroom. As per the assessment made by Sarba Sikhsa Abhiyan (SSA), Assam, however, classroom of similar size *i.e.*, 648 *sq.ft.* could accommodate only eight pairs of desk benches<sup>114</sup>.



Audit observed that out of 100 additional classrooms, 89 classrooms had been constructed and 11 classrooms were yet to be completed. Furniture including 17 pairs of four seater desk bench to each school were supplied to 82 schools as of August 2022.

Joint physical verification (August 2022) was conducted in 10 schools<sup>115</sup> to verify the status of supplied desk benches. It was seen that the supplier supplied 17 pairs of four seater steel desk bench to each school. As per supply order, size of the desk benches was 2m x 1.05m x 0.5m, however, the size of desk bench supplied to the 10 schools were of different size ranging from 1.52m x 0.94m x 0.76m to 1.85 m x 1m x .5m. Further, in the newly constructed 10 class rooms of size of 648 *sq. ft.*, eight to 12 pairs of desk benches were placed in each class room. Hence, five to nine pairs of desk benches could not be accommodated due to lack of space and were lying unused.

Thus, RHAC procured excess of five to nine pairs of desk benches against each school. The total excess pair of desk benches procured by RHAC for 82 schools worked out to 738 pair of desk benches valuing ₹69.45 lakh (@₹9,410 each pair<sup>116</sup>).

The school authorities stated that no survey was conducted before construction of the classrooms to assess the exact requirement of desk benches.

<sup>114</sup> Desk and bench separate with desk size 1.5m x 0.45m x 0.75m., and bench size 1.5 m x 0.30m x 0.45m.

<sup>115</sup> (1) Amjonga Govt. J B School, (2) Kekreng Govt. J B School, (3) Habangiri Anchalik ME School, (4) Khungkhrajani ME School, (5) Shilluk ME School, (6) Khara Medhipara LP School, (7) Salpara Adarsha LP School, (8) Dudhnoi Sishu Bidyalaya, (9) Balachara Govt J B School and (10) Ghorapota ME School.

<sup>116</sup> ₹7,975 plus 18 per cent GST.

While accepting the audit observation, the Department stated (October 2023) during Exit Conference that desk benches will be utilised by relocating to other schools.

#### 1.5.5.2 Materials supply accepted below specifications

Scrutiny of records showed that RHAC procured 7,557 bundles of GCI sheets for the years 2016-17 to 2020-21 at varying rates<sup>117</sup>. Out of the 7,557 bundles, 7,382 bundles were distributed leaving a balance of 175 bundles valuing ₹19.12 lakh (10 bundles @ ₹9,749 per bundle procured during 2016-17 and 165 bundles @ ₹10,995 procured during 2020-21).

Joint Physical Verification (August 2022) showed that 175 bundles of GCI sheets valuing ₹19.12 lakh<sup>118</sup> were lying in the store undistributed for two to four years as of August 2022.

It was further noticed that the undistributed GCI sheets were of 9'x3' of 0.40 mm thickness instead of 0.50 mm thickness as recorded in bills and delivery challans. Thus, supply of 7,557 bundle of GCI sheets to RHAC was below the ordered specification of 9'x3' of 0.50 mm thickness and misappropriation of funds cannot be ruled out.

In reply, the Department stated (October 2023) that stated that during distribution of the GCI to the beneficiaries, 165 bundles were found to be with less thickness and due to which these were not distributed. The supplier was asked to replace the GCI sheets which had been replaced by the supplier in December 2022 and distributed subsequently.

Audit noted the compliance to its observations, and observed that proper verification was not conducted during receipt of GCI sheets from the supplier.

#### 1.5.5.3 Wasteful expenditure on procurement of materials

RHAC procured 31 items such as musical instruments, sports equipment, bedding materials, etc., during 2016-17 or prior period, which were lying in a dilapidated condition. Due to lack of records such as supply orders, bills/vouchers, the value of all the 31 items could not be assessed in audit.



However, as per the rates of nine items available out of 31 items, the total value worked out to ₹1.47 crore (Appendix 1.28). The reasons for non-distribution of items procured by RHAC was not on record. Thus, the expenditure of ₹1.47 crore for nine items procured by RHAC was idle/wasteful for more than six years as of August 2022. The condition of the materials lying in the store room of RHAC can be seen in the photographs placed alongside.



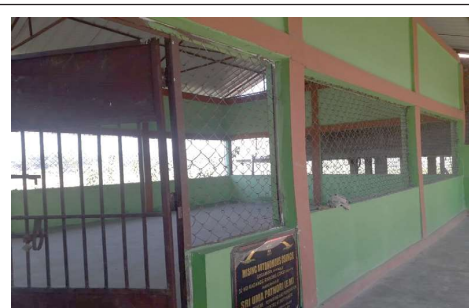
<sup>117</sup> ₹9,749 per bundle during the years 2016-17 and ₹10,995 per bundle 2020-21; bills for the years 2018-19 and 2019-20 were not produced to audit.

<sup>118</sup> ₹9,749x10+₹10,995x165=₹19,11,665

In reply, the Department stated (October 2023) that the materials were lying since long period and few of the usable items were distributed after being pointed out by audit.

#### **1.5.5.4 Shortfall in execution of works**

Scrutiny of records of MAC showed that MAC spent ₹56.32 crore on construction of 658 boundary walls covering all 34 constituencies under the MAC during the year 2016-17 to 2021-22. Joint Physical Verification of sampled nine works valuing ₹1.11 crore executed during 2020-22 showed that the length of the boundary walls stated to have been constructed was much shorter than what was recorded in the estimates and bills by 1.96 to 393.00 m based on which payment to contractors was made as detailed in *Appendix 1.29*.



*Handloom Center at Botiyamari under 32 No. constituency MAC lying idle.*

Thus, excess payment made for work not executed for nine test checked works was to the tune of ₹33.67 lakh. Such excess payment for less execution of work in all 658 boundary walls cannot be ruled out. The matter may be investigated for all the works and excess payment may be recovered from the contractor.

In reply, the Department stated (October 2023) that out of nine boundary walls, in four cases the shortfall in length was due to site condition and additional earthwork in respect of five works there was shortfall and the site engineer has directed the contractors to complete the remaining work.

Audit noted the compliance to its observations, but the Department may verify all boundary walls to ensure that there is no shortfall in execution of works.

#### **1.5.5.5 Idle expenditure**

Test check of records showed that during the years 2018-20, six weaving centres/sheds (buildings) were constructed at different locations of MAC areas at a cost of ₹39.24 lakh. The construction of the weaving centres was completed between October 2019 and January 2021. However, records relating to installation of weaving equipment, production of cloth or training held in the buildings were not furnished to audit.

During Joint Physical Verification (November/ December 2022), audit noticed that all six weaving centre/sheds located in Kolabari Dambuk, Kurimari, Somkong, Borgayan, Saraipara and Aunibari were lying idle for two to three years as of date of audit. No weaving equipment were installed nor were the constructed buildings used for any other purpose since completion (between 2019 and 2021). This has led to idle expenditure to the tune of ₹39.24 lakh (*details in Appendix 1.30*).

### **1.5.6 Conclusion**

GoA constituted RHAC and MAC in the year 1995, which aimed at achieving democratic decentralisation of powers by empowering the tribal and other specified communities to participate in the planning and implementation of schemes at the grass root level.



In RHAC and MAC the required 36 members were elected for General Council (GC) including 25 members from the specified tribal communities and six women members as per the Acts. However, Village Councils had not been constituted by the GoA in the Autonomous Councils (AC).

Out of 34 subjects listed in the Acts, functions in respect of 29 subjects and 31 subjects have been transferred and were being performed by the MAC and RHAC respectively during the period 2017-2022. Due to non-establishment of Village Councils in the two Council areas, various SOPD schemes under TSP were directly implemented by the GCs without involving the VCs though required under Acts.

No bye-laws were framed by the Council to exercise the powers entrusted to the Council such as trade and commerce, guiding customs and traditions and social justice of the specified community, imposing and collection of taxes, fees, tolls, investing of surplus money, *etc.*, during the period of audit.

The two selected ACs did not formulate any integrated development plan for the Council areas during the audit period from 2017-2022. Due to delays in submission of AOP by the two ACs, there were delays in approval of AOP and sanction of funds from the GoA by 158 days to 188 days in respect of RHAC and 94 days to 186 days in case of MAC beyond the timeline of August of every year.

Budgetary provision of the State for TSP was on the decreasing trend from ₹767.19 crore in 2017-18 to ₹724.01 crore in 2021-22 during the five-year period of 2017-18 to 2021-22.

Due to non-functioning of Gaon Sabha, programmes/schemes in the AOP were prepared by departments within the ACs without people's participation in the planning process. The required priority in terms of fund allocation was not given to mother and child nutrition programme, and construction of *anganwadi* centre and sports infrastructure development by the two sampled ACs as envisaged in the guidelines.

Actual release of funds fell short by ₹46.63 crore and ₹60.94 crore during 2020-21 in respect of RHAC and MAC respectively. RHAC and MAC showed utilisation of 94 *per cent* (₹237.94 crore) and 99 *per cent* (₹331.93 crore) of SOPD funds received by them. By the end of 2021-22, utilisation certificate of funds released in the previous years was still pending. Submission of UC of the funds received by ACs was not ensured by the Department of Tribal Affairs, GoA.

In RHAC, the fund balance at the end of each financial year ranging between ₹61.74 crore and ₹141.07 crore was more than the average of fund released for each year (₹57.04 crore) of the five-year period 2017-18 to 2021-22 by 108 *per cent* to 247 *per cent*. The balance funds of ₹90.72 crore at the end of March 2022 in respect of RHAC was more than two years' releases of ₹82.45 crore under SOPD (2019-20: ₹63.54 crore and 2020-21: ₹18.91 crore), despite submission of UC upto 86 to 98 *per cent* against the relevant years.

Execution of schemes by two sampled Councils faced certain deficiencies such as avoidable expenditure, wasteful expenditure, idle expenditure and shortfall in execution of works.



### 1.5.7 Recommendations

- *Government needs to take step for constitution of Village Council to ensure decentralisation of powers with maximum autonomy at the village levels as envisaged in the Acts.*
- *The Councils may frame the bye-laws and get them notified by the Government of Assam to empower them to exercise the powers entrusted to the Council such as trade and commerce, guiding customs and traditions and social justice of the specified community, imposing and collection of taxes, fees, tolls, investing of surplus money, etc.*
- *Government may adopt formula or norms for allocation of funds out of the total budget provision under TSP for sustained increase or growth in expenditure to achieve socio economic advancement of the Council areas as envisaged in the Acts.*
- *The prescribed procedure & timelines for allocation of fund, submission of AOP and sanction of fund may be reviewed to avoid delay at each stage and to ensure implementation of programmes in a time bound manner.*
- *Government/Council needs to review the planning process (AOP) so as to prioritise sectors/schemes according to assessed needs of each village and translate them into an integrated development plan of the whole Council areas as envisaged in the Acts.*
- *Government needs to review the manpower position for strengthening the staff position of RHAC and MAC to make the functioning of the ACs and implementation of schemes more effective.*

## Welfare of Minorities & Development Department

### 1.6.1 Unfruitful expenditure of ₹1.88 crore

**ITI project at Silchar remained incomplete and non-functional for nine years since commencement of construction works resulting in unfruitful expenditure of ₹1.88 crore due to lapse on the part of the DC, Cachar to effectively implement and monitor the project.**

The Multi-Sectoral Development Programme (MsDP) is a special area development scheme of Government of India, designed to address the 'development deficits' seen in Minority Concentration Districts (MCDs) by creating socio-economic infrastructure and providing basic amenities. The State and District Level Committees are responsible for monitoring the implementation of this programme at the State and district level respectively. The Deputy Commissioners (DCs) of the concerned districts are entrusted with the responsibility of implementing the programme.

Government of Assam (GoA) proposed (December 2011)<sup>119</sup> construction of Industrial Training Institute (ITI) at Sonai, Silchar under MsDP. Government of India (GoI) approved the said proposal at a cost of ₹5.20 crore and sanctioned (December 2011)

<sup>119</sup> To the Ministry of Minority Affairs (MoMA), Government of India (GoI).

1<sup>st</sup> instalment of ₹2.60 crore. Subsequently, GoA accorded (June 2013) Administrative Approval (AA) of ₹4.30 crore and released (June 2013) 1<sup>st</sup> instalment of ₹2.60 crore for construction of ITI, Sonai, Cachar to Director, Char Areas Development of Assam. The work was to be executed by PWD (Bldg.), Silchar division.

Chief Engineer (CE), PWD (Bldg.) issued (November 2013) work order to a contractor at a bid price of ₹3.35 crore with a stipulated completion period of 12 months *i.e.*, November 2014. The work order for external electrification was also issued to another contractor (20 February 2015) at bid price ₹27.92 lakh.

Scrutiny of records (October 2021) of the accounts of Deputy Commissioner (DC), Cachar showed that the work, commenced on 1<sup>st</sup> March 2014, was delayed inordinately and finally abandoned by the Contractor after achieving physical progress of 55 *per cent*. The contractor attributed the delay in completion of the project to objections raised by land donors, non-availability of approved drawing in time and work site being occupied by Central Paramilitary forces during NRC upgradation, Panchayat Election, *etc.* Despite repeated persuasions by the Executive Engineer (EE), PWD Building Division, Silchar, being the executing agency, the contractor did not resume the work and the work was withdrawn from the contractor on 07 March 2020.

Out of ₹2.60 crore received as 1<sup>st</sup> instalment by the DC Cachar, the contractor was paid ₹1.73 crore, ₹0.15 crore was spent on external electrification and ₹66.27 lakh was surrendered (December 2019) to the Government. The final



**Photograph of incomplete ITI building at Sonai, Silchar.**

incomplete measurement was taken on 18 March 2020 for ₹1.81 crore and the amount due to the contractor (₹1.81 crore *minus* ₹1.73 crore) was yet to be paid. Moreover, the security Deposit (SD) of ₹10.63 lakh deducted from contractor's bills was yet to be refunded.

During joint physical verification (November 2021) conducted by Audit along with officials of DC, Cachar and Silchar Building Division (PWD), it was found that the ITI building at Sonai was lying idle and incomplete.

Thus, the ITI remained non-functional even after lapse of nine years since the date of scheduled completion of the project and an expenditure of ₹1.88 crore remained unfruitful thereby defeating the objective of the project.

On this being pointed out, the Director of Assam Minorities Development Board stated (October 2022) that re-allotment of the incomplete work could be taken up under Pradhan Mantri Jan Vikas Karyakram (PMJVK), earlier known as MsDP.

Audit ascertained the latest status (July 2024) of the project and it was found that though the building was handed over (January 2024) on 'as is where is' basis to the

Senior Principal, ITI, Srikona, Silchar but it remained non-functional. As of July 2024, required equipment and manpower were also not provided to make it operational.

The matter was reported to the Government (September 2023); their reply has not yet been received (July 2024).

## Labour Welfare Department

### 1.6.2 Loss of revenue

**ATEPFO did not claim exemption from paying income tax despite being exempted under the provisions of Income Tax (IT) Act. It led to deduction of income tax of ₹4.40 crore by banks as TDS for the assessment years 2015-16 to 2021-22. Further, IT Returns were not filed within specified time for claiming the refund leading to revenue loss of ₹1.94 crore to ATEPFO for the assessment years 2015-2017. Moreover, ATEPFO did not take any action as required under the Act to claim refund of the remaining ₹2.46 crore for the assessment years 2017-2022 thereby exposing the organisation to potential risk of further loss of revenue.**

As per Section 10 (25) (ii) of Income Tax (IT) Act, 1961, income received by the trustees on behalf of a recognised provident fund are exempted from total taxable income provided that the institution makes an application in the prescribed form and manner to the prescribed authority for the purpose of grant of the exemption.

Section 239 of the Act also states that every claim for refund shall be made by furnishing return in accordance with the provisions of Section 139. However, under section 119 (2) (b) of the Act, no condonation application for claim of refund/ loss shall be entertained beyond six years from the end of assessment year for which such application/ claim is made.

The Assam Tea Employees Provident Fund Organisation (ATEPFO) (erstwhile The Assam Tea Plantation Provident Fund Scheme, 1955) engaged in providing social security to the tea garden workers through a recognised provident fund and pension and family pension, is eligible for the exemption from payment of Income Tax on the interest earned on the investment. The Commissioner of Income Tax (TDS), NER, Guwahati, clarified (June 2014) that no tax was deductible at source from the interest income earned by M/s Tea Planters Provident Fund Scheme (Presently ATEPFO). It was further clarified by the Income Tax Officer (Tech) (September 2022) in response to Audit query (August 2022) that the recognised Provident Fund whose income was covered under section 10 (25) (ii) of the IT Act was not statutorily required to file its return of income as per Section 139 of the IT Act but only for claiming refund or otherwise.

Test check of records<sup>120</sup> (September –October 2021) of the office of the Secretary-cum-Provident Fund Commissioner, ATEPFO, Guwahati, showed that an amount of ₹4.40 crore was deducted as TDS against PANs maintained by ATEPFO by various banks as detailed in **Appendix 1.31** from the interest income amounting to ₹62.50 crore earned on Fixed Deposits as per details given below:

<sup>120</sup> Form-26 AS issued by the Income Tax Department.

**Table-1.6.1: Details of TDS deducted by Banks on Fixed Deposits during 2014-15 to 2020-21**

Financial Year	Assessment Year	Interest earned on investment (₹)	Amount of TDS deducted (₹)
2014-15	2015-16	5,78,84,100	65,21,405
2015-16	2016-17	10,99,00,683	1,28,68,879
2016-17	2017-18	4,06,04,461	43,75,561
2017-18	2018-19	3,75,33,819	43,53,178
2018-19	2019-20	6,96,65,677	69,66,586
2019-20	2020-21	4,69,45,209	46,94,538
2020-21	2021-22	26,24,98,822	42,38,469
<b>Total</b>		<b>62,50,32,771</b>	<b>4,40,18,616</b>

Audit further observed that in order to claim refund, ATEPFO was required to file Income Tax return within six years from the end of the assessment year for which such claim was made. From the above table, it is evident that ATEPFO could no longer claim refund for ₹1.94 crore pertaining to assessment years 2015-16 and 2016-17 as it had become time barred. Besides, no action had been initiated by ATEPFO till date (October 2023) to claim refund of the balance amount of ₹2.46 crore (₹4.40 crore - ₹1.94 crore) for the assessment year of 2017-18 to 2021-22. Had ATEPFO sought exemption from the Income Tax Department as per Section 10 (25) (ii) of Income Tax (IT) Act, 1961, deduction of TDS by the banks could have been avoided. Thus, due to non-filing of Income Tax returns for claiming refund as required under the Act, ATEPFO suffered a loss of ₹1.94 crore as interest income on its investment. Refund for remaining interest income of ₹2.46 crore on FD investment deducted as TDS remained unclaimed as of October 2023.

In reply (May 2022) the Secretary-cum-Provident Fund Commissioner, ATEPFO stated that since ATEPFO is exempted from Income Tax and not required to file returns, the matter is being pursued with the banks for refund of TDS deducted by them.

The reply is not acceptable as ATEPFO was exempt from paying Income Tax, but not exempt from filing claims for refund.

The matter was reported to the Government (September 2023); their reply has not yet been received (July 2024).

## Health and Family Welfare Department

### 1.6.3 Wasteful Expenditure

**Injudicious decision and lack of co-ordination between the Joint Director of Health Services, Nagaon, Government of Assam and the Mission Director (MD), National Health Mission, for construction of DEIC at the proposed site of a new Medical College, led to the demolishment of the DEIC resulting in wasteful expenditure of ₹85.52 lakh.**

Scrutiny of records (September 2022) of Mission Director (MD), National Health Mission (NHM) showed that the MD, NHM administratively approved (April 2015) ₹ 91.00 lakh for construction of District Early Intervention Centre (DEIC)<sup>121</sup> at Civil Hospital, Nagaon. The work was awarded (August 2015) to the lowest successful bidder

<sup>121</sup> DEIC are established to provide referral support to children primarily upto six years of age detected with health conditions during health screening.

at a contract price of ₹85.52 lakh. The contractor commenced the work in August 2015 and completed in September 2017 at a cost of ₹85.52 lakh. The completed building was handed over to the Member Secretary cum Joint Director of Health Services (Jt. DHS), Nagaon, in November 2017, but was not made functional due to lack of manpower and equipment till the date of audit (September 2022).

Audit further observed that Ministry of Health and Family Welfare (MoH&FW), Government of India (GoI), had already approved establishment of new medical college at the Civil Hospital, Nagaon, in February 2014. The Government of Assam (GoA) had also allotted (January 2015) additional 112 big has of land for the new Medical College. Thus, the site of Civil Hospital, Nagaon, was selected for construction of Medical College prior to taking up the construction of DEIC in the campus of the Civil Hospital. Despite this, the construction of DEIC was not turned down. Subsequently, to vacate the site for construction of the Medical College, MD, NHM, Assam, instructed Jt. DHS, Nagaon, in September 2022 to dismantle the newly constructed DEIC at Civil Hospital, Nagaon and to construct a new DEIC at other suitable location from the State fund or to refund the amount to NHM. However, no action in this regard has been taken till the date of audit (September 2022).

A joint physical verification was conducted (July 2023) along with Assistant Engineer (Civil) of office of the Joint Director cum Member Secretary, DHS, NHM, Nagaon, Assistant Executive Engineer of PWD (B&NH) Barhampur & Samaguri Territorial Building Sub-Division, Jakhlabandha, Nagaon and Joint Director cum Member Secretary, DHS, Nagaon and it was found that the said DEIC building was dismantled and a road was constructed in its place. It was also seen that one building was being constructed nearby the site of the dismantled DEIC building.

The above facts indicated lack of co-ordination between NHM and Health & Family Welfare Department of Assam, which led to construction and subsequent dismantling of the DEIC resulting in wasteful expenditure.

Thus, construction of DEIC at the cost of ₹85.52 lakh at the premise of Civil Hospital, Nagaon was not prudent as the decision to set up a new Medical College had already been taken by GoI and GoA way back in February 2014 and January 2015 respectively. The expenditure of ₹85.52 lakh incurred on construction of DEIC by NHM, which was never made functional and ultimately demolished, was not only wasteful but the intended objective of the project was also not achieved.