

CHAPTER – IV

WORKS EXPENDITURE

SECTION – A – REVIEW

PUBLIC WORKS DEPARTMENT

4.1 Review of Public Works Department, including manpower management

Highlights

Budgetary control in the department was weak leading to persistent savings, failure to surrender savings and rush of expenditure during last quarters of the years.

(Paragraphs 4.1.4 to 4.1.10)

The department failed to achieve the physical targets set for the road, bridge and building sectors, the shortfall varying from 37 to 62 *per cent* in respect of roads, 4 to 39 *per cent* in respect of bridges and 35 *per cent* in respect of buildings.

(Paragraphs 4.1.11 to 4.1.13)

Due to abnormal delay, the cost overrun on 17 completed and 45 ongoing works was Rs.21.13 crore.

(Paragraphs 4.1.14 and 4.1.15)

There was wasteful expenditure of Rs.2.17 crore due to abandonment of work after partial execution (Rs.1.84 crore) and taking up of scheme without ascertaining the economic viability and technical feasibility (Rs.0.33 crore). There was also unproductive expenditure of Rs.11.71 crore due to discontinuance of work after partial execution.

(Paragraphs 4.1.18 to 4.1.26)

The Banderdewa Store Division (PWD) holds idle stock of water supply materials worth Rs.2.87 crore for periods ranging from 10 to 18 years.

(Paragraphs 4.1.31 to 4.1.34)

The Banderdewa Store Division incurred an avoidable expenditure of Rs.0.86 crore in the form of interest due to delay in payment of supply bills.

(Paragraphs 4.1.35 to 4.1.38)

Claims for Rs.9.43 crore were outstanding against 10 divisions and procurement of materials worth Rs.1.36 crore under DGS&D rate contract was kept out of Government accounts owing to WMC memos issued by AG (A&E) lying unadjusted.

(Paragraphs 4.1.39 to 4.1.41)

Excess entertainment of work charged staff with consequential extra expenditure of Rs.68.06 crore was noticed.

(Paragraphs 4.1.44 to 4.1.46)

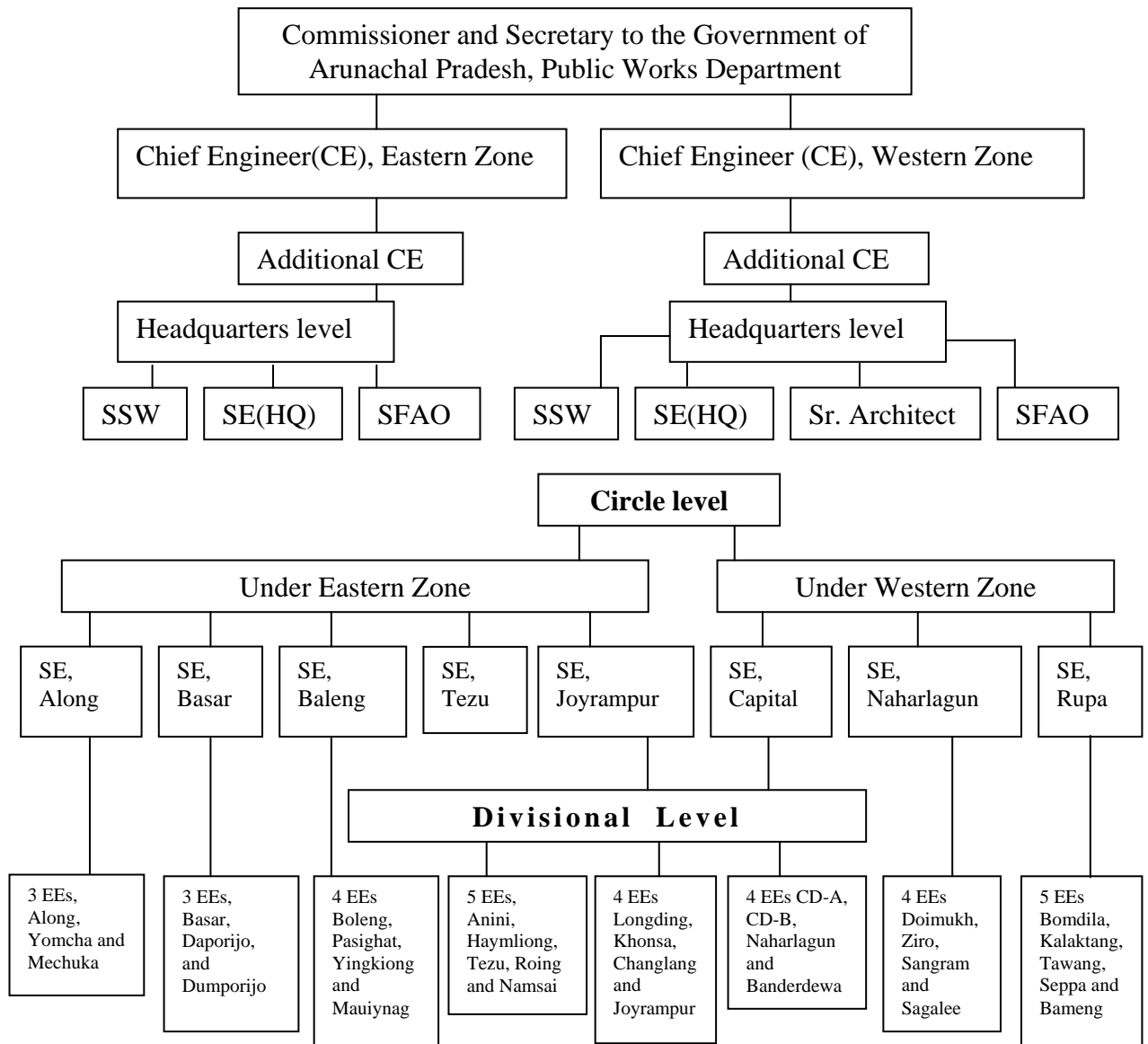
Introduction

4.1.1 The basic objective and responsibility of the Public Works Department (PWD) is to construct new roads, bridges (other than National Highways and border roads), and residential and non-residential Government buildings, as well as to maintain and repair the existing roads, bridges and buildings in the State. The PWD, Government of Arunachal Pradesh also undertakes construction, maintenance and repair works of roads/bridges under North Eastern Council (NEC) and Rural Infrastructure Development Fund (RIDF) Schemes. As of April 2002, the State had surfaced roads of 4990.92 km and unmetalled roads of 9498.71 km covering a total length of 14489.63 km. The said road length had a total road density of 16.58 km per 100 sq.km in comparison to the all India road density of 62 km per 100 sq.km (as per 1991 census).

Organisational set up

4.1.2 The Organisational structure of the department is detailed below:

CHART – 4.1



Audit coverage

4.1.3 The records of the Chief Engineer (Eastern and Western Zone), 2 Superintending Engineers (capital circle and Naharlagun central circle), Senior Architect, Itanagar and eight divisions* for the period from 1997-98 to 2001-2002 were test checked (25 per cent) and expenditure of Rs.218.65 crore (35 per cent) of the total expenditure of Rs.622.59 crore was covered during the period April-July 2002. Important points noticed in test check are brought out in succeeding paragraphs.

Financial Management

Defective budgeting

4.1.4 The budget allotment and expenditure during the five years period ending March 2002 were as under (Grant No. 31 & 32):

TABLE - 4.1

Capital section:

(Rupees in crore)

Year	Budget Provision	Amount surrendered	Final modified grant	Expenditure	Variation between modified grant with actual expenditure Savings (-) Excess (+)
1997-1998	141.96	18.92	123.04	102.69	(-) 20.35
1998-1999	80.41	0.42	79.99	80.00	(+) 0.01
1999-2000	83.49	0.77	82.72	82.46	(-) 0.26
2000-2001	103.45	--	103.45	88.64	(-) 14.81
2001-2002	108.81	--	108.81	86.29	(-) 22.52
Total	518.12	20.11	498.01	440.08	(-) 57.93

Source : Department and detailed Appropriation Accounts

4.1.5 Persistent significant savings between budget provision and actual expenditure even after surrendering funds of Rs.20.11 crore during 1997-2002 showed that, except for 1998-99, estimates of expenditure prepared in March (at the time of proposing surrender of provision) were defective and control over expenditure was inadequate. Failure on the part of the controlling officers to surrender the entire savings resulted in under-utilisation of fund to the extent of Rs.57.93 crore and the Finance Department was consequently unable to reallocate such savings to other needy departments.

* (1) Capital Division –‘A’, Itanagar (2) Ziro Division, Ziro (3) Sangram Division, Sangram (4) Store Division, Banderdewa (5) Pasighat Division, Pasighat (6) Namsai Division, Namsai (7) Roing Division, Roing (8) Jairampur Division, Jairampur.

TABLE- 4.2**Revenue section:****(Rupees in crore)**

Year	Budget Provision	Amount Surrendered	Final modified grant	Expenditure	Variation between modified grant with actual expenditure Savings (-) / Excess (+)
1997-1998	23.79	1.55	22.24	31.16	(+) 8.92
1998-1999	56.67	13.25	43.42	44.34	(+) 0.92
1999-2000	43.46	5.05	38.41	39.05	(+) 0.64
2000-2001	45.47	1.13	44.34	47.06	(+) 2.72
2001-2002	20.90	--	20.90	20.90	--
Total	190.29	20.98	169.31	182.51	(+) 13.20

Source: Department and detailed Appropriation Accounts

4.1.6 It would be seen from the above table that there was excess expenditure of Rs.13.20 crore over the final modified grant during the period 1997-2001. This indicated that the surrender of fund of Rs.20.98 crore during the period 1997-2001 was not made on realistic basis and control over expenditure was lacking.

Reconciliation of issued cheques/remittances not done

4.1.7 As per codal provision, on expiry of the month, a monthly settlement should be effected by the divisions with the treasuries in respect of the transactions of the entire division. Certificate of Treasury Issues (CTI) and Consolidated Treasury Remittances (CTR) to be sent to the divisions by Treasury Officer after reconciliation with the bank, were in arrears for a period of 24 months as of February 2002 in respect of one division** out of 8 test checked divisions. In the absence of reconciliation, the possibility of serious irregularities like fraud or misappropriation lying undetected could not be ruled out.

Huge liabilities on contractors' pending bills

4.1.8 Scrutiny revealed that 14 PWD divisions had accumulated liability of Rs.23.93 crore against pending bills of contractors/suppliers during the period 1981-82 to 2001-2002. Neither was any provision of funds made in the budget nor was any action taken by the department to clear the liabilities out of savings under capital section through timely re-appropriation. Creation of such huge liabilities in the absence of budgetary support is indicative of poor budgetary control.

** Sangram P.W.Division

Rush of expenditure in the last quarter of the year

4.1.9 The Chief Engineer controls fund flow through issue of Letter of Credit (LOC) to different divisions on receipt of authorisation from the Finance Department. The records of 13 divisions under Western zone revealed heavy rush of expenditure in the last quarter (January-March) of each year as shown in **Appendix – XXXII**

4.1.10 Financial rules require that Government expenditure be evenly distributed throughout the year. It would be seen from the **Appendix - XXXII** that expenditure during last quarter of each year ranged from 33 to 50 *per cent*. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure.

Implementation

Physical Target and Achievement

4.1.11 During the period from 1997-98 to 2001-2002, the department prepared an annual operating plan (AOP) and targets for construction of roads, bridges and buildings were fixed every year. Test check of records revealed that there were persistent shortfalls in achieving targets for construction of roads, bridges and buildings during 1997-98 to 2001-2002. The consolidated position for five years ending 2001-2002 is shown in **Appendix - XXXIII**.

4.1.12 It would be seen from the **Appendix - XXXIII** that the shortfall varied from 37 to 62 *per cent* in respect of roads, 4 to 39 *per cent* in respect of bridges and 35 *per cent* in respect of buildings.

4.1.13 The shortfall in physical performance occurred despite spending 93 *per cent* of budget provision.

Lack of planning resulted in abnormal delay in completion of works and cost overrun

4.1.14 Test check revealed that 16 divisions took up 62 schemes (52 roads, 2 bridges and 8 buildings) initially sanctioned for Rs.18.97 crore during the period 1980-81 and 1996-97 with the target date of completion between March 1984 and March 1998. Except for 17 works (10 roads, 1 bridge and 6 buildings) all other works remained incomplete as of March 2002 even after incurring an expenditure of Rs.40.10 crore as shown in **Appendix - XXXIV**. The reasons for cost overrun were attributable mainly to abnormal delay in completion of works with consequent increase in cost of materials and labour besides execution of extra/substituted items of work.

4.1.15 Thus, failure of the Government to review the progress of the schemes from time to time by co-ordinating with the implementing department coupled with not being able to complete the work as per target date resulted in cost overrun of Rs.21.13 crore for 62 schemes and time overrun of 24 to 240 months.

NEC Works

4.1.16 With a view to increase the airport facilities and improve the economic condition of the people through road communication of the State, the Planning Commission had approved three works for inclusion in the Ninth Five Year Plan of North Eastern Council (NEC). Accordingly, the NEC during the period from March 1997 to February 1999 accorded sanction for these works at a cost of Rs.34.18 crore. The details of these works are indicated in **Appendix - XXXV**.

4.1.17 All these three works were executed by the Pasighat PW Division during the period from March 1997 to December 1999 at a cost of Rs.13.55 crore. The irregularities noticed in implementation of these works are discussed in the succeeding paragraphs as under:

Wasteful expenditure of Rs.1.84 crore on development/improvement of existing airport at Pasighat for landing of 50 seater aircraft due to defective estimate

4.1.18 For construction of Pasighat airport, the NEC without receipt of Expenditure Finance Committee's (EFC) clearance from GOI accorded sanction (March 1998) for Rs.1.14 crore for security fencing and in September 1998 for Rs.2.15 crore for development of runway drainage system. The work started in March 1998 was stopped in August 1999 after incurring an expenditure of Rs.1.84 crore for want of EFC clearance. The reason for starting the work without receipt of EFC clearance was neither available on record nor stated. The project is due for completion in 2003-2004 at a total cost of Rs.25.74 crore.

4.1.19 Though the work was discontinued in August 1999, the department did not take any action to protect the already executed works including the materials kept at site and resultantly during flood of June 2002, severe damage was caused to the already executed works of runway and security fencing materials etc. The cost of repair of the damaged works was assessed as Rs.0.94 crore (including the loss of store materials, POL, T&P, etc., worth Rs.30.14 lakh) by the divisional officer. No action was taken by the department to restore the damaged work since the work had already been discontinued and ultimately abandoned (July 2001) at the behest of NEC.

4.1.20 It was noticed that Planning Commission (Project Appraisal and Management Division), New Delhi in May 2001 intimated the Deputy Secretary (NEC), Ministry of Home Affairs, New Delhi that in respect of the project, no viability analysis has been carried out and no details of revenue earnings etc., have been worked out for calculation of FIRR and EIRR and the basis on which the traffic estimate (assessed as 500 per week) was worked out had also not been furnished. He also expressed doubt whether 50 seater air craft are operational in the country particularly in the North Eastern Region. From the minutes of the meeting of the Standing Finance Committee (SFC) under the chairmanship of Secretary, NEC in November 2001, it was decided

that no new airport will be undertaken unless and until the economic viability of the project is established. The scheme *abinitio* was faulty and was evidently floated without examining the economic viability of the scheme. The department also neither investigated the matter nor was any responsibility fixed for such lapses.

4.1.21 Thus, preparation of defective project report without working out the economic viability of the project led to abandonment of the work. Further, gross negligence in protecting Government assets and consequent non-functioning of the airport resulted in wasteful expenditure of Rs.1.84 crore.

Unproductive expenditure of Rs.11.71 crore due to discontinuance of the two works after partial execution

4.1.22 The Pasighat PW Division during 1996-98 took up the two works at Sl.No. 2 and 3 of the **Appendix - XXXV** without obtaining clearance from the Expenditure Finance Committee (EFC) and incurred an expenditure of Rs.11.71 crore (Inter State Road – Rs.7.76 crore and East West Highway – Rs.3.95 crore) on both these works upto December 1999. The reason for not obtaining EFC clearance before the commencement of the work had not been stated.

4.1.23 The department in August 1999 had suspended all the works in respect of both the schemes as the NEC stopped funding of the schemes in absence of EFC clearance. Reasons for funding of the scheme by the NEC without EFC clearance and arbitrarily stopping the work were not available on records. Though the department suspended the works in August 1999 the works of both the schemes were actually stopped by the implementing division in October 1999 (Inter State Road) and December 1999 (East West Highway) leaving the major portion of the work of the two roads incomplete. It was further seen that in the Standing Finance Committee meeting held in NEC Secretariat during November 2001 it was decided that no further work of the two schemes would be undertaken. The department also did not take any initiative to complete the remaining works of both the schemes out of State funds till June 2002.

4.1.24 Thus, taking up of the works without EFC clearance and the ultimate discontinuance of work of both the schemes after partial execution and the failure of the Government to provide funds for completion of the balance work, rendered the total expenditure of Rs.11.71 crore incurred so far unproductive for a period of over 5 years with the risk of damage/deterioration of the executed works owing to vagaries of nature. The purpose for which the two roads were undertaken also remained unachieved.

Wasteful expenditure due to taking up of work without ascertaining economical viability and technical feasibility

4.1.25 Between March 1992 and March 1993, the Government accorded sanction for Rs.32.00 lakh for formation cutting in connection with the realignment of Palin-Sangram road from 5 to 7 km. The work was taken up by the Sangram PW Division in 1991-92. While the work was in progress, the

Chief Engineer, Western zone directed (September 1994) the division to abandon the work as it was found neither economically viable nor technically feasible but without resorting to LOC cut. As a result, the division continued the work on the basis of LOC received from the department and completed formation cutting of 5.95 metres width after incurring an expenditure of Rs.33.00 lakh till December 1997. Thereafter, no further work was executed and the scheme stood finally abandoned. It was further seen that the division submitted (August 1998) a revised estimate for Rs.44.00 lakh to the higher authority to cover the liabilities incurred against the scheme, but no sanction to the revised estimate was accorded as of January 2002.

4.1.26 Thus, taking up of the scheme without ascertaining the economical viability and technical feasibility with proper survey and investigation had led to abandonment of the work after partial execution resulting in wasteful expenditure of Rs.33.00 lakh which would increase further with the payment of liability of Rs.10.65 lakh. This could have been reduced to the extent of Rs.22.00 lakh incurred between September 1994 and December 1997 had the CE not released LOC after September 1994.

Work done through casual labourers without recording outturn of work

4.1.27 According to Para 9.3 of CPWD Manual (Volume-II) the output of the daily labour should be commensurate with the expenditure incurred on their wages.

4.1.28 Test check of records revealed that the Capital 'A' PW Division executed the work of annual/special repair and maintenance of roads and buildings by engaging casual workers for 2050 mandays (skilled - 945; semi skilled - 715 and unskilled - 390) during the period from June 2001 to April 2002 and spent Rs.26.95 lakh towards payment of their wages without any recorded output of these labourers. The Hon'ble Minister (PWD) also adversely commented upon financial implication stating *inter alia* that no effort was made to correlate physical achievements with the overall expenditure. Further, the details of work done and the certificate to the extent that payments were made to the actual payees were not found recorded on muster rolls maintained by the divisions. In the absence of such records, the genuineness of these payments could not be vouchsafed by Audit and the scope of misuse of Government funds cannot be ruled out.

Material management

Reserve stock limit (RSL), book balance and ground balance - discrepancy thereof

4.1.29 Test check of record revealed that the Banderdewa, PW Store Division was holding ground balance of stock worth Rs.8.53 crore as of March 2002 against sanctioned (July 2001) RSL of Rs.5.95 crore. Thus, the division was holding excess stock worth Rs.2.58 crore over the sanctioned RSL. The reasons thereof were neither on record nor stated.

4.1.30 Further, from 1997-98 onwards there was a discrepancy of Rs.2.50 crore between ground balance (Rs.8.53 crore) and book balance (Rs.6.03 crore) which remained unreconciled as of March 2002. The division has not initiated any action to reconcile the discrepancies.

Unnecessary locking up of fund

4.1.31 Test check of records revealed that the Banderdewa Store Division was holding (1997-98) a stock balance of water supply materials like GI pipe, GI fittings etc., worth Rs.2.90 crore which were procured (1984-85 to 1992-93) prior to creation of Public Health Engineering Department (PHED). After creation of PHED (1995-96) it was decided (October 1998) by the Government that these materials were to be transferred to PHED on book transfer basis.

4.1.32 In this connection joint verification of water supply materials conducted by PWD and PHED in Store Sub-division No. I and II during 1998-99 resulted in lifting of materials worth Rs.3.45 lakh. As of June 2002 the balance materials worth Rs.2.87 crore remained idle in the Banderdewa Store Division.

4.1.33 It was further seen from records that the materials were not purchased against any particular project and 90 *per cent* of these materials were not required by PHED as these materials were not found suitable by the PHED because of larger size for installing water supply schemes in villages and small towns.

4.1.34 Thus, procurement of materials without any requirement by PWD led to unnecessary locking up of funds to the extent of Rs.2.87 crore for periods ranging from 10 to 18 years with the risk of deterioration/damage of materials due to prolonged storage.

Avoidable expenditure

4.1.35 The Executive Engineer, Banderdewa PWD Store Division placed (February 1996) supply order on a Kolkata based firm for supply of 5000 MT portland slag cement at Rs.2859 per MT ex-Jogigopa Rail head. As per terms and conditions of supply order 90 *per cent* payment was to be released on receipt of railway receipts (RR) and balance 10 *per cent* was to be released after receipt of materials. The despatch of materials was to be completed by the firm within 20 days from the date of receipt of supply order. It was seen that the firm despatched (May-June 1996) 6180.20 MT of cement in order to fulfill the complete rake load (Railway) against the quantity of 5000 MT as per supply order. The divisional officer had accepted 6145.05 MT valuing Rs.1.76 crore after rejecting the damaged quantity of 35.15 MT cement. Between May 1996 and February 1998, the division paid Rs.0.91 crore to the firm and the balance amount of Rs.0.85 crore remained unpaid due to non-availability of funds.

4.1.36 In October 1996, the firm requested the Chief Engineer to release the overdue payment as otherwise the department would be obliged to pay interest for such delay in making payment. The firm also issued (May 1997) a notice to the Chief Secretary to the Government of Arunachal Pradesh as required under civil procedure code before filing a money suit for recovery of outstanding bills. No action was taken by the Government/ department to clear the outstanding payment.

4.1.37 Failing to obtain the payment from the department, the firm filed (January 1999) a case in the Calcutta High Court. The Hon'ble High Court decreed (September 2001) the case in favour of the firm according to which department was to pay the sum of Rs.0.85 crore with interest thereon at the rate of 18 *per cent* per annum from 29.6.1996 from which date the aforesaid amount became due and payable until realisation of the decretal dues. As the payment was delayed further, the Hon'ble High Court directed (6 March 2002) the Reserve Bank of India (RBI), Kolkata to hand over Rs.1.71 crore to the firm within a month. Accordingly, the RBI made payment of Rs.1.71 crore (April 2002) to the firm by debiting the State Government account with RBI.

4.1.38 Thus, purchase of materials without making necessary provision of funds resulted in delay in payment of supply bills of the firm and consequential avoidable expenditure of Rs.0.86 crore (Rs.1.71 crore - Rs.0.85 crore) on payment of interest.

Accounting management

Outstanding amount under Cash Settlement Suspense Account (CSSA)

4.1.39 The Government of Arunachal Pradesh, Finance (Budget) Department had decided to stop the system of Cash Settlement Suspense Accounts (CSSA) with effect from 1 April 1998 in respect of transfer of materials between divisions and accordingly introduced prepayment system (cash and carry system) for transfer of materials from that date.

4.1.40 Test check of records, however, disclosed that claims of Rs.9.43 crore (inward: Rs.6.64 crore, outward: Rs.2.79 crore) pertaining to the period from 1974-75 to 1997-98 under CSSA have been lying unadjusted as of March 2002 against 10 divisions. The divisions did not initiate any action to clear the outstanding claims against them as yet and the reason thereof was not on record.

Procurement of materials under DGS&D rate contract

4.1.41 Test check of records revealed that adjustment of works miscellaneous credit (WMC) memos issued by the AG (A&E), Shillong was not carried out by six divisions in 96 cases involving Rs.1.36 crore pertaining to the period from November 1982 to February 1997 (March 2002). Thus, materials worth Rs.1.36 crore for which payments were made by DGS&D were kept out of accounts of the concerned divisions which thereby failed to reflect a true and fair picture of the transactions of stores and stocks. The divisions stated that adjustments could not be made due to funds not being available. This

indicates imprudent placing of demands with DGS&D without assessing the feasibility for availability of required funds besides not being able to project correct expenditure in the accounts for appraisal of the State Legislature.

Manpower management

Variation between sanctioned strength and men-in-position

4.1.42 The department had not formulated any staffing pattern. However, the sanctioned strength (SS) and men-in-position (MIP) during the period from 1997-98 to 2001-2002 were as shown in **Appendix – XXXVI**.

4.1.43 It would be seen from **Appendix – XXXVI** that the vacant posts under Class II (T) and Class III (T), directly linked with the implementation of works programme, ranged between 5 to 12 *per cent* of the sanctioned strength. The vacancies under Class II (NT) and Class III (NT) ranged between 2 and 15 *per cent* of the sanctioned strength. The reasons for vacancies, however, were neither on record nor stated. Further, the ratio between technical and non-technical staff (in position) during last 5 years was 1: 1.5. The PWD being a technical department the entertainment of huge staff under non-technical category appears to be injudicious.

Expenditure on work-charged establishment in excess of permissible limit

4.1.44 As per provisions in every individual estimate of an original work under Plan head of accounts, 2 *per cent* of the estimated cost is earmarked for meeting the expenditure on payment to work charged staff by charging direct to concerned work.

4.1.45 Test check of records revealed that 1 division under Eastern zone and 13 divisions under Western zone had incurred expenditure of Rs.74.19 crore on payment to work charged staff during 1997-98 to 2001-2002 ranging from 19 *per cent* to 30 *per cent* resulting in excess expenditure of Rs.68.06 crore (Rs.74.19 crore – Rs.6.13 crore being 2 *per cent* of works expenditure of Rs.306.70 crore during 1997-2002) due to excess entertainment of work charged staff.

4.1.46 This had unnecessarily over-burdened the work estimate for which no justification could be furnished by the department. No action was initiated to retrench the surplus staff or utilise their services gainfully by diverting them elsewhere.

Unnecessary expenditure towards payment of salaries on retention of idle manpower

4.1.47 The Public Works Department is maintaining a central store division at Banderdewa with 43 regular staff (RS) 84 work charged staff (WC) and 129 casual labourers (CL) to hold stock materials of entire PWD as of March 2002. Scrutiny of records revealed that the division incurred expenditure of Rs.2.32 crore (RS: Rs.0.94 crore; WC&CL: Rs.1.38 crore) during 2000-2001 to 2001-2002 towards entertainment of above mentioned staff although the transaction

under “Stock Suspense” during the period was very negligible (Receipt of stock: Nil and Issue of stock: Rs.8.27 lakh). It was also seen that the payments to work charged and casual staff were made during the period without any outturn of work. Thus the expenditure incurred against the entertainment of staff was not commensurate with the work load of the division resulting in idle manpower. Exact number of idle staff could not be assessed due to non-formulation of staffing pattern by the department. No action was, however, initiated by the department till the date of audit (July 2002) to assess the actual number of idle staff for utilisation of their services elsewhere .

Monitoring and evaluation

4.1.48 The work of monitoring cell is looked after by the Superintending Surveyor of works of the respective zone. The activities of the monitoring cell are confined to conventional method of compilation of progress reports received from executing divisions. No evaluation on the impact of the implementation of works programmes was conducted either by the department or by Government (June 2002).

4.1.49 The matter was reported to Government in August 2002; reply has not been received (December 2002).

Recommendation

4.1.50 The audit recommendations are as follows :

- Projects should be completed within the prescribed period after following the laid down procedural formalities.
- Materials should be procured as per requirement of the works.
- Excess expenditure on work-charged staff may be avoided.

IRRIGATION AND FLOOD CONTROL DEPARTMENT

4.2 Review of Irrigation and Flood Control Department including manpower management

Highlights

The review highlights defective budgeting, failure to bring more areas under irrigation, delay in completion of irrigation schemes, unfruitful and wasteful expenditure and excess entertainment of work charged staff. Evaluation of functioning of irrigation schemes to assess their impact on socio-economic upliftment of poor farmers had not been made. The Government had not prepared a long term policy to cover the entire estimated cultivable command area under irrigation in a time bound manner.

Budgeting of the department was defective

(Paragraph 4.2.6)

Out of the irrigation potential of 15417 ha created during 1997-98 to 2001-2002 only 4165 ha (27 per cent) was utilised for irrigation purpose and the balance 11252 ha (73 per cent) remained unutilised as of March 2002

(Paragraph 4.2.14)

932 irrigation schemes due to be completed during the period from March 1997 to March 2002 were not completed although an expenditure of Rs.30.00 crore was incurred as of April 2002.

(Paragraph 4.2.15)

Delay in completion of 22 irrigation schemes led to consequential cost overrun of Rs.0.81 crore, and time overrun in respect of 34 irrigation schemes ranged from 2 to 9 years though an expenditure of Rs.1.64 crore was incurred.

(Paragraphs 4.2.16 and 4.2.17)

Taking up of survey and investigation of two irrigation schemes in spite of adverse feasibility reports submitted by the Executive Engineer and lack of initiative in finalisation of DPR in respect of one project, resulted in unfruitful expenditure of Rs.2.03 crore.

(Paragraphs 4.2.18 to 4.2.21)

Procurement of materials in excess of requirement resulted in idle investment of Rs. 0.58 crore.

(Paragraphs 4.2.30 to 4.2.32)

7688 work orders valued Rs.26.68 crore were issued between 1997-98 and 2001-2002 by the 3 divisions without calling for tenders and work orders amounting to Rs.25.48 crore were issued in excess without regard to emergency/urgency norms.

(Paragraphs 4.2.33 to 4.2.35)

Excess entertainment of work-charged staff resulted in extra expenditure of Rs. 2.73 crore.

(Paragraphs 4.2.42 to 4.2.44)

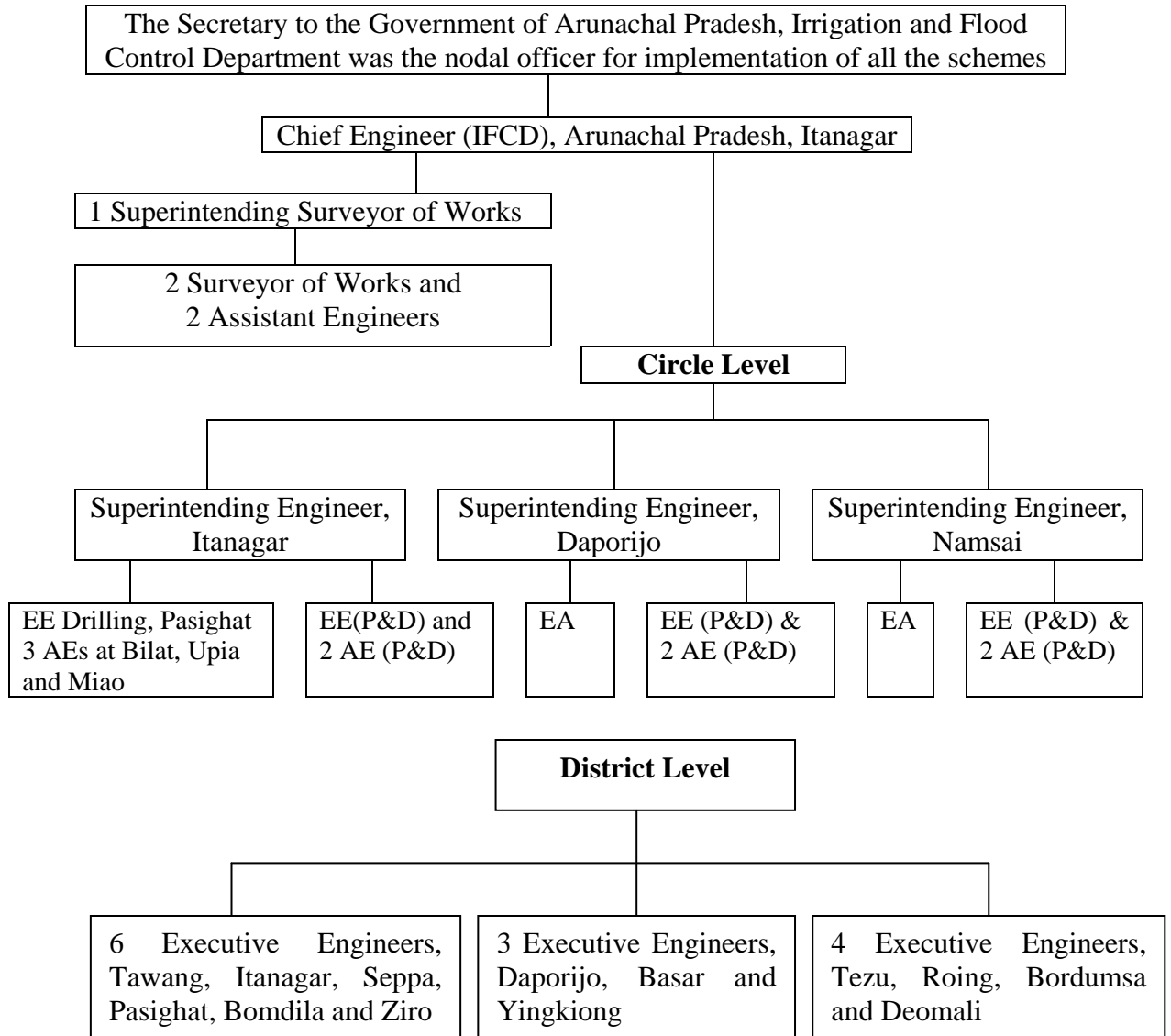
Introduction

4.2.1 In Arunachal Pradesh the total area of land is 83.74 lakh hectare (ha) comprising total cultivable land of 50.24 lakh ha and uncultivable land of 33.50 lakh ha. However, ultimate irrigation potential of the State was assessed at 3.60 lakh ha by the Water and Power Consultancy Services (WAPCOS) India Limited. The Irrigation and Flood Control Department (IFCD) was created in 1995-96 for providing irrigation facilities in cultivable land and preservation of existing water resources. Prior to creation of IFCD, the work relating to minor irrigation projects (MIP) was executed by Rural Works Department (RWD) and of flood control by Public Works Department. The department is mainly responsible for formulation, implementation, operation and maintenance of minor irrigation schemes in the State. As a part of implementation of the schemes, the department is to provide assured irrigation facilities in entire agricultural land for optimising food grain production as well as to raise the income level of the poor farmers. Upto 2001-2002 the total area brought under irrigation was 30.15 lakh ha which constituted 60 *per cent* of the cultivable land. As of May 2002, there are no major or medium irrigation projects in the State.

Organisational set up

4.2.2 The organisational structure for implementation of the programmes is detailed below:

Chart 4.2



Audit coverage

4.2.3 The records of the Chief Engineer, IFCD, Itanagar and Executive Engineers of Itanagar, Ziro, Basar, Roing, Daporijo, Pasighat and Drilling Division, Pasighat (located in the districts of Papumpare, Lower Subansiri, West Kameng, Dibang Valley, Upper Subansiri and East Kameng) for the period from 1997-1998 to 2001-2002 were test checked (50 per cent) and expenditure of Rs.90.45 crore (54 per cent) of the total expenditure of Rs.168.31 crore of 14 divisions was covered during the period January-June 2002. Important points noticed in test check are bought out in the succeeding paragraphs.

Financial Management

4.2.4 The budget provisions and expenditure incurred during the five years period ending March, 2002 were as under:

Revenue section :

Table 4.3

(Rupees in crore)

Year	Budget provision	Amount surrendered	Final modified grant	Release of fund by Finance Department	Expenditure	Variation between modified grant with actual expenditure Savings(-)/ Excess(+)
1997-1998	30.74	2.93	27.81	20.31	20.30	(-) 7.51
1998-1999	28.36	11.18	17.18	17.18	17.17	(-) 0.01
1999-2000	25.15	--	25.15	25.15	21.40	(-) 3.75
2000-2001	67.10	--	67.10	67.10	46.34	(-) 20.76
2001-2002	66.70	16.04	50.66	66.54	44.04	(-) 6.62
Total	218.05	30.15	187.90	196.28	149.25	(-) 38.65

Source : Department

4.2.5 The details above indicate the following shortcomings in financial control and discipline.

Defective budgeting

4.2.6 Persistent significant savings between the budget provision and actual expenditure even after surrendering Rs.30.15 crore during 1997-2002 showed that estimates of expenditure prepared in March (at the time of proposing surrender of provision) were defective and control over expenditure was inadequate. Failure on the part of the controlling officers to surrender the entire savings resulted in under-utilisation of fund to the extent of Rs.38.65 crore and the Finance Department was consequently unable to re-allocate such savings to other departments, where funds would have been required.

Capital section :

Table 4.4

(Rupees in crore)

Year	Budget provision	Amount surrendered	Final modified grant	Fund released by Finance Department	Expenditure	Savings with reference to modified grant and expenditure
1997-1998	6.78	1.09	5.69	5.69	5.69	--
1998-1999	7.00	0.67	6.33	6.33	6.33	--
1999-2000	16.04	10.11	5.93	5.93	5.93	--
2000-2001	6.28	-	6.28	6.28	6.28	--
2001-2002	5.47	-	5.47	5.47	5.47	--
Total	41.57	11.87	29.70	29.70	29.70	--

Source : Department and detailed Appropriation Accounts

4.2.7 Surrender of funds of Rs.11.87 crore (40 per cent) out of the total budget provision of Rs.29.82 crore during 1997-1998 to 1999-2000 indicated over provisioning of funds and defective estimate of expenditure.

Rush of expenditure in the last quarter of the year

4.2.8 The Chief Engineer controls fund flow through issue of LOC to different divisions on receipt of authorisation from the Finance Department. The records of 5 test checked divisions (Itanagar, Ziro, Pasighat, Roing and Pasighat Drilling IFC Division) out of 14 divisions revealed heavy rush of expenditure in the last quarter (January-March) of each year as under:

Table 4.5

(Rupees in crore)

Year	Total expenditure	Expenditure during January-March	Percentage of expenditure during last quarter over the total expenditure
1997-1998	9.58	3.39	35
1998-1999	6.20	2.97	48
1999-2000	8.82	3.26	37
2000-2001	18.41	12.29	67
2001-2002	19.70	14.39	73

Source : Department

4.2.9 Financial rules require that Government expenditure be evenly distributed throughout the year. It would be seen from the table that expenditure during last quarter of each year from 1997-1998 to 2001-2002 ranged from 35 to 73 per cent, showing an increasing trend over the years except for the year 1999-2000 which was against the rules. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure.

Failure to bring more areas under irrigation

4.2.10 As the topography of the State does not permit significant increase in the net area sown under food grain cultivation, the creation of irrigation potential is an alternative to increase food grain production in the State. The annual plan proposals emphasised creation of irrigation potential by development of irrigation projects to maximise the food grain production in the State. The year wise target, actual production and productivity per hectare (ha) of food grain of the State during 1997-1998 to 2001-2002 are given in **Appendix - XXXVII**. It would be seen from **Appendix - XXXVII** that the production of food grains in the State remained almost constant because the area brought under cultivation remained near constant. The Government had also not prepared a long term policy to cover the entire estimated cultivable command area under irrigation in a time bound manner and the reason thereof

was not furnished. It is clear that this was largely due to failure to bring more areas under irrigation as discussed in the succeeding paragraphs.

Target and achievement

4.2.11 Against 3.78 lakh ha irrigation potential area (surface water: 3.60 lakh ha and ground water 0.18 lakh ha) assessed in the State, the department could create irrigation potential of 1.06 lakh ha of which only 0.46 lakh ha was brought under cultivation and 0.60 lakh ha remained unutilised for the purpose of cultivation till March 2002. Thus the department failed to play a significant role in coverage of cultivable area under irrigation for development of agriculture.

4.2.12 The reason for this gap in utilisation of created potential was however, attributed by the department to lack of proper maintenance of irrigation projects for want of adequate maintenance grant, on farm development work not being taken up resulting in low cropping intensities, low irrigation intensities and project deficiencies, recommended cropping patterns not accepted by the farmers, etc.

Shortfall in achievement of targets

4.2.13 The physical target fixed for minor irrigation projects and achievement made thereagainst during five years period ending 31 March 2002 were as under :

Table 4.6

Year	Minor Irrigation Projects			(In hectare)
	Target	Achievement	Excess(+) Shortfall(-)	Percentage of excess/shortfall
1997-1998	3323	4676	(+) 1353	(+) 41
1998-1999	3687	3215	(-) 472	(-) 13
1999-2000	1510	1497	(-) 13	(-) 1
2000-2001	4029	4029	--	--
2001-2002	2000	2000	--	--
Total	14549	15417	(+) 868	(+) 6

Source : Department

4.2.14 It would be seen from above that the department covered an excess area of 1353 ha in 1997-98 but there was shortfall in coverage of 472 ha in 1998-99 and 13 ha in 1999-2000 respectively. Further, out of the irrigation potential of 15417 ha created during 1997-1998 to 2001-2002, only 4165 ha (27 per cent) was utilised for cultivation and balance 11252 ha (73 per cent) remained unutilised as of March 2002.

Inefficiency in the implementation of irrigation projects

4.2.15 For providing assured irrigation to agricultural land, the IFCD has been implementing minor irrigation projects using surface as well as ground water since inception (1995-96). The department completed 1339 irrigation projects (minor irrigation project: 1238 and command area development: 101) at a cost of Rs.95.37 crore for a command area of 37047 ha covering 40265 beneficiaries till March 2002 as detailed in **Appendix - XXXVIII**. Further, 932 irrigation schemes were sanctioned at a cost of Rs.77.88 crore between 1992-93 and 1999-2000, for coverage of 23556 ha and the schemes were targeted for completion during March 1997 to March 2002 (932 schemes). However, none of these schemes (932 schemes) were completed as of April 2002 although an expenditure of Rs.30.00 crore was incurred by the department till March 2002 (**Appendix - XXXIX**).

Delay in completion of schemes with consequential cost overrun

4.2.16 Test check of 22 irrigation schemes in 8 divisions revealed that an expenditure of Rs.3.62 crore was incurred during the years 1988-1989 to 2001-2002 against the original estimated cost of Rs.2.81 crore resulting in cost overrun of Rs.0.81 crore (29 *per cent*). There was time overrun in respect of 22 schemes ranging from 2 to 8 years from the targeted date of completion (**Appendix - XL**) which would increase further in respect of 20 schemes yet to be completed. The cost overrun was attributable mainly to abnormal delay in completion of works with consequential increase in cost of material and labour besides execution of extra items of works. The delay in completion of works was, however, attributed by the department (January 2002) to insufficient flow of funds. This is not borne out by the facts as there was substantial saving of funds during 1997-2002.

4.2.17 Further, during 1990-1991 to 1997-1998, 34 irrigation schemes were taken up by 6 divisions at a sanctioned cost of Rs.3.00 crore (revised Rs.3.25 crore) for coverage of 1136 ha with targeted date of completion between 1993-1994 to 1999-2000. None of these schemes were completed although an expenditure of Rs.1.64 crore was incurred with a partial coverage of 396 ha as of March 2002 (**Appendix - XLI**) resulting in time overrun of 2 to 9 years which would increase further till the completion of the schemes. Due to delay in completion of these projects, the farmers were deprived of the irrigation facilities. For want of sufficient information/records relating to old period with the implementing agencies, audit could not analyse the various reasons responsible for the time overrun.

Unfruitful expenditure

4.2.18 For survey and investigation of (i) Abapani Irrigation cum Micro Hydel Project, (ii) Deopani Irrigation cum Micro Hydel Project and (iii) Laxmi Lift Irrigation scheme, the Government of Arunachal Pradesh, PWD sanctioned (March 1991) Rs.3.66 crore (Rs.1.22 crore for each project). These sites were identified by Central Water Commission (CWC) during December

1987. Records revealed that well before taking up these projects, the Executive Engineer, RWD, Roing intimated (May 1991) the Chief Engineer, RWD, that it was not feasible to locate all the three projects at the proposed site as the silting as well as seepage rate of surrounding soil of Abapani and Deopani rivers is very high and as such no permanent structure would be stable. Moreover, the discharge of the sources of proposed Abapani Irrigation cum Micro Hydel Project and Laxmi Irrigation Scheme was very low for taking up such projects. The Executive Engineer also suggested not to take up these projects at such a huge amount of Rs.3.66 crore to avoid wastage of money. Contrary to the suggestion of Executive Engineer, the work was entrusted (July 1991) to CWC as deposit work with the target date of completion as June 1994.

4.2.19 It was noticed that during survey and investigation of these projects, a joint inspection was conducted (February 1992) by the RWD and CWC and after inspection it was decided to suspend the survey and investigation work of Abapani Irrigation cum Micro Hydel Projects and Laxmi Lift Irrigation scheme on the ground that these schemes were not viable. Accordingly, the works of these two projects were closed (March 1992) after incurring an expenditure of Rs.8.38 lakh (Abapani Project: Rs.5.14 lakh; Laxmi Project: Rs.3.24 lakh).

4.2.20 The survey and investigation work of Deopani Irrigation cum Micro Hydel Project was, however, in progress as of March 2002 although the project was scheduled to be completed by March 1994 which was extended upto March 1997. The scope of work of Deopani project was also increased in view of provision of a pick up barrage down stream of the existing power house of Abapani river resulting in increase of expenditure and duration of investigation works. Accordingly, the project cost was revised to Rs.1.99 crore in September 1995 and sanctioned in March, 1997. The interim report submitted in February 1999 by CWC to IFCD did not include the revised change in scope and design of the project entirely and hence became out dated. The Chief Engineer, IFCD suggested (December 2001) updating of the report incorporating all the salient features derived from subsequent studies and requested the CWC to ensure timely submission of draft project report (DPR) as the department had already included the project proposal in the tenth Five Year Plan and any further delay would cause set back to the physical and financial targets of the project. However, no final DPR was submitted by the CWC although an expenditure of Rs. 1.95 crore had already been incurred by the department as of March 2002.

4.2.21 Thus, due to taking up of survey and investigation of these projects inspite of adverse feasibility reports submitted by the Executive Engineer RWD, Roing, the department incurred an unfruitful expenditure of Rs.8.38 lakh on survey and investigation of Abapani Irrigation cum Micro Hydel Projects and Laxmi Lift Irrigation scheme. Further, due to delay in finalisation of DPR on Deopani Irrigation cum Micro Hydel Project even after a lapse of 8 years from the schedule date of completion (March 1994), the expenditure of Rs.1.95 crore also remained unfruitful as of March 2002 and the intended

beneficiaries were deprived of the benefit of the scheme. Thus, in respect of 3 projects (Abapani, Laxmi and Deopani Irrigation Project), the total expenditure of Rs.2.03 crore remained unfruitful as of March 2002.

Idle investment

4.2.22 Test check of records revealed that between 1989-90 and 1996-97 Yiongkiong, Deomali and Ziro IFC Divisions took up 4 irrigation schemes at Adipasi village, Sipnipather, Yazali and Sangram at a sanctioned cost of Rs.22.55 lakh for covering 167 ha command area with the target date of completion between March 1998 and March 2000. It was seen that the works of two schemes at Adipasi and Sipnipather under Yiongkiong and Deomali divisions were stopped (March 1998) after incurring an expenditure of Rs.15.19 lakh as the revised estimate of the work was not sanctioned and the two other schemes at Yazali and Sangram were discontinued after incurring an expenditure of Rs.4.15 lakh without any physical achievement due to land dispute. The nature of dispute was, however, not available on record. No action was taken to revive these schemes till March 2002.

4.2.23 Thus, inaction of the department to revive the scheme during last 4 to 5 years led to the entire investment of Rs.19.34 lakh remaining idle with the risk of damage/deterioration of the executed works owing to vagaries of nature.

Undue financial aid to contractor

4.2.24 As per analysis of rate adopted in Arunachal Pradesh Schedule of Rates (APSR)- 1992 the cost for the work "Providing and laying boulder crated wall with boulders of size 150 to 300 mm including dumping/laying in sausage wire net etc." was Rs.428.10 per cum including the cost of boulder with a lead of 15 km.

4.2.25 Test check of records revealed that the Roing IFC Division took up the work of anti-erosion work at Deopani river to protect Roing township at an estimated cost of Rs.2.31 crore as sanctioned (March 2000) by the Government of India followed by administrative approval and expenditure sanction accorded by the Government of Arunachal Pradesh in November 2000 (Rs.1.56 crore) and December 2001 (Rs.0.74 crore). Technical sanction of the work was not accorded (May 2002). The work was, however, completed in January 2002.

4.2.26 It was noticed that between December 2000 and January 2001 the division executed 7522 cum works for providing and laying boulder crated wall with boulders of size 150 to 300 mm including the cost of boulders through contractors without call of tenders. Between February 2001 and January 2002, the contractors were paid Rs.44.93 lakh at the rate of Rs.428.10 per cum plus cost index ranging from 39.15 to 43.15 *per cent*. The contractors were also paid Rs.17.09 lakh @ Rs.225.80 and Rs.240.10 per cum being cost of carriage of boulder extra from quarry to work site with a lead of 15 km.

4.2.27 According to the APSR-1992, cost of the boulder was considered with a lead of 15 km only and hence no extra charge for carriage was admissible to contractors. The payment of carriage charge of boulders, thus, resulted in an extra expenditure of Rs.17.09 lakh and resultant in undue financial aid to contractor.

Extra expenditure

4.2.28 According to the corrigendum issued by Government of Arunachal Pradesh in May 1996 the enhancement at the rate of $7\frac{1}{2}$ per cent per annum over APSR'92 in respect of the works like earthwork in foundation, random rubble masonry and dry course wire crated boulder bund etc. is applicable from May 1997 (1997-98). The enhancement of rate applicable year wise is as under:

1997-1998	:	$7\frac{1}{2}$ per cent over APSR'92
1998-1999	:	15 per cent over APSR'92
1999-2000	:	$22\frac{1}{2}$ per cent over APSR'92
2000-2001	:	30 per cent over APSR'92
2001-2002	:	$37\frac{1}{2}$ per cent over APSR'92

4.2.29 Test check of records of Ziro IFC Division and Pasighat Drilling Division revealed that between January, 2001 and March, 2002 the divisions, through contractors, executed earthwork in foundation, random rubble masonry, dry course wire crated boulder bund etc., for flood damage repair, construction of MIP and residential buildings etc. at a cost of Rs.0.56 crore. The rates were allowed as per APSR'92 plus enhancement of rates by 45 to 60 per cent over APSR'92 against the approved rates of 30 to 37.5 per cent over APSR'92. Accordingly the amount payable to contractors was computed to Rs.0.50 crore (**Appendix - XLII**). Thus due to wrong computation of rates there was an extra expenditure of Rs.6.00 lakh.

Material Management

Materials procured at a cost of Rs.0.58 crore lying unutilised

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

4.2.31 Test check of records of one department and two divisions revealed that materials like sluice gate, irrigation gate, water supply materials and T&P materials etc., valued at Rs.0.58 crore were lying unutilised in stores as of June 2002, as detailed in **Appendix – XLIII**.

4.2.32 Thus procurement of materials without assessing the actual requirement resulted in locking up of funds of Rs.0.58 crore for a period ranging from 4 years to 22 years besides the risk of likely deterioration of materials due to prolonged storage. After 8 years of the procurement of 32,468 sq.ft. of sluice gate and 2,695 sq.ft. of irrigation gate valued Rs.0.20 crore, the department failed to issue any quantity of the materials till date. No action had

been taken for disposal of the idle stock, reasons for which were neither on record nor stated (December 2002).

Flouting of delegated powers

Irregular issue of work orders

4.2.33 According to delegation of financial powers, the Executive Engineer is empowered to issue work orders without call of tenders in emergency cases upto Rs.1.00 lakh per work order with an annual limit of Rs.8.00 lakh. Besides, he should ensure that the sum total of all such orders does not exceed this limit prescribed in the rules.

4.2.34 Test check of records of three divisions (Pasighat IFC Division, Ziro IFC Division and Pasighat Drilling Division) revealed that between 1997-1998 and 2001-2002 the divisions without calling for tenders issued 7688 work orders valuing Rs.26.68 crore resulting in excess issue of work orders over the ceiling limit amounting to Rs.25.48 crore (**Appendix - XLIV**) though there was no emergency/urgency.

4.2.35 The reasons for issue of work orders without calling for tenders, in total disregard to the delegated financial powers, were neither on record nor stated. This irregular procedure followed by the divisions not only resulted in the department not being able to avail of the benefit of competitive rates available in calling of tenders but also fraught with the danger of jeopardising the best interest of Government.

Irregular issue of supply orders

4.2.36 According to delegation of financial powers, the Executive Engineer is empowered to make local purchases upto Rs.30,000 per item subject to an annual limit of Rs.3.10 lakh. Rules further provide that in all such cases of local purchases, quotations/tenders should be invited from manufacturers and recognised dealers so as to get the materials at competitive rates.

4.2.37 It was noticed that contrary to these provisions, Pasighat and Ziro IFC divisions between 1997-1998 and 2001-2002 issued 604 supply orders (Pasighat – 339, Ziro – 265) valuing Rs.1.23 crore to various firms without inviting quotations/tenders resulting in excess issue of supply orders valued Rs.0.92 crore over the prescribed ceiling limit. The reasons for issue of supply orders without inviting quotations/tenders were neither on record nor stated. The irregular issue of supply orders was not regularised by obtaining *ex-post facto* sanction from the higher authority.

Participatory irrigation management not developed

4.2.38 As per the policy adopted by the Government of India, all the State Governments were to introduce participatory irrigation management (PIM) where the responsibility for operation, maintenance and management should be transferred to the farmer's association. No such PIM had been introduced

by the State Government. The department incurred expenditure of Rs.6.94¹ crore during the 5 years period ending 31 March 2002 on operation and maintenance of completed projects, which could have been avoided had the completed projects been handed over to farmers' association.

4.2.39 The department stated (May 2002) that the farmers' association or water users' association are being formed for handing over the completed irrigation schemes for maintenance by the farmers themselves in future.

Manpower management

Variation between sanctioned strength and men-in-position

4.2.40 The Irrigation and Flood Control Department is following the norms and staffing pattern as adopted by the erstwhile Rural Works Department. The sanctioned strength (SS) and Men-in-position (MIP) of the department were as under:

Table 4.7

(In numbers)

Cadre	Sanctioned Strength (SS)		Men-in-position (M-I-P) 1997-98 to 2001-2002		Variation between SS and M-I-P Excess (+)/ Shortfall (-)		Percentage	
	T	NT	T	NT	T	NT	T	NT
Class I	32	-	26	--	(-) 6	--	(-) 19	--
Class II	178	6	72	5	(-)106	(-) 1	(-) 60	(-) 17
Class III	241	430	185	247	(-) 56	(-) 183	(-) 23	(-)43
Class IV	8	227	46	77	(+) 38	(-) 150	(+)475	(-) 66
Total	459	663	329	329	(-) 130	(-) 334		

(T: Technical, NT: Non-Technical)

Source: Department

4.2.41 While the vacant posts under Class II (NT) were minimal, the vacant posts under Class II (T) and Class III (T), directly linked with the implementation of irrigation activities, were between 23 to 60 *per cent* of the sanctioned strength. The vacancies under Class III and Class IV (NT) ranged between 43 to 66 *per cent*. The men-in-position under Class IV (T) is 475 *per cent* above the sanctioned strength. The reasons for vacancies or excess entertainment of staff under Class IV (T) were neither on record nor stated.

Expenditure on work-charged establishment in excess of permissible limit

4.2.42 As per provisions contained in CPWD Manual Volume II, in every individual estimate of an original work under plan head of accounts, 2 *per cent* of the estimated cost is required to be earmarked for meeting the expenditure on payment to work charged staff by charging direct to concerned work.

¹ 1997-98 – Rs. 0.93 crore, 1998-99 – Rs. 0.60 crore, 1999-2000 – Rs. 1.12 crore, 2000-2001 – Rs.2.27 crore and 2001-2002 – Rs.2.02 crore.

4.2.43 Test check of records of Chief Engineer IFCD, Arunachal Pradesh revealed that during the period from 1997-1998 to 2001-2002, the department incurred expenditure of Rs.5.26 crore on payment of work charged staff against the permissible expenditure of Rs.2.53 crore (2 per cent of Rs.126.64 crore on works expenditure) which resulted in extra expenditure of Rs.2.73 crore (Rs.5.26 crore – Rs.2.53 crore) on entertainment of excess work charged staff *i.e.* over 107 per cent of the permissible limit. The details are indicated below:

Table 4.8

(Rupees in crore)

Year	Works expenditure	Expenditure on work charged establishment	Percentage
1997-1998	18.33	0.41	2
1998-1999	15.25	0.60	4
1999-2000	15.83	1.27	8
2000-2001	40.40	1.44	4
2001-2002	36.83	1.54	4
Total	126.64	5.26	

(Permissible expenditure on W.C. Estt: 2 per cent of Rs.126.64 crore *i.e.* Rs.2.53 crore)

4.2.44 This had unnecessarily over-burdened the work estimates for which no justification could be furnished by the department. No action was initiated to retrench the surplus staff or utilise their services gainfully by diverting them elsewhere.

Monitoring and evaluation

4.2.45 The implementation of the schemes was monitored through routine monthly progress report received from the executing divisions and by site inspection. But it is seen that in respect of the completed schemes, the cost-benefit ratio of their utility had not been ascertained in any of the divisions test checked so as to assess their financial viability. Evaluation of functioning of irrigation schemes in the State had not been done to assess their impact on socio-economic upliftment of beneficiaries and taking remedial measures for future. As such, performance of the department remained unassessed.

4.2.46 The matter was reported to Government in August 2002; reply has not been received (December 2002).

Recommendations

4.2.47 The audit recommendations are as follows :

- Projects should be completed within the prescribed period after following the laid down procedural formalities.
- In order to avoid operation and maintenance expenditure, completed irrigation scheme should be handed over to the farmers' association for its maintenance at the earliest.
- The irrigation projects need to be monitored by prescribing periodical returns and evaluated to assess their impact on agricultural production and upliftment of beneficiaries.
- Excess expenditure on work-charged staff should be avoided.

SECTION – B – PARAGRAPHS

PUBLIC WORKS DEPARTMENT

4.3 Unfruitful expenditure on Miao-Vijayanagar road

Improper work and survey without obtaining Environment and Forest clearance certificate by the Jairampur Public Works Division led to an unfruitful expenditure of Rs.2.75 crore for a period of over 12 years

4.3.1 Forest (Conservation) Act 1980, prohibits use of forest land for non-forest purposes without prior approval of the Government of India. The Government of India also clarified (March 1982) that diversion of forest land for non-forestry activities in anticipation of approval was not permissible and that request for *ex-post facto* approval would not be entertained.

4.3.2 Contrary to these provisions, the Jairampur Public Works Division, on the basis of administrative approval and expenditure sanction of 8 estimates of the improvement work of the Miao-Vijayanagar road by the Government (upto March 2000), incurred a total expenditure of Rs.2.56 crore between February 1989 and October 2001 at various chainages without obtaining forest clearance certificate from the Government of India. The Forest Department had been raising objections since 1996 against execution of the work as the 157 km jeepable road from Miao to Vijayanagar constructed in 1974-75 passed through 9.43 km stretch of reserve forest and another 122.57 km stretch passed through Namdapha National Tiger Project. The balance 25 km stretch passed through unclassified state forest. The reasons for according sanction for eight estimates for widening of the road by the Government and survey and investigation work by the NEC without obtaining forest clearance certificate were neither available on record nor stated. It was also seen (December 2001) that the division during the period from August 1999 to March 2001 incurred a further expenditure of Rs.0.19 crore towards detailed survey and investigation work for improvement of the road against a sanctioned amount of Rs.15.73 lakh (December 1997) by the North Eastern Council (NEC). The department had not initiated any action on the survey report submitted (July 2000) by the consultant. Meanwhile, the department, realising the remote possibility of getting Environment and Forest clearance certificate, suspended all works on the Miao-Vijayanagar road with effect from July 2000.

4.3.3 Thus, due to failure in complying with the codal provisions, the department had to suspend the said work which led to an unfruitful

expenditure of Rs.2.75* crore incurred over a period of 12 years with the risk of damage/deterioration of the executed works owing to vagaries of nature and the beneficiaries remained deprived of the intended benefits.

4.3.4 The matter was reported to the Government in April 2002; reply has not been received (December 2002).

4.4 Infertuous expenditure on development of land at Itanagar

Expenditure of Rs.0.51 crore became infertuous due to failure on the part of the D.C., Papumpare and the Director, Animal Husbandry & Veterinary Department, Nirjuli to ensure that the land allotted was free from all encumbrances

4.4.1 The Government agreed in principle (May 1995) to allot a plot of land measuring 200 acres behind Donyl Polo Vidya Bhawan at Itanagar for the purpose of shifting the 'Central Cattle Breeding Farm' from Nirjuli as the area was earmarked for expansion of the North Eastern Regional Institute of Science and Technology (NERIST) and the Institute was pressing hard to get the site vacated by shifting the farm in order to start construction work of the Institute. The Deputy Commissioner (DC), Papumpare District in August 1995, instructed the Director, Animal Husbandry and Veterinary (AH&V) Department, Nirjuli to survey and demarcate the said plot. The allotment order was to be issued only after the land was surveyed. Accordingly, at the request of the AH&V Department, the Capital Division "A", Public Works Department (PWD), Itanagar took up (August 1995) the survey and investigation work of the proposed land and completed it in December 1995. A local inhabitant in October 1995 brought to the notice of the DC, Papumpare that her 3 acres of land had been encroached. The Government sanctioned in March 1996 Rs.1.91 crore for execution of the work.

4.4.2 Test check of records (May 2002) of the division revealed that out of Rs.1.74 crore placed by the AH&V Department (March 1995 – April 1996) at their disposal, the division during the period from August 1995 to March 1997

*

(Rupees in crore)

A.	1. Construction of 6 bridges	1.49
	2. Improvement of road	0.40
	3. Construction of culvert	0.28
	4. Soling	0.13
	5. Retaining Wall & Breast Wall (6-46 km)	0.26
	Total A	2.56
B.	Expenditure on survey and investigation work-paid to consultant	0.19
	Total B	0.19
	Total A+B (Rs.2.56 + Rs.0.19)	2.75

incurred an expenditure of Rs.0.69 crore* against the work. The work was abruptly stopped in July 1997 due to a court case filed by the local inhabitant (March 1997) claiming *inter alia* the encroachment of a portion of her land (3 acres) through which the proposed approach road passed and claimed an amount of Rs.12.04 lakh as compensation for damage to her horticulture garden (Rs.2.04 lakh) and cost of 3 acres of land (Rs.10.00 lakh). Further, another local resident also claimed a portion of the land (3 acres). Pending final verdict in the case, the Government decided (June 2001) to shift the breeding farm from Nirjuli to Baliyan due to dispute over the land and entrusted the Rural Works Department (RWD) to take over the work to be executed at Baliyan from the PWD. Accordingly, the PWD handed over (August 2001) the balance of Rs.1.05 crore (Rs.1.74 crore – Rs.0.69 crore) and the building materials worth Rs.26.51 lakh (June 2001) to the RWD of which materials like wash basin, w.c. pan, looking mirror, man hole cover, bricks etc., costing Rs.2.18 lakh had become unserviceable due to prolonged storage.

4.4.3 It was noticed that the DC took no action on the complaint filed by the local inhabitant in October 1995. Instead of suspending the work or settling the dispute on receipt of complaint from the owner of the land the work was continued and unnecessary expenditure of Rs.0.51 crore** was incurred. The basis on which the work was taken up despite receipt of complaint from the local inhabitants regarding possession of the land was neither available on records nor stated (December 2002).

4.4.4 Thus due to failure of the DC, Papumpare to allot a plot of land free from all encumbrances and failure of the PW Department to stop the work at the commencement stage of work on receipt of complaint from the local inhabitant, the Government unnecessarily incurred a nugatory expenditure of Rs.0.51 crore**. The responsibility for irregular execution of such work has not yet been fixed.

4.4.5 In reply, the Chief Engineer, PWD (Western Zone) stated (August 2002) that closure of the work sites at Itanagar was due to the court case filed by the local inhabitants and as per minutes of the meeting held on 14.06.2001, it was decided that any liability, if it accrues on account of court case will be the responsibility of the AH&V Department and the PWD was relieved of any such responsibility in this regard. Reply was silent regarding non-suspension of the work by the PWD at the commencement stage of work on receipt of complaint from the local inhabitants.

4.4.6 The reply of the Government is still awaited (December 2002).

* Survey and investigation work - Rs.0.48 lakh, formation cutting and construction of approach road - Rs.41.55 lakh, site development work – Rs.0.80 lakh, procurement of building materials- Rs.26.51 lakh.

** Expenditure on S&I - Rs.0.48 lakh, construction of approach road -Rs.40.32 lakh, repair of damaged vety. farm complex at Donyl Polo Vidhya Bhawan - Rs.1.23 lakh, site development - Rs.0.80 lakh, unserviceable material - Rs.2.18 lakh, expenditure on watch and ward duties from April 1997 to May 2001 – Rs.6.16 lakh (Total - Rs.51.17 lakh).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.5 Loss due to defective selection of site at Deopani

Wasteful expenditure of Rs.9.99 lakh on water supply scheme due to defective selection of site by the Public Health Engineering Division, Roing

4.5.1 To meet the water needs of the fast growing population of Roing township, the Government in March 1998, sanctioned Rs.39.23 lakh for implementation of a new scheme “Providing main line from Deopani to Sedimentation tank” with a time frame to complete the work in three years.

4.5.2 Test check (March 2002) of the records of the Public Health Engineering (PHE) Division, Roing revealed that no technical sanction was issued for the execution of the scheme till the date of audit. No proper survey was conducted to ensure the technical viability of the source of water by obtaining river gauge data of Deopani river which is very turbulent and violent in nature during monsoon. The division incurred an expenditure of Rs.20.73 lakh (June 2000) towards construction of 18000 litres capacity intake tank with supporting pillars and laying of 1550.55 metres of 150 mm dia GI pipe. The intake tank alongwith supporting pillars, 250 metres out of 1550.55 metres of GI pipe already laid and 312 metres of GI pipe stacked at the site were washed away by flood water in June 2000. The loss on this account was worked out to Rs.9.99 lakh (Rs.20.73 lakh – Rs.10.74 lakh) by the division. The department inspected the site (December 2000) after a delay of 6 months and decided to stop work since there was no scope for completion of the work as the riverbed was eroded throughout long stretches with severe bank erosion taking place during the last 4/5 monsoons.

4.5.3 Thus, taking up of the scheme without considering the peculiar site conditions, seasonal factors and without making provision for adequate safety measures against foreseeable vagaries of nature led to wasteful expenditure of Rs.9.99 lakh besides, defeating the very objective of the scheme. The department had not initiated any action to obtain write off sanction from the Government for such loss and the reason thereof was not on record.

4.5.4 The matter has been reported to the Government in April 2002; reply has not been received (December 2002).

IRRIGATION AND FLOOD CONTROL DEPARTMENT

4.6 Excess payment due to allowance of excess weight of sausage wire by the Executive Engineer, Irrigation and Flood Control Division, Bomdila

The Executive Engineer, Irrigation and Flood Control Division, Bomdila made excess payment of Rs.12.99 lakh owing to allowance of excess weight of sausage wire

4.6.1 Mention was made in Para 4.8 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 regarding violation of prescribed norms by the Rural Works Department, Namsai Circle on standard weight of sausage wire gauge (SWG) of different specifications. As per norms, the standard weight of 8 gauge sausage wire of 100 mm mesh is 1.822 kg/sqm (82 kg per roll of 45 sq.m).

4.6.2 Test check of records (August 2001) of Irrigation and Flood Control Division, Bomdila revealed that the division during the period from January 1996 to January 2001 procured 2066 rolls of 45 sqm per roll of 8 gauge sausage wire of 100 mm mesh at the rate of Rs.35 per kg from different suppliers without inviting tender/quotations etc. The reason thereof was not on record. In all the supply orders placed the weight of roll mentioned was 100 kg per roll. The weight of these rolls as per standard norms worked out to 1,69,412 kg only (2066 x 82 kg). But the division adopted a different norm than the standard norm and paid for 2,06,508 kg. This resulted in excess payment of Rs.12.98 lakh*.

4.6.3 The matter was referred to the Government in February 2002; reply has not been received (December 2002).

*

Quantity procured (in kg)	Quantity as per norm (in kg)	Difference in weight (in kg)	Rate per kg (in Rupees)	Extra expenditure
20,6508	16,9412	37,096	35	Rs.12.98 lakh
