

## CHAPTER-III PERFORMANCE REVIEWS

### AGRICULTURE DEPARTMENT

#### 3.1 *Agricultural Engineering Schemes*

##### Highlights

*Maximising agricultural production through mechanisation of agricultural operations is an important function of the Agriculture Department of the State Government. The Department undertook various schemes under Agricultural Engineering for rapid mechanisation of agricultural operations. There were deficiencies in the implementation of all the schemes under Agricultural Engineering. The departmental workshops meant for production of agricultural implements suffered from lack of infrastructure and modern machinery. There was virtually no activity under different schemes due to funds constraint. Salaries were paid to staff without any work. Performance audit of the implementation of Agricultural Engineering Schemes revealed the following major shortcomings.*

**Performance of departmental workshops remained below par for want of funds. Raw material remained unutilised. Infrastructure of the departmental workshop at Guwahati is in a dilapidated condition.**

**(Paragraph-3.1.9)**

**Out of 143 tractors and 12 bulldozers maintained in the State for custom service tractorisation, only 38 tractors and seven bulldozers were in working condition. Out of 49 tractors and seven bulldozers maintained in six out of seven selected divisions, only six tractors and three bulldozers were in working condition. For these working tractors and bulldozers 52 Tractor Operators and 40 Assistant Tractor Operators were on roll.**

**(Paragraph 3.1.10)**

**There were no activities under the schemes of Land Reclamation, Micro Watershed Management and Agro Service Centres. Salary was paid to staff without any work.**

**(Paragraphs 3.1.10, 3.1.11 and 3.1.12)**

**In seven selected districts, out of 112 threshers procured under externally aided project (ARIASP) for distribution to farmers, only 11 threshers could be distributed to farmers.**

**(Paragraph 3.1.14.1)**

**In Dhubri district, out of 3,950 pump sets distributed to farmers under the externally aided project (ARIASP), 494 pump sets are yet to be commissioned resulting in avoidable blocking of funds amounting to Rs.47.78 lakh.**

**(Paragraph 3.1.14.2)**

##### 3.1.1 *Introduction*

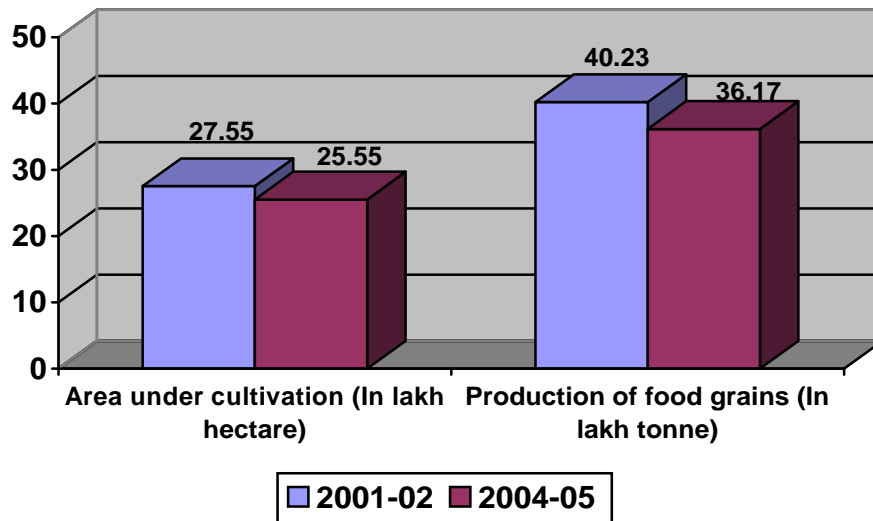
Augmentation of agricultural production can be achieved with a number of critical inputs associated with crop production. Farm mechanisation is one such critical input, which accelerates the growth rate of the economy for achieving sustainable development through enhanced production. Mechanisation includes the entire gamut of agricultural

operations starting from ploughing the land by means of tractors and power tillers to transplantation of seedlings by means of a transplanter and harvesting of crop by a reaper or a thrasher. Under Agricultural Engineering, the Department has undertaken the following schemes:

- Agricultural Implements Scheme,
- Land Reclamation Scheme,
- Agro Service Centre,
- Development of Micro-Watershed,
- Wasteland Development Project
- Externally Aided Project “Assam Rural Infrastructure and Agricultural Service Project”(ARIASP).

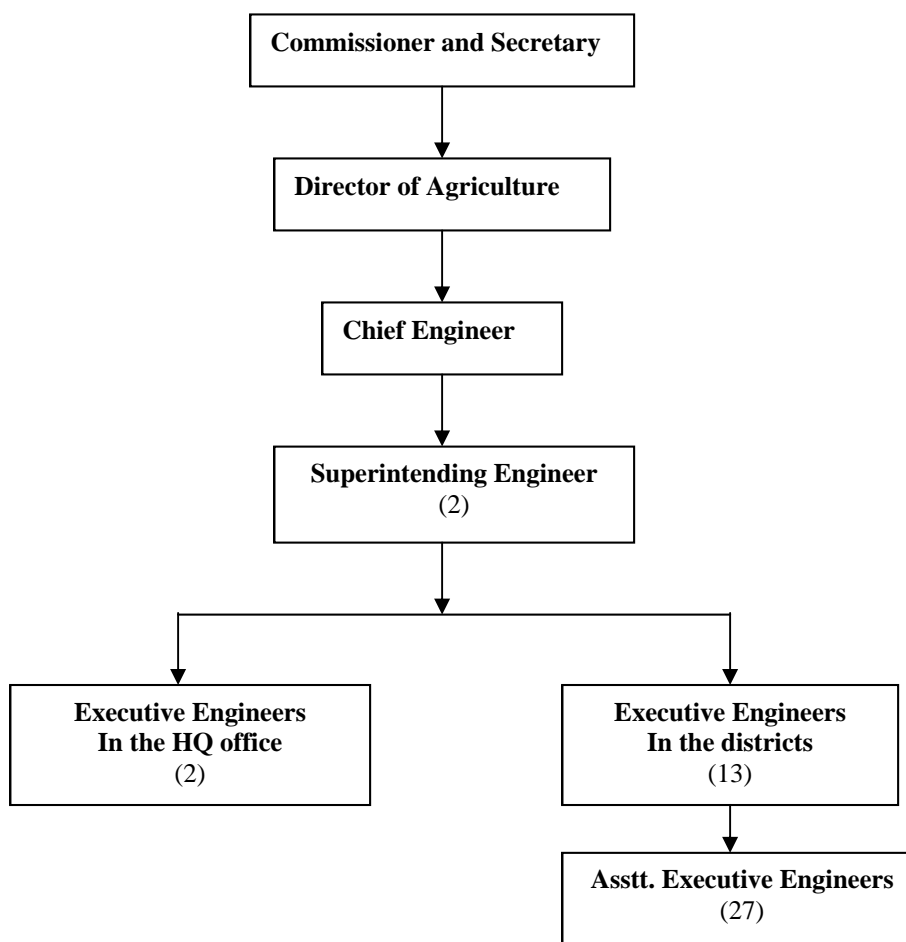
The aim of the Department to increase agricultural production through mechanisation remained unachieved, as both the area under cultivation and quantity of food grain production declined in the year 2004-05 in comparison to 2001-02, as indicated in Chart-1 below:

**Chart-1**



### 3.1.2 *Organisational set up*

Commissioner and Secretary to the Government of Assam, Agriculture Department is in overall charge of implementing all the agricultural schemes. The Agriculture Engineering schemes are executed by the Director of Agriculture through a Chief Engineer. The organisational set up of the Engineering Wing of the Agriculture Department is shown in Chart-2 below:

**Chart-2**

There are 12 departmental workshops, of which, 11 are under the control of the Executive Engineers at divisional level and one under the Assistant Executive Engineer of a sub division.

### 3.1.3 *Scope of Audit*

The performance audit covered the period from 2001-02 to 2005-06. Records were checked at the Government level (Secretariat), Directorate and in seven selected districts<sup>4</sup> out of 23 districts in the State (30 *per cent*) where the number of projects sanctioned and the total expenditure was maximum during the last three years. Of the 12 departmental workshops, five (Gauripur, Guwahati, Jorhat, Sivasagar and Nalbari) were covered in addition to two mini workshops at Darrang and Nagaon. Records relating to Externally Aided Project – Assam Rural Infrastructure and Agricultural Service Project (ARIASP) were also checked.

<sup>4</sup> Kamrup, Nalbari, Dhubri, Darrang, Nagaon, Sivasagar and Jorhat.

### **3.1.4            *Audit Objectives***

The objectives of the performance audit on “Agricultural Engineering Schemes” were to assess:

- The quantum of production of improved agricultural implements and the extent of popularisation of the improved implements amongst the farmers.
- How far the cultivable wasteland and fallow lands were brought under cultivation.
- The effect of mechanisation of agriculture on crop production and whether improved implements and machineries were made available to the farmers.
- Acceleration of agricultural growth through improved resources, relieving infrastructural and technical constraints.

### **3.1.5            *Audit criteria***

The criteria for assessing the achievement of the objectives were as under:

- Government policy and planning
- Approved outlay of budget
- Targets fixed for various programmes
- Training requirements under the schemes
- Monitoring mechanism prescribed.

### **3.1.6            *Audit Methodology***

The performance audit began with an entry conference held on 27 April 2006 attended by the Director of Agriculture and Chief Engineer (CE), Agriculture Department, Government of Assam. The relevant records and functioning of the implementing agencies and monitoring authorities down to the lowest level were examined in the capital district and seven selected districts. The exit conference was held on 23 August 2006 with the Superintending Engineer and other departmental officers.

Data, information etc., collected from the Directorate of Agriculture, offices of the CE, selected Divisional and Sub divisional Officers were analysed and results thereof are brought out in the succeeding paragraphs.

<b>Audit findings</b>
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### **3.1.7            *Budget and expenditure***

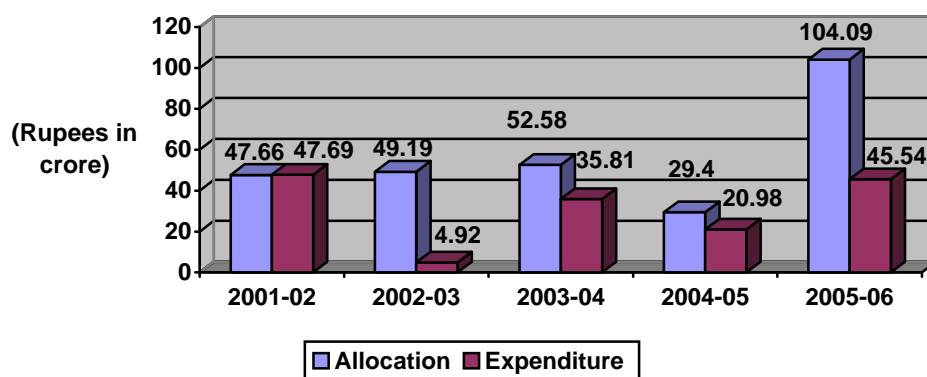
Budget provision made for all the six schemes under Agricultural Engineering and expenditure thereagainst during 2001-06 are shown in Table-1 and Chart-3 below:

**Table-1**

(Rupees in crore)

Year	Budget Allocation	Expenditure	Savings (-) Excess (+)	Percentage of savings
2001-02	47.66	47.69	(+) 0.03	--
2002-03	49.19	4.92	(-) 44.27	90
2003-04	52.58	35.81	(-) 16.77	32
2004-05	29.40	20.98	(-) 8.42	29
2005-06	104.09	45.54	(-) 58.55	56
<b>Total</b>	<b>282.92</b>	<b>154.94</b>	<b>(-) 127.98</b>	<b>45</b>

Source: Appropriation Accounts.

**Chart-3**

From the above table and chart, it may be seen that except in 2001-02, there were savings ranging from 29 to 90 *per cent* in all the years. In 2002-03, 90 *per cent* of the budget allocation was unspent. The savings were not surrendered to make the funds available to other needy departments. The budget provision made in the year 2004-05 was too low as compared to the other years and yet there were savings. In 2005-06 though the provision was increased substantially the expenditure was only 56 *per cent* of the provision.

There were deficiencies in financial management of the schemes. From the scheme-wise details given in **Appendix-3.1**, it would be seen that there were savings under each of the schemes during the five-years period from 2001-02 to 2005-06. Barring Agro Service Centres, there were overall savings ranging from 9 to 99 *per cent* in all other schemes during the period 2001-06. The savings were mainly due to non-implementation of schemes under Agricultural Engineering. Moreover, major portion of the expenditure was incurred, towards salary and wages of idle staff. There were also instances of injudicious procurement of raw material, implements, machineries etc., as would be evident from the observations made in the succeeding paragraphs. The persistent savings indicate that outlay of the Department was not fixed realistically based on previous year's expenditure and need to ensure future growth. Failure to utilize the full amount also indicates that there were in built weaknesses in the Department to achieve its potential.

### 3.1.8 *Planning*

The Department of Planning and Development, Government of Assam had proposed continuation of the existing four schemes<sup>5</sup> under Agricultural Engineering Wing and allocated Rs.35.30 crore during 10<sup>th</sup> Five Year Plan (2002-07) for these schemes. The budget provision made during four (2002-06) years was Rs.27.58 crore<sup>6</sup> and the expenditure incurred (2002-06) was Rs.23.54 crore<sup>7</sup> (85 per cent of budget provision). The expenditure incurred was mainly on pay and allowances of the staff with little or no provision for programme implementation, which indicated lack of planning.

## Implementation of Schemes

### 3.1.9 *Designing and Development of Agricultural Implements*

This is a State Plan scheme of the Agriculture Department under Agricultural Engineering. The basic objectives of this scheme were to design, develop and manufacture small improved agricultural implements suited to the local conditions, in the departmental workshops and to popularise the same amongst the farmers of the State. The implements were mainly mild board plough, paddy weeder, wheel hoe, dry land weeder and other small implements. To achieve these objectives, 12 departmental workshops<sup>8</sup> were established in eleven District Headquarters and one at sub-divisional level. In none of the test-checked workshops were there any activities, except in Central Workshops Kamrup, Guwahati and Central Workshop at Jorhat, where capacity of the workshops was only partially utilised with negligible sale of implements.

The position relating to procurement of inputs, production of implements and their eventual sale to farmers presents a dismal picture of implementation of the scheme. During 2001-06 raw material worth Rs.84.18 lakh<sup>9</sup> was purchased centrally by the Chief Engineer and distributed to different workshops in the State. Sale proceeds of the implements collected during this period was only Rs.8.08 lakh (10 per cent).

Thus, the performance of the departmental workshops was very poor.

#### 3.1.9.1 *Production activity in two Central Workshops*

Production activity of two test-checked Central workshops (Kamrup and Jorhat) is shown in Table-2 below:

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<sup>5</sup> (1) Agricultural Implements, (2) Land Reclamation and custom service tractorisation, (3) Micro Watershed Management and (4) Agro Service Centre.

<sup>6</sup> 2002-03: Rs.4.93 crore; 2003-04: Rs.2.44 crore; 2004-05: Rs.5.56 crore; 2005-06: Rs.14.65 crore.

<sup>7</sup> 2002-03: Rs.4.43 crore; 2003-04: Rs.2.41 crore; 2004-05: Rs.4.12 crore; 2005-06: Rs.12.58 crore.

<sup>8</sup> Kokrajhar, Gauripur, Goalpara, Guwahati, Tezpur, North Lakhimpur, Jorhat, Sivasagar, Dibrugarh, Silchar, Nalbari and Raha(Sub division).

<sup>9</sup>

2001-02	Rs.13.70 lakh
2002-03	Nil
2003-04	Rs.12.49 lakh
2004-05	Rs.57.99 lakh
2005-06	Nil
<b>Total</b>	<b>Rs.84.18 lakh</b>

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**Table-2**

(Rupees in lakh)

Name of the Workshops	Opening balance as on 1-4-2001	Receipt of raw material during 2001-06	Total	Production	Sale (Per cent)	Closing Stock as on 31-3-2006	Diff.
Kamrup	9.22	24.04	33.26	3.66	1.95 (53)	29.60	--
Jorhat	--	12.79	12.79	4.69	0.89 (19)	5.60	2.50

Source: Departmental records.

As can be seen from the above table, in Kamrup workshop, the production of implements was very low and the sale of implements was not up to the mark in case of both the workshops. Till the date of audit (May 2006), raw material valued at Rs.29.60 lakh and Rs.5.60 lakh was lying in stock in Kamrup and Jorhat workshops respectively. In case of Jorhat workshop, there was a discrepancy of Rs.2.50 lakh in the closing balance of raw material, which was not investigated by the workshop.

In reply to audit query regarding the slow manufacturing process, the Executive Engineer (EE) of the Kamrup Division stated (June 2006) that the workshop building of pre-independence period was in a dilapidated condition and needed immediate renovation. The machineries like milling machine, welding transformer etc. were not working and required immediate replacement/major repairs. Besides, electrical wiring of the workshop required complete replacement.

It was further stated that the matter regarding repair and renovation of the building was taken up with the CE in July 2002 but till date (June 2006) no action in this regard was taken. In view of the above position, the Kamrup Workshop did not place demand for raw material. Despite this, raw material worth Rs.24.04 lakh was allotted during 2001-05. The above findings are indicative of lack of initiative, proper planning, co-ordination and monitoring which frustrated the very objectives for which the workshop was set up.

Further, failure to dispose of the small quantity of finished products produced in the two workshops indicate inability of the Department to popularise and generate awareness among the farmers about mechanisation.

### **3.1.10 Land Reclamation and Custom Service Tractorisation**

This is a State Plan Scheme of the Agriculture Department and has been in operation since 1982. It envisaged mechanised tillage of cultivable land of farmers' and reclamation of cultivable wasteland with the help of bulldozers on hire basis. This is an extension programme with the objective of motivating the farmers mainly for timely and satisfactory completion of tillage operation in their fields.

Reclamation of cultivable wasteland and fallow land development and tillage thereof were to be done by bulldozers and tractors of the Department. For this purpose, the

Department maintains a fleet of machinery, given on hire to the farmers. During the 10<sup>th</sup> Five Year Plan (2002-07) period the State Government contemplated increasing the number of tractors each year so that, at the close of 2005-06, there should be 6,000 tractors available for hire service in order to augment agricultural production through mechanisation. However, no new tractors were purchased during 2001-06. As of March 2006, there were 143 tractors and 12 bulldozers under the CE (Agriculture). Of these, 38 tractors and seven bulldozers were in working condition and the balance 105 tractors and five bulldozers had either been declared condemned or sold through auction. The CE could not furnish the status of those 105 tractors and five bulldozers condemned or sold. However, records of test-checked districts revealed that the Divisional Officers realised Rs.7.81 lakh by disposing of 18 tractors and 4 bulldozers.

Detailed information of the working vehicles including registration numbers, location was also not furnished to audit.

Thus, the objective of increased mechanisation in order to augment agricultural production as contemplated in the 10<sup>th</sup> Five Year Plan was not achieved.

### 3.1.10.1 Off-road tractors and bulldozers in test-checked districts

Scrutiny of records of the selected districts revealed that there were 49 tractors and seven bulldozers as on March 2006 as indicated in Table-3 below:

**Table-3**

Sl. No.	Division	Tractors			Bulldozers			Men in position	
		Unserviceable	On road	Total	Unserviceable	On road	Total	Tractor Operator	Asstt. Tractor Operator
1	Kamrup	5	-	5	-	2	2	11	9
2	Darrang	2	3	5	1	1	2	7	8
3	Dhubri	3	2	5	-	-	-	3	3
4	Jorhat	2	1	3	-	-	-	10	12
5	Sivasagar	14	-	14	1	-	1	6	3
6	Nalbari	17	-	17	2	-	2	15	5
7	Nagaon	-	-	-	-	-	-	-	-
<b>Total</b>		<b>43</b>	<b>6</b>	<b>49</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>52</b>	<b>40</b>

Source: Departmental records.

The Divisional Officers stated (June 2006) that the off road tractors (43) and bulldozers (4) were being auctioned. Thus, in the test-checked districts also the aim of mechanisation was not achieved.

The Department could not produce any record regarding target and achievement in implementing the programme through mechanisation.

Scrutiny of records of seven selected districts revealed that only in two districts (Kamrup and Dhubri) there was some mechanisation during 2001-06. In case of Kamrup, two tractors and one bulldozer were made operational temporarily, as permanent repair was not possible due to funds constraint. The tractors covered 2,050 bighas in 141 days (realised Rs.0.52 lakh as hire charge) and the bulldozer was engaged for 161 days with realisation of Rs.2.68 lakh as hire charges against intermittent utilisation of tractors and



bulldozers during 2001-06. In Dhubri, two tractors were utilised for 41 days covering 573 bighas earning Rs.0.15 lakh as hire charges.

Thus, there was negligible performance under the scheme due to lack of initiative on the part of the Government to make the scheme effective and functional.

It was seen that six tractors and three bulldozers were “on road” in the seven test-checked districts against which, there were 52 tractor operators and 40 assistant tractor operators i.e., 43 tractor operators and 31 assistant tractor operators were in excess and they were drawing pay and allowances without any vehicles to operate. The Department incurred nugatory expenditure of Rs.2.39crore<sup>10</sup> during the last five years (2001-2006) towards the pay and allowances of these idle staff at the minimum of the time scale against which hire charges collected amounted to Rs.3.35 lakh.

### **3.1.10.2 Estimated loss due to non-returning of departmental tractors**

A scrutiny of records of Darrang Division revealed that two tractors along with trailers, plough and harrow were given on hire to two farmers for agricultural work by the EE. The two tractors were given on hire on 22 April 1998 and on 22 October 1998 for two and nine working days respectively. The estimated value of the two tractors was Rs.3.88 lakh (approximately).

The tractors alongwith accessories were not returned by the said farmers till the date of audit (June 2006). The EE stated (June 2006) that the two tractors had been taken by extremists and the matter was brought to the notice of the Director of Agriculture/CE. No further action was found to have been taken by the Division in the matter.

### **3.1.11 Micro Watershed Management Scheme**

Micro Watershed Management (MWM) Scheme was introduced in 1985-86 under the State Plan and was transferred to non-Plan in 2003-04.

The objective of the scheme was to increase production of oil seeds and pulses in dry land/rainfed areas of the State by way of moisture conservation and application of soil conservation measures. The moisture conservation is to be done by providing appropriate engineering measures to interrupt the run off water and allow it to penetrate into the soil. This water, which keeps the root zone moist, helps in growing crops during the rabi season. In the 10<sup>th</sup> Five-Year Plan (2002-07) also the need for continuation of the scheme was emphasized and provision of Rs.1.18 crore was made in the budget for the last five years (2001-06).

During the period from 2001-02 to 2005-06, no MWM project was taken up due to non-receipt of funds from the Government for programme implementation except for pay and allowances of regular staff and wages of Muster Roll workers. The project activities have been stopped since 2001-02. No target was fixed and no training programme was

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<sup>10</sup> Tractor Operator: = Rs.5,710 (Average monthly salary) x 12 x 5 x 43 = Rs.1.47 crore  
Asstt. Tractor Operator: = Rs.4,969 (Average monthly salary) x 12 x 5 x 31 = Rs.0.92 crore  
**Total = Rs.2.39 crore**

conducted during the last five years. However, during the last five years, Rs.1.05 crore<sup>11</sup> was paid as pay and allowances of 20 regular staff and wages of 23 Muster Roll workers.

Thus, inspite of having adequate manpower and the Government's desire to continue the scheme as indicated in the Plan document, the scheme was rendered redundant due to non-release of funds.

### **3.1.12            *Agro Service Centre***

This State Plan scheme was introduced in Assam in 1987-88. The basic objectives of the scheme were to increase the level of mechanisation of agriculture to achieve increased cropping intensity and productivity by way of establishment of Agro Service Centres (ASC) throughout the State. The ASCs were to undertake extensive demonstration programmes for popularisation of agricultural implements and machinery. It had to make available all agricultural inputs like seeds, fertilizers, pesticides, improved agricultural implements and machineries. In fact, ASCs were to serve, as a single window dispensation for all the farming needs of the cultivators.

In the 10<sup>th</sup> Plan period (2002-07), the State Government proposed to set up one ASC in each of the 2,486 Gram Panchayats in Assam. This planning, however, did not materialise. The budgeted amount of Rs.3.71 crore provided during 2001-06 was entirely utilised for the payment of pay and allowances of the existing staff. No new centre was established during 2001-06 period and the total number of ASCs in the State remained at 82, all set up prior to 2001-02.

During the last five years (2001-06), the Government did not provide any funds for implementation of the scheme except pay and allowances of the staff. Since no funds were provided by the Government, there were no activities under the scheme during the period. The Department, however, spent Rs.3.80 crore<sup>12</sup> towards the salary of 87 staff<sup>13</sup> under the scheme without any gainful utilisation.

All the 15 ASC's in the seven selected districts were also found to be non-functional.

Test-check of records of seven selected divisions revealed that a sum of Rs.1.76 crore was spent on salary of 33 staff without any service as the divisions failed to allot any specific work of permanent nature to them. Regarding utilisation of the services of idle staff the Divisional Officers concerned stated (June 2006) that the services of the employees were utilised occasionally in other schemes viz., ARIASP/Flood Relief etc. The reply is not tenable; as such temporary utilisation of services of the staff cannot be treated as gainful deployment.

### **3.1.13            *Waste Land Development Programme***

Out of the total geographical area of 78.44 lakh hectares of the State of Assam, approximately 88,000 hectares are under wasteland. With the objective of generating

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<sup>11</sup> Figure as furnished by the Department.

<sup>12</sup> Figure as furnished by the Department.

<sup>13</sup> AAE :5 + JE 29 + LDA :6+ Mech II :5 + Field man :42

additional agricultural production linked with employment generation, the Department has undertaken this centrally sponsored scheme to explore the possibility of wasteland development by timely evacuation of the excess accumulated water through good drainage system and make the area cultivable. There was no provision of staff under the scheme. The projects were executed through groups of farmers under the supervision of Junior Engineers of the divisions.

During the 10<sup>th</sup> Plan period, it was proposed to convert the entire 88,000 hectares of wasteland into cultivable land. But it was noticed that during 2001-06 only 13 wasteland development projects covering 2,087.39 hectares (1458.82 hectares: 2003-04 and 628.57 hectares: 2004-05) were approved for execution. Thus, there was a big gap between the planning and execution of the scheme by the Government, which resulted in delay in conversion of wasteland into cultivable land and consequently, there was no enhancement in food production.

Of the eight development works to be executed during 2003-04 covering an area of 1,458.82 hectares at a cost of Rs.51.10 lakh, only five (938.63 hectares) were stated (June 2006) to be completed. Delay in completion ranged between two to 25 months.

Similarly, in 2004-05, against five works covering an area of 628.57 hectares at an approved allocation of Rs.22 lakh, only two works (206 hectares) were completed with delays ranging from two to three months. One work under Kamrup district (at Bhelamarijan) with an approved allocation of Rs.5.00 lakh was not completed after incurring an expenditure of Rs.4.97 lakh which was due to be completed by March 2005. It was stated (May 2006) that this was due to heavy rainfall. The reason attributed is not tenable because the work should have been completed within the 14 months that elapsed after the due date of completion.

In respect of the balance five works (2003-04: three and 2004-05: two) no information could be furnished by the CE. The details are shown in *Appendix-3.2*.

As regards benefits derivable by the farmers, no monitoring was done to ascertain whether the land made available to them was cultivated and any crop yield was obtained.

### **3.1.14**            *Externally Aided Project – Assam Rural Infrastructure and Agricultural Services Project (ARIASP)*

In consonance with the National Agriculture Policy, the Government of Assam intended to raise the average yield of all crops by increasing the irrigation facilities through the use of Shallow Tube Well (STW) and giving boost to mechanisation in the State through power tillers and tractors to make it at par with the rest of the country.

The State Agriculture Department undertook STW Programme and Agricultural Mechanisation through the Externally Aided Project - ARIASP. Under ARIASP, the Agriculture Department is at present utilising 5-HP centrifugal pump sets for drawing water from the ground. One-third expenditure is borne by the farmers and the rest is borne by the Government.

Under mechanisation programme tractors, power tillers and power threshers were distributed amongst the farmers on 50:50 basis, where 50 per cent of the total costs were borne by the farmers and the rest by the Government.

During the last five years (2001-06), 23,200 pump sets under STW programme were distributed in different districts of Assam to raise the average yield of all crops in the State by ensuring increased irrigation facilities.

The position of procurement and distribution of pump sets, tractors, power tillers and threshers in Assam under the Mechanisation component of ARIASP during 2001-04 is indicated in Table-4 below:

**Table-4**

Year	Machinery	Nos. procured	Nos. distributed to different districts
2001-02	1. 5 HP Pump Sets for STWs	15,000	15,000
	2. Tractor	105	105
2003-04	1. 5 HP Pump Sets for STWs	8200	8200
	2. Threshers	300	300
	3. Power Tiller	1500	1500
	4. Tractor	449	449

Source: Departmental records.

No machinery was procured and distributed during 2002-03, 2004-05 and 2005-06.

Test-check of records in seven selected districts revealed the following irregularities in the implementation of the programme.

### 3.1.14.1 Failure to distribute threshers

Out of 300 threshers purchased (September 2003) at a total cost of Rs.54.57 lakh and allotted to the districts for distribution among the farmers, 112 threshers were despatched to the seven selected districts. The district-wise position of receipt and issue of threshers is shown in Table-5 below:

**Table-5**

District	Receipt	Distribution	Balance
Dhubri	30	-	30
Nalbari	15	2	13
Darrang	25	6	19
Sivasagar	4	-	4
Nagaon	15	1	14
Jorhat	3	1	2
Kamrup	20	1	19
<b>Total</b>	<b>112</b>	<b>11</b>	<b>101</b>

Source: Departmental records.

From the above table it would be seen that only 11 threshers could be distributed out of 112 leaving 101 threshers valued at Rs.18.37 lakh idle in stock. The Divisional Officers stated (May-June 2006) that there was no demand for threshers from the farmers. The requirement on the basis of which threshers were procured was not furnished to Audit. As regards popularisation of threshers, no record of awareness programme conducted was made available to Audit by any of the divisions.

Thus, procurement of threshers without any assessment of requirement was injudicious and resulted in blocking of funds to the tune of Rs.18.37 lakh for more than two years.

### 3.1.14.2 Failure to distribute pump sets

For distribution of pump sets to the farmers under STW programme, the Director of Agriculture allotted 3,950 pump sets to Dhubri Division under ARIASP during 2001-02 (2,400) and 2003-04 (1,550).

Audit scrutiny revealed that during 2001-02 and 2003-04, only 2,004 and 1,452 pump sets were commissioned.

Non-commissioning of 494 pump sets resulted in avoidable blocking of funds amounting to Rs.47.78 lakh.

### 3.1.15 Deficient Training System

As a follow up of increased mechanisation, training is an important part to acquaint the farmers with the modern scientific methods of agriculture. But details of training programmes conducted during the last five years (2001-06) were not made available to Audit. Scrutiny of records relating to training in seven selected districts revealed that only five training centres conducted training during 2001-06 as shown in Table-6 below:

**Table-6**

Name of Division	No. of courses conducted during 2001-06	No. of farmers trained
Nagaon	No Training was conducted	
Kamrup	-Do-	
Darrang	2 (District level)	22
Dhubri	1 (District level)	50
Jorhat	2 (District level)	49
Sivasagar	1 (District level) 1 (State level)	51
Nalbari	NA	100

Source: Departmental records.

The courses conducted were on use of machinery. There was no follow up of the utility of the training imparted to the farmers by the Department by way of making any assessment on the impact of the training. This was indicative of the fact that training had not been accorded due importance.

### 3.1.16 Monitoring

In the area of monitoring there were serious deficiencies right from planning to execution. Regular submission of reports and returns by the AEEs and EEs to the CE was not done. In reply to audit queries, the CE stated (May 2006) that since there were no activities at field level under Agricultural Implements Scheme, submission of regular reports and returns was not insisted upon. The EEs of four test-checked divisions also accepted (May 2006) the fact that monthly/quarterly/annual reports and returns were not submitted regularly information was submitted to the CE only when called for. Thus monitoring through reports and returns was non-existent. Besides, due to the absence of systematic monitoring in planning, funding and execution of the programmes, the Agricultural Engineering Wing remained only partially functional during the review period (2001-06).

### 3.1.17 Internal Audit

The Department has an Internal Audit (IA) wing with eight internal Auditors. Out of seven districts covered by Audit, it was seen that only two divisions (Nagaon and Jorhat) were audited by internal Audit and in the case of remaining five (Kamrup, Dhubri, Sivasagar, Nalbari, Mangaldoi), internal audit was not conducted during the last five years. Thus, functioning of the Internal Audit of the Department was ineffective.

### 3.1.18 Impact Indicator

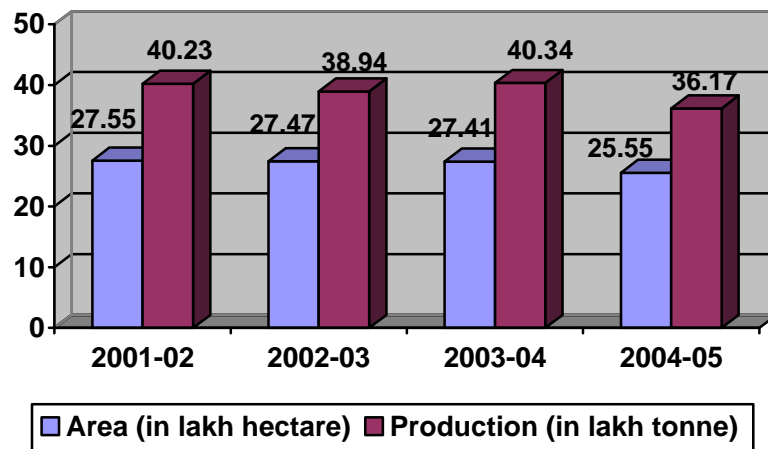
The area under cultivation and the quantity of food production during the last four years (2001-05) are indicated in Table-7 and Chart-4 below:

**Table-7**

Component	Unit	2001-02	2002-03	2003-04	2004-05
Area	In lakh Hectare	27.55	27.47	27.41	25.55
Production	In lakh Tonne	40.23	38.94	40.34	36.17

Source: Directorate of Economics and Statistics, Assam.

**Chart-4**



The inability of the Department to accelerate mechanisation by adopting modern methods as envisaged in the agricultural schemes is one of the reasons for non-enhancement of area under cultivation and increased crop production. Infact there was a decline both in area under cultivation and agricultural production.

### 3.1.19 Conclusion

The State Government's aim of mechanisation in the State Agriculture Sector by providing agricultural implements and power tillers and tractors to the farmers failed because of inbuilt manmade but avoidable weaknesses. Despite the fact that 53 per cent of the State's total working population in agricultural activities and agriculture contributes 30.09 per cent for 2004-05 to Net State Domestic Product at current prices, the programme was not given the attention it deserved. Although it was planned to continue the schemes under the Agricultural Engineering Wing with substantial

allocation, funds were however, not released resulting in non-implementation of the programmes. There was absence of systematic monitoring in planning, funding and execution. Implementation of schemes under Agricultural Engineering was far from satisfactory and almost all the schemes were non-functional. Funds for departmental workshops were not provided and as a result, all the workshops were without any activity. Except externally aided projects, in all other schemes, salaries are being paid to the staff without any work.

**3.1.20            Recommendations**

- The Government should be clear about the objectives of the schemes under agricultural engineering and take appropriate steps for their implementation and their revival/continuance.
- In the event of continuance of the schemes, adequate budgetary support should be ensured for proper implementation of the schemes.
- Departmental workshops should be modernised to increase the level of production.
- Effective monitoring of performance at different stages of programme implementation should be ensured.
- Adequate training infrastructure and their optimum utilisation for gainful use and popularisation of the agricultural implements should be ensured.
- Proper utilisation of the available manpower should be ensured.

The foregoing Audit findings were reported to the Government in July 2006; their replies had not been received (October 2006).

## EDUCATION DEPARTMENT

### 3.2 Sarva Shiksha Abhiyan

#### *Highlights*

*The Sarva Shiksha Abhiyan (SSA) Programme was launched in Assam during 2001-02 to provide elementary education for all children of age group of six to 14 years with active participation of the community. There were deficiencies in the planning for implementation of the programme and consequently, the objectives of the scheme could not be achieved even after four years of its implementation. The financial management of the scheme was not up to the desired level. There were delays in releasing funds to the State Implementing Society (SIS). The Society also could not fully utilise the funds that were released to it. Actions for addressing specifically the needs of every girl and SC/ST children as envisaged in the framework were deficient. Certain key areas like construction of proper infrastructure, maintenance of buildings, provision of basic amenities like toilets and drinking water were also deficient. Failure to strengthen the internal controls and lack of proper monitoring led to poor implementation of the programme.*

Though the programme envisaged having all children in school by 2003 (revised to 2005), the actual coverage of out of school children in seven selected districts during 2002-06 ranged from 35 to 67 per cent. There were 45,348 out of school children yet to be covered in these districts under SSA as on 31 March 2006.

(Paragraph-3.2.10)

During 2001-06 out of 2,363 schoolless coverable habitations in seven test-checked districts, 1,472 habitations were covered by setting up Education Guarantee Schemes and 891 remained to be covered.

(Paragraph-3.2.9)

Non-adherence to the budget calendar resulted in delays in holding meetings of the PAB, release of funds, which adversely affected the implementation of the programme.

(Paragraph-3.2.7)

During 2001-06 the State Government delayed release of funds to SIS for periods ranging from three to 11 months. Substantial amount of SSA funds remained unutilised with both the State and district level authorities during 2001-06.

(Paragraph-3.2.8.2 and 3.2.8.3)

During 2003-04 and 2004-05, SSA funds of Rs.6.81 crore were diverted by SIS to other activities/schemes without any provision under Annual Work Plan and Budget approved by Project Approval Board.

(Paragraph-3.2.8.6)

In 84 selected primary and upper primary schools under seven districts, rationalisation of teachers with respect to students enrolled was not done till 2005-06. The Teacher Student Ratio varied from 1:4 to 1:60 in primary section and 1:1 to 1:66 in upper primary section against the norm of 1:40.

(Paragraph-3.2.13.1)

19,512 to 63,588 teachers were engaged in excess over the norm in the entire State during 2001-06.

(Paragraph-3.2.13.2)



Information collected from 126 primary, upper primary and composite schools of the seven test-checked districts showed unsuitable and poor infrastructure facility. Against the target of 8,890 works with an estimated cost of Rs.104.73 crore, the SSA could take up 5,383 works during the period 2002-06. Though Rs.72.84 crore was released for the works, only 3,144 works could be completed.

(Paragraph-3.2.16 and 3.2.16.1)

Teacher grant at the rate of Rs.500 per teacher per year was not provided to 99,059 teachers of the seven test-checked districts during 2002-06.

(Paragraph-3.2.13.5)

In the seven test-checked districts, distribution of textbooks was delayed for periods ranging from one to eight months and 2,79,526 textbooks were not distributed to the children though available in the stock during the academic years 2003 to 2006.

(Paragraph-3.2.11.2)

### 3.2.1 Introduction

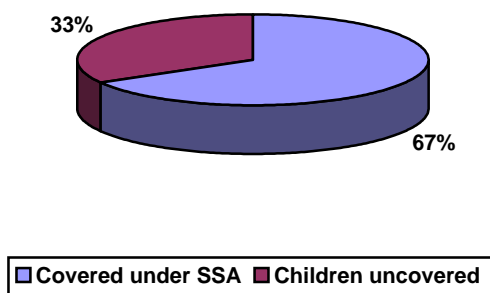
Sarva Shiksha Abhiyan (SSA) was launched in Assam during 2001-02 for providing useful and relevant elementary education of satisfactory quality to all children in the six to 14 age group with the active participation of the community. The children belonging to Scheduled Castes (SCs) and Scheduled Tribes (STs), disabled children and girls in this age group were treated as special focus group. The objectives of SSA were to:

- have all children in schools, education guarantee centres, alternative schools and 'back to school' camp by 2003<sup>14</sup>;
- ensure that all children complete five years of primary schooling by 2007;
- ensure that all children complete eight years of elementary schooling by 2010;
- focus on elementary education of satisfactory quality with emphasis on education for life;
- bridge all gender and social category gaps at primary and elementary education level by 2010;
- achieve universal retention by 2010.

The position of coverage of children under SSA was 67 per cent in 2005-06 as shown in Chart-1 below:

**Chart-1**

**Position of coverage in 2005-06**  
(Total out of school children = 135803)

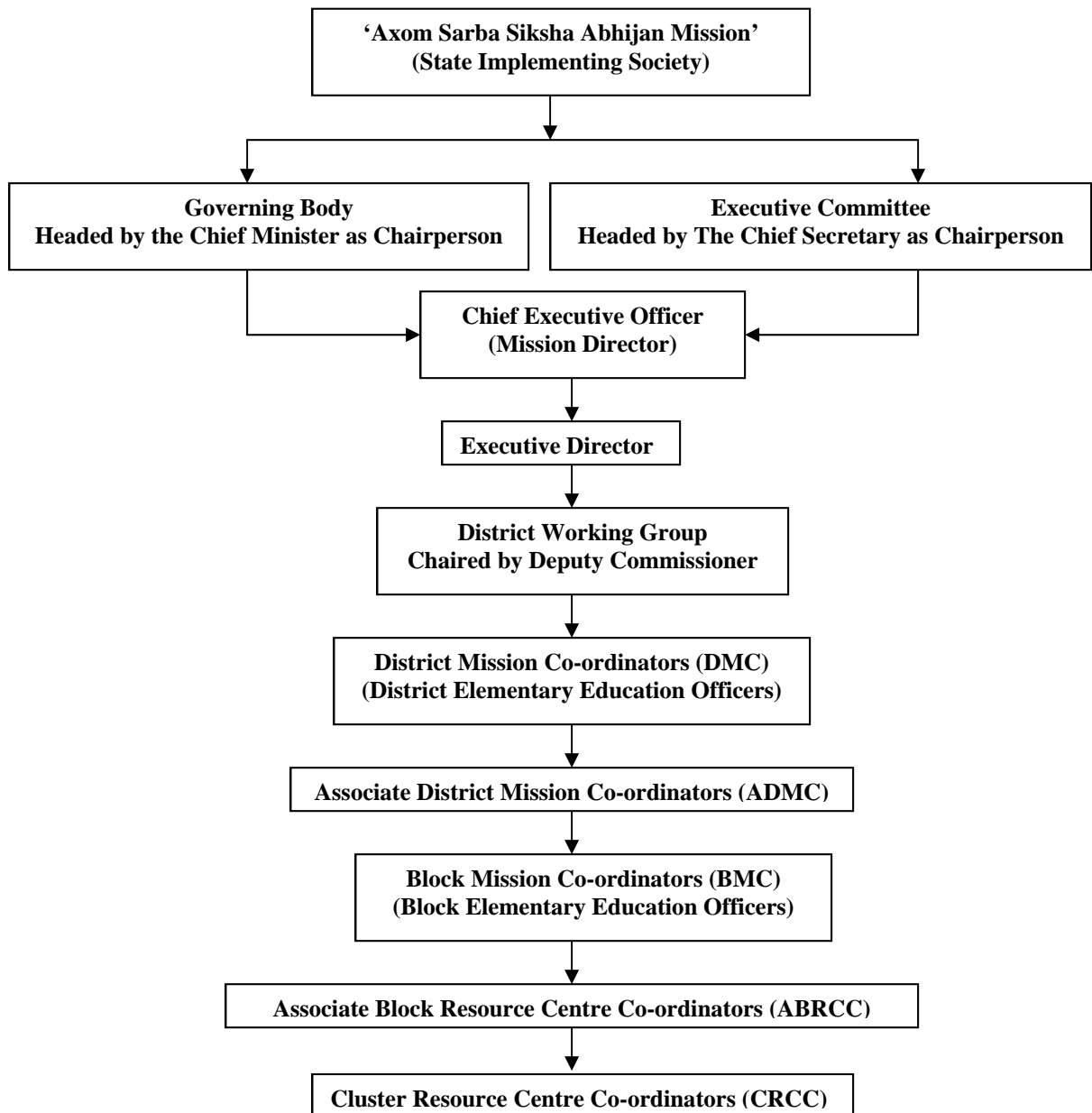


<sup>14</sup> Since been revised to 2005, in March 2005.

### 3.2.2 Organisational set up

At the State level, the State Implementing Society (SIS) registered under the Societies Registration Act 1860 as 'Axom Sarba Siksha Abhijan Mission' was the apex body. It had two main bodies viz., Governing Body and Executive Committee. The Chief Minister of the State heads the Governing Body as Chairman while the Education Minister is the Vice Chairman. The Chief Secretary of the State heads the Executive Committee and Administrative Heads of the departments of Education, Social Welfare, Health, Public Health Engineering, Finance and Planning are the members. The Government of India has a nominee in each of the bodies. The organisational set up of the mission is shown in Chart-2 below:

**Chart-2**



### **3.2.3 Scope of audit**

Performance audit of SSA for the period from 2001-02 to 2005-06 was undertaken during June-August 2005 and May-June 2006 by a test-check of records of the State Implementing Society (SIS) alongwith the District Mission Coordinator (DMC) of seven districts<sup>15</sup>, 21 blocks and 126 schools. Records of 21 Education Guarantee Schemes (EGS) Centres/Alternative and Innovative Education (AIE) Centres from each selected block were also examined.

### **3.2.4 Audit objectives**

The main objectives of audit were to:

- examine and evaluate the efficacy of planning for implementation of various components
- assess whether major interventions were carried out as per norms
- assess whether the quality of education has improved
- assess whether the coverage of girls, SC/ST children was being increased every year
- check adequacy of funding under different components
- examine whether proper infrastructure was created
- examine and evaluate the role of NGOs.

### **3.2.5 Audit criteria**

The criteria set out for achieving the above objectives were:

- standards and benchmarks of performance fixed by the Government for each programme
- coverage of uncovered habitations
- norms prescribed for appointment of teachers and extent of facilities in schools
- standards of education comprising curricula, requirement of teaching/learning material, teachers training and teaching-learning process
- norms for enrollment of girls/SC/ST children
- outcome of monitoring mechanism and evaluation /follow up at various levels for implementation.

### **3.2.6 Audit methodology**

Out of the seven districts, Kamrup being the capital district was selected and six other districts (being 25 per cent of 23 districts) were selected on the basis of statistical sampling. In the second stage, 21 Block Education Offices from these seven districts (one urban and two rural in each district) and one Education Guarantee Scheme (EGS)/Alternative and Innovative Education (AIE) Centre from each block was also selected by applying random sampling technique. In the third stage, in every Block, two

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<sup>15</sup> Kamrup (Capital District), Bongaigaon, Cachar, Dhubri, Dibrugarh, Karbi Anglong and Sivasagar.

each of primary, upper primary and high/higher secondary schools with middle level were selected using the same sampling method.

Before taking up the performance audit of the programme, an entry conference was held (29 June 2005) with the Commissioner and Secretary, Higher Education Department who is the ex-officio Mission Director of the SSA, Assam, Director of Elementary Education, Assam, Joint Secretary, Elementary Education Assam and other officers of the Department, wherein, the audit objectives, audit criteria and scope of audit were explained to the Department and their suggestions as well as perceptions relating to the strength and weaknesses in the implementation of the programme were obtained.

At the conclusion of audit, an exit conference was held on 22 August 2006 with the Executive Director, SSA Assam and other officers of the Mission wherein audit findings were discussed. The replies of the Mission/Government have been incorporated in the review where appropriate.

The Social and Rural Research Institute (SRI), a specialist unit of Indian Market Research Bureau International (IMRB) was commissioned by Audit for assessing the impact of the SSA from the perspective of the beneficiaries and their parents. The SRI conducted the survey in 22 out of 23 districts of the State during January – March 2006. The findings of the SRI have also been incorporated in this report.

## **Audit findings**

### **3.2.7 Planning**

The framework of SSA stipulated that the planning process is to be started by creating a core group at the habitation level and move upwards to block level, district level and then to the State level. Budget calendar (Paragraph 48 of Manual of Financial Management and Procurement) prescribed the timetable for planning process at each level.

But the process of planning, except collection of District Information on School Education (DISE) data, did not start at the habitation level with the creation of a core group. Rather, the process started from the State level and moved downwards to block/cluster level. No record/information of year-wise adherence to the budget calendar was furnished. Review of draft plan by the Executive Committee was delayed by one to 25 months during the years 2001-06. Approval of the Project Approval Board (PAB) was also given after the lapse of the date prescribed in the budget calendar. Delays ranged from one to nine months. In complete variance with policy guidelines, the approval of PAB at national level was accorded before the perspective plan was reviewed by the Executive Committee of the State SSA during 2001-06, thereby defeating the very objective of the process of review at State level.

Thus, the budget calendar was not adhered to at all levels resulting in delay in release of funds, which ultimately affected the implementation of the programme adversely.

### 3.2.7.1 Annual plans

The District Mission Coordinators (DMC) in the test-checked districts could not furnish physical achievement figures for the years 2001-05 against the approved Annual Plans. Component-wise expenditure figures against the respective approved Annual Work Plan and Budget (AWP&B), produced to Audit by the test-checked districts, revealed that most of the planned outlay could not be utilised in specified activity during the years 2001-02 and 2002-03. On the other hand, it was found that though the Annual Plan did not provide for any outlay on maintenance grants to schools and interventions for out of school children, expenditure of Rs.10.04 crore and Rs.0.62 crore was incurred respectively on these activities during 2001-02 without any budget provision.

### 3.2.8 Financial arrangement

Funding of the programme based on Annual Work Plan and Budget (AWP&B) was to be shared between the Union and the State Governments in the ratio of 85:15 during 2001-02 and in the ratio of 75:25 during 2002-03 to 2005-06.

The State Government was also required to maintain the level of investment in elementary education for the year 1999-2000 and to release the State's matching share within 30 days of the receipt of Central assistance.

It was, however, observed that release of grants to the SIS was only Rs.776.51 crore against the approved outlay of Rs.1397.83 crore during 2001-06, which was only 56 per cent of the total proposed outlay. This indicated that work plan was not fully funded by both the Central and the State Governments. The details of approved AWP&B, release of fund by the Union and the State Governments and the expenditure against the respective budget are shown in Table-1 and Chart-3 below:

**Table-1**

Year	Planned Approved outlay <sup>16</sup>	Releasable share		Actual release			Expenditure	Percentage utilisation
		Centre	State	Centre	State	Total		
2001-02	76.52	65.04	11.48	32.52	7.54	40.06	24.01	60
2002-03	186.86	140.14	46.71	100.54	1.50	102.04	21.35	21
2003-04	411.37	308.53	102.84	107.99	28.38	136.37	234.85	172
2004-05	317.46	238.10	79.37	166.54 <sup>17</sup>	60.00	226.54	249.65 <sup>18</sup>	110
2005-06	405.62	304.21	101.40	178.50	93.00	271.50	248.04	91
<b>TOTAL</b>	<b>1397.83</b>	<b>1056.02</b>	<b>341.80</b>	<b>586.09</b>	<b>190.42</b>	<b>776.51</b>	<b>777.90</b>	<b>100</b>

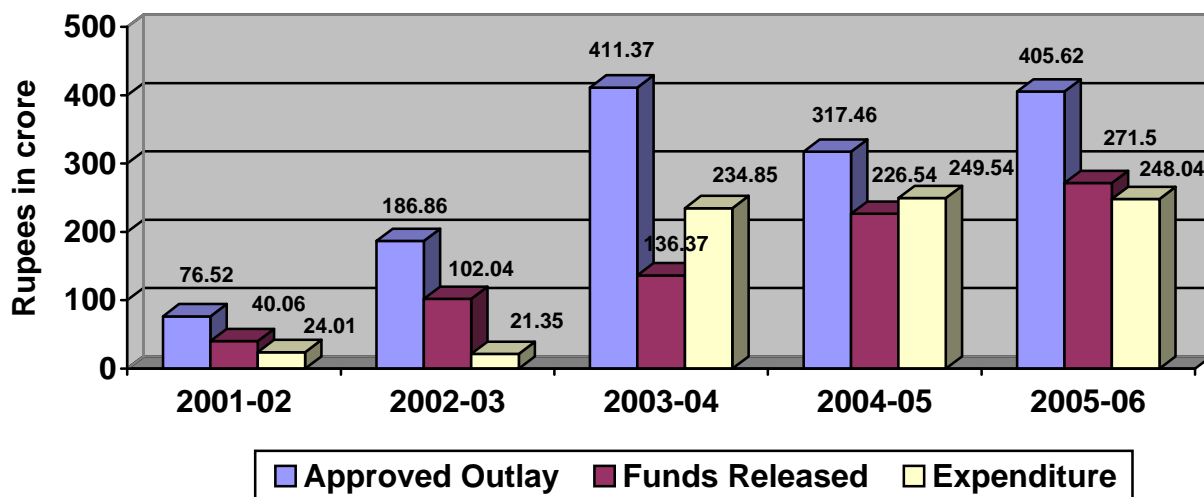
Source: Departmental records.

<sup>16</sup> The difference of Rs.29.23 crore in Planned Approved Outlay (Rs.992.21 crore) with Union Report 15 of 2006 (Rs.962.98 crore) for the year 2001-05 (Annexure-VII; Paragraph-7.2.19) was due to non-inclusion of spill over amount of Rs.36.45 crore of the year 2001-02 in the out lay for 2002-03 in the Union Report and due to non-exclusion of Rs.7.22 crore curtailment of budget provision in the fag end of the year 2003-04.

<sup>17</sup> The difference of Rs.40 crore in GOI release (Rs.407.59 crore) with Union Report (Rs.447.59 crore) during 2001-05 (Annexure-VIII, paragraph-7.2.1.10) release was due to inclusion of Rs.40 crore by SSA in the year 2005-06 instead of in the year 2004-05.

<sup>18</sup> The difference in figure of Rs.25.65 crore with Union Report for the year 2001-05 (Annexure-VIII, paragraph-7.2.1.10) in respect of expenditure was due to account of unaudited figures in Union Report for the year 2004-05 (Rs.224 crore) which was subsequently revised to Rs.249.65 crore.

**Chart-3**



Besides above, funds were also made available by GOI to SIS, Assam for different purposes. The position in this regard is shown in Table-2 below:

**Table-2**

Name of the Scheme	Purpose	Period of receipt	Amount received (Rs.in crore)
Pre-project of SSA	Preparatory Activity	2000-01 to 2002-03	4.17
PMGY	Construction of DEEO building/ BTC/Non formal Education	2003-04	7.35
Tenth FC Award	Drinking water facility in primary school	2003-04	11.70
<b>Total</b>			<b>23.22</b>

Source: Departmental records.

There were deficiencies in financial management, leading to excess/irregular/unauthorised expenditure under different components of the scheme. There were also instances of diversion, non-utilisation of funds, loss of interest etc., as would be evident from the observations made in the succeeding paragraphs.

### 3.2.8.1 Non-utilisation of PMGY and Tenth Finance Commission Award funds

During 2003-04 the Government of Assam released Rs.7.35 crore to the SIS from the Prime Ministers Gramodaya Yojana (PMGY) for construction of District Elementary Education Office/Normal School/Basic Training Centre buildings. Out of this, Rs.6.25 crore was released up to 2004-05 to 23 districts and the balance Rs.1.10 crore was kept with the SIS till 2005-06.

Test-check of seven selected districts revealed that out of the total amount of Rs.63.96 lakh received in three districts during 2004-05, Rs.35.75 lakh<sup>19</sup> remained unutilised up to March 2006.

<sup>19</sup> Cachar: Rs.19.37 lakh; Dhubri: Rs.16.07 lakh and Bongaigoan: Rs.0.31 lakh.

Similarly, out of the Tenth Finance Commission Award of Rs.11.70 crore, Rs.4.78 crore received by seven District Mission Co-ordinators (DMCs) between January and December 2004 from State Mission Office (SMO) for providing drinking water facility in schools, Rs.1.34 crore<sup>20</sup> remained unutilised at the district level.

### 3.2.8.2 Delay in release of pre-project funds by State Government

Government of India was to release funds directly to SIS the apex body headed by the Chief Minister, but pre-project funds of Rs.2.21 crore and plan funds of Rs.32.52 crore (share of 2001-02) was released to the State Government. Instead of immediately releasing the funds to SIS the State Government withheld the same for periods ranging from three to 11 months as shown in Table-3 below thereby restricting the SIS in implementing their schemes.

**Table-3**

(Rs. in lakh)

Year	Particulars	Amount released by GOI	Date of release by Central Government	Date of receipt by SIS	Period of delay (In months)	Amount received by SIS
2001-02	Pre Project	221.13	09-07-2001	21-02-02	7	221.13
	Plan Fund	3100.04	27-02-2002	04-06-02	3	1500.00
		152.00	14-03-2002	17-08-02	5	800.00
				08-01-03	10	500.00
				15-02-03	11	452.00
<b>Total</b>	<b>3473.17</b>					<b>3473.17</b>

Source: Departmental records.

### 3.2.8.3 Non-utilisation of SSA funds

The SIS could not utilise Rs.34.01 crore available at its disposal during 2001-06 resulting in retention of heavy closing balances every year as shown in Table-4 below:

**Table-4**

(Rs. in crore)

Year	Opening Balance	Receipt by SIS					Expenditure	Closing balance
		From GOI	From GOA	Misc. Receipts	Bank Interest	Total fund available		
2001-02	--	--	7.54	--	--	7.54	--	7.54
2002-03	7.54	93.06	1.50	0.04	0.20	102.34	45.80	56.54
2003-04	56.54	147.99	28.38	2.48	1.95	237.34	234.85	2.49
2004-05	2.49	166.54	60.00	0.82	1.22	231.07	224.00	7.07
2005-06	7.07	178.50	93.00	1.59	1.89	282.05	248.04	34.01

Source: Departmental records.

The main reason for non-utilisation of funds was delay in release of funds.

In respect of the selected districts, seven DMCs (Rs.26.67 crore) and 14 Block Mission Co-ordinators (BMCs) (Rs.0.15 crore) could not utilise funds of Rs.26.82 crore available at their disposal during 2002-06 for SSA activities.

<sup>20</sup> Bongaigoan: Rs.48.26 lakh, Kamrup: Rs.4.41 lakh, Karbi Anglong: Rs.46.44 lakh, Dibrugarh:Rs.9.38 lakh, Sivasagar: Rs.22.17 lakh Cachar:Rs.2.76 lakh, and Dhubri: Rs.0.52 lakh.

### 3.2.8.4 Excess expenditure on management

According to the norms of SSA, the total management cost should be less than six *per cent* of the total cost, separately for each district. During audit scrutiny, it was observed that in four<sup>21</sup> out of the seven selected districts, the management cost ranged from 6.12 to 10.60 *per cent* during 2001-06 resulting in excess expenditure of Rs.77.30 lakh.

### 3.2.8.5 Irregularities in utilisation of pre-project fund

According to the framework, SSA was to commence with well planned pre-project phase comprising house hold survey, community mobilisation, capacity building, school based activity (cultural activity), base line studies and expenditure on equipment, vehicles, computers etc.

Test-check of records in the seven selected districts revealed that during 2000-03, the GOI sanctioned Rs.1.34 crore to the Government of Assam for pre-project activities in these districts (specifying activity-wise amount for each district). Of this, Rs.1.20 crore was released to the districts for district level implementation. The seven DMCs refunded Rs.21.25 lakh to SIS till 2005-06. Information /records further disclosed that out of the available funds, DMC, Dibrugarh spent Rs.25.70 lakh towards purchase of furniture and DMC, Karbi Anglong spent Rs.3.71 lakh towards technical survey on school infrastructure which did not fall under pre-project activities.

### 3.2.8.6 Transfer of funds to other schemes

During 2003-04 and 2004-05, SSA fund of Rs.6.81 crore was diverted by the SIS to activities proposed to be financed by other schemes (UNICEF: Rs.0.50 crore, Eleventh Finance Commission Award: Rs.0.76 crore and Prime Minister's Gramodaya Yojana: Rs.5.55 crore) without any provision under Annual Work Plan and Budget approved by the Project Approval Board.

## Implementation

### 3.2.9 Coverage of un-served habitations

The programme targeted to cover all habitations by 2003<sup>22</sup> and for this purpose, Education Guarantee Scheme (EGS) centres were to be opened in those areas which did not have a school within 1.5 kilometers of a habitation. Survey conducted at different points of time for ascertaining the number of served and unserved habitations yielded contradictory data as shown in Table-5 below:

Table-5

Survey conducted by	Period of survey	Findings in respect of seven selected districts	
		No. of habitations	School less habitation (Figures in bracket indicate percentage)
(1)	(2)	(3)	(4)
SIS	2001-02	20,900	2,995 (14)
DISE	2001-02	16,810	2,154 (13)
DISE	2005-06	16,810	2,501 (15)

Source: As shown in Column (1) of the Table.

<sup>21</sup> Bongaigaon, Cachar, Kamrup and Karbi Anglong.

<sup>22</sup> Since revised to 2005, in March 2005.



The SIS, however, stated (June 2006) that the results of the survey conducted during 2005-06 by DISE were correct and final. Out of 2,501 school-less habitations, 2,363 habitations were eligible for setting up Education Guarantee Scheme (EGS) Centres. Of these coverable habitations, 1,472 habitations (62 *per cent*) were covered till 2005-06 as per DISE data.

The methodology and action taken to cover the balance eligible unserved 891 (2363 – 1472) habitations for setting up of EGS centres could not be ascertained in audit. The process of identification of habitation with or without schooling facilities within a radius of 1.5 kilometres was continuing till 2005-06, which was indicative of the fact that the target of bringing all children to school by 2003<sup>23</sup> was not fulfilled in Assam.

Beneficiary survey by SRI (January-March 2006) disclosed that 24.9 *per cent* of the villages and 11.3 *per cent* of the urban blocks in Assam were not covered by schools and hence not covered by SSA.

### 3.2.10 Coverage of out of school children

The programme envisaged coverage of all children of 6-14 years age group by the year 2003<sup>23</sup> by establishing EGS centres, Bridge Courses, Remedial courses, enrollment drive etc.

According to the Management Information System (MIS), SSA Assam covered the children in the age group of 5-13 years up to 2004-05 and 6-14 years in 2005-06 covering *Ka-sreni* (Pre school) to class VII of upper primary school. Test-check of the selected schools and districts revealed that children from *Ka-sreni* to Class VII belonged to the age group of five to 12 years only. Thus, children of 13 and 14 years age group remained uncovered.

The seven selected districts could not furnish the complete information relating to out of school children and coverage of out of school children through enrollment drive and other SSA activities. The year-wise position of coverage of out of school children in these seven selected districts through Enrolment Drive, Education Guarantee Scheme (EGS) Short Term Bridge Course (STBC), Long Term Bridge Course (LTBC), Residential Bridge Course (RBC), Hard to Reach (HTR) and *Sonjugi Siksha Kendra* (SSK) as furnished by SIS are shown in Table-6 and Chart-4 below:

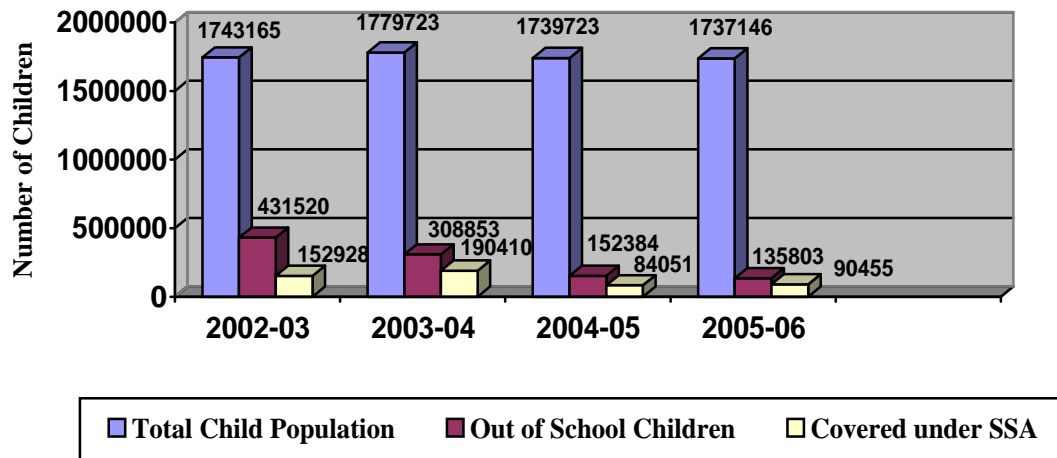
**Table-6**

Year	Total child population	Out of school children	Coverage by					Total	Percentage of coverage
			Enroll-ment drive	EGS	STBC	HTR	LTBC & RBC		
2001-02	--	--	--	--	--	--	--	--	--
2002-03	1743165	431520	52727	--	80299	--	19902	152928	35
2003-04	1779723	308853	156468	33942	--	--	--	190410	62
2004-05	1739723	152384	--	73485	--	10266	300	84051	55
2005-06	1737146	135803	--	78193	--	11962	300	90455	67

Source: Figures furnished by the SIS.

<sup>23</sup> Since revised to 2005, in March 2005.

**Chart-4**



Thus, the actual coverage of out of school children in seven selected districts during 2002-03 to 2005-06 ranged from 35 to 67 *per cent*. There were 45,348 out of school children yet to be covered in these districts under SSA as on 31 March 2006. Thus, the primary target to cover all children by 2003<sup>24</sup> was not fulfilled.

Beneficiary survey by SRI (January – March 2006) disclosed that among the children in the age group 6-14, about 86 out of every 1,000 children were still out of school in the State.

### **3.2.11 Education of girls, SC/ST children**

No activity based on intensive micro planning, addressing specifically the needs of every girl and SC/ST child was undertaken as envisaged in the framework.

#### **3.2.11.1 Girls' education**

No micro planning for girls' education was carried out in the seven selected districts. A total fund of Rs.44 lakh was released during 2003-04 by the SIS to the Deputy Commissioners of six districts and Pr. Secretary, Karbi Anglong Autonomous Council for providing support to girl child education. But no action had been taken in the districts for utilising the funds for the intended purpose except in Dhubri (Rs.0.95 lakh) and Karbi Anglong (Rupees five lakh) till 31 March 2006.

#### **3.2.11.2 Free textbooks**

SSA framework provided for free distribution of textbooks including workbooks to eligible girls and SC/ST children within a cost limit of Rs.150 per child.

In Assam, textbooks were provided to all the children enrolled under Elementary Education (including venture schools) as per the Government directives (December 2002), but workbooks were not provided. The SIS Assam incurred irregular expenditure

<sup>24</sup> Since revised to 2005, in March 2005.

of Rs.36.74 crore during 2003-06 due to coverage of 10,23,033 boys of general category instead of only SC/ST and girl students. This amount spent for general category students was not reimbursed from the PMGY as required under the standing directives.

Textbooks were printed and supplied by two State Government Undertakings viz., Assam State Textbook Production and Publication Corporation (ASTPPC) Limited and Assam Rastrabhasa Pracher Samiti (ARPS). In 2005-06 the SMO on behalf of the 23 districts incurred an expenditure of Rs.85.07 core towards procurement of free textbooks (FTB) and Rs.10.17 core was released to the suppliers as advance. No stock registers showing the receipt and issue of textbooks were maintained by the seven districts. In five of the test-checked districts, distribution statement/record did not show the cost of books and number of children covered against the requirement. Moreover, distribution was delayed for periods ranging from one to eight months and despite short receipt of 4,55,794 books, 2,79,526 books were not distributed to the children even though books were available in stock during 2003 to 2005. Details are shown in **Appendix-3.3 (A)** and **Appendix-3.3 (B)**.

Records from the selected schools of seven test-checked districts disclosed that five *per cent* primary schools, three *per cent* upper primary schools and three *per cent* composite schools did not get textbooks during 2002-03 to 2005-06.

Test-check also revealed that in Karbi Anglong, excess expenditure of Rs.2.40 crore was incurred on account of distribution of free textbooks to English medium schools beyond the upper ceiling of Rs.150 per child during 2002-05 as shown in Table-7 below:

Table-7

Year	No. of children to whom books distributed	Amount expended by the District on purchase	Amount admissible @ Rs 150 per child	(Rs.in crore)	
				Excess expenditure	
2002-03	73500	1.66	1.10	0.56	
2003-04	67500	1.80	1.01	0.79	
2004-05	68700	2.08	1.03	1.05	
<b>Total</b>	<b>209700</b>	<b>5.54</b>	<b>3.14</b>	<b>2.40</b>	

Source: Departmental records.

### 3.2.11.3 Integrated education for disabled

Various trainings at different levels to cater to the needs of Children With Special Needs (CWSN) were undertaken and different categories of workers were engaged for this purpose in the State since 2001-02. The position of utilisation of funds in this regard is given in Table-8 below:

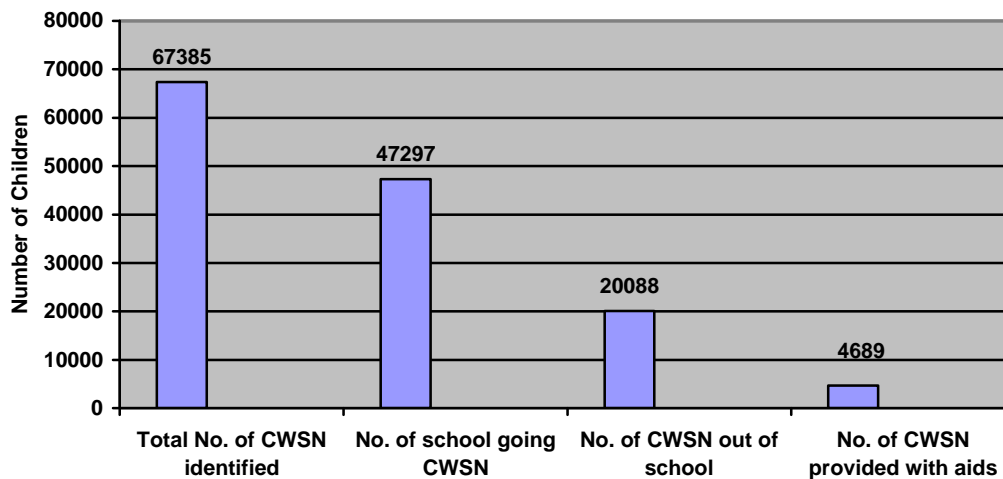
Table-8

Particulars	(Rs. in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Budget</b>	1.10	5.22	7.78	2.14	3.39
<b>Expenditure</b>	0.05	0.11	2.21	2.05	2.32
<b>Percentage of utilisation</b>	5	2	28	96	68

Source: Departmental records.

The status of Children With Special Needs (CWSN) of the entire State at the end of 2005-06 was as given in Chart-5 below:

**Chart-5**



In addition, there were nearly 30,000 CWSN in unserved habitations, whose educational status was not available with the SIS.

The position of CWSN in the seven selected districts is given in **Appendix-3.4**. From the appendix, it may be seen that out of the total 29,135 CWSN in the seven districts, only 14,481 (50 per cent) were enrolled in 4,388 schools, of which, 365 (eight per cent) schools were not provided with support services. Aids and appliances were provided to only 2,235 (15 per cent) students.

#### **3.2.11.4 Early childhood care education**

In Assam, Early Childhood Care Education (ECCE) component of SSA Programme was introduced as Pre-School Education (*Ka-sreni*) in all the provincialised primary schools and *Anganwadi* Workers (AWW) were trained and engaged on a yearly contract basis. Primary teachers were also trained to impart preschool education.

In the seven test-checked districts, out of 10,573 primary schools, the shortage of trained teachers to take care of the academic and learning needs of pre-school children during 2003-04, 2004-05 and 2005-06 worked out to 9,825 (93 per cent), 8,337 (79 per cent) and 8,967 (85 per cent) respectively. The details are given in **Appendix-3.5**.

Thus, early childhood care education was deficient in most of the primary schools.

#### **3.2.12 Education Guarantee Scheme/Alternative and Innovative Education**

The Performance of Education Guarantee Scheme (EGS)/Alternative and Innovative Education (AIE) centres could not be evaluated in the absence of information about children identified and enrolled in the area/habitation where the centres were located. Scrutiny of the data furnished by the 13 EGS centres and five AIE centres selected amongst 21 blocks of seven test-checked districts revealed that children in four EGS centres were not identified and there was shortfall in enrollment against identified children of different categories varying from 34 to 62 per cent.

In Bongaigoan five EGS centres were closed down during 2004-05 due to non-enrollment and violation of EGS distance norms of 1.5 kilometers radius. The SIS also engaged

Additional *Siksha Mitra* (ASM i.e., teachers) in the EGS centres to run the centres but there was no uniformity in the ratio of ASM and the number of children enrolled.

### **3.2.12.1 Upgradation of EGS centres**

Under the provision of the scheme, the EGS centres are to be upgraded to regular schools after successful running of the centres for two years. No EGS centre was upgraded to regular primary school in any of the test-checked districts till the date of audit (June 2006).

### **3.2.12.2 Excess expenditure on procurement of computers**

The State Mission Office (SMO), Assam procured 2,000 computers along with accessories valuing Rs.9.14 crore in 2003-04 against the budget provision of Rs.6.90 crore (including spillover of Rs.3.45 crore of 2002-03) under computer Aided Learning Programme as innovative activity. Thus, excess expenditure of Rs.2.24 crore was incurred over the approved budget provision up to 2003-04 by diversion from other components of the scheme.

### **3.2.12.3 Computer aided learning**

Computer education for upper primary level including training of students as well as teachers, was to be covered under the grant of Rs.15 lakh per year per district. The SIS initiated computer aided education in 500 elementary schools designated as SMART SCHOOLS on a pilot basis across all the 23 districts of the State and procured 2,000 computers along with accessories at a cost of Rs.9.14 crore during 2003-04.

The computers alongwith accessories were distributed to 500 upper primary schools covering the students of class V and VI during 2003-04 (four computers, one Dot matrix printer, two UPS systems per school) for improving and enhancing teaching/learning process in the classroom.

Records disclosed that though the computers were provided in 2003-04, training of teachers to operate the computers of the SMART SCHOOL was organised only in February 2006. The actual number of teachers trained and the period for which the computers were utilised were not stated. Subsequently, in February 2006 all the computers were lifted from the schools and brought to District Mission Office for minor repairs. The computers were not returned to the schools till the date of audit (June 2006). The SIS stated (June 2006) that tenders were called for and bids received for Annual Maintenance Contract (AMC), which were yet to be finalised.

Thus, the objective of computer education had not materialised even after incurring an expenditure of Rs.9.14 crore.

## **3.2.13 Rationalisation of deployment of teachers**

### **3.2.13.1 Teacher Student ratio**

The Central and State Governments were to undertake reforms in order to improve the efficiency of the education system including rationalisation of teachers deployed to improve the achievement level of the students. According to the norms, the teacher student ratio was 1:40. Scrutiny of 84 selected primary and upper primary schools under seven selected districts revealed that rationalisation of teachers in these schools was not

done till 2005-06. The Teacher Student Ratio ranged between 1:4 to 1:60 in primary and 1:1 to 1:66 in upper primary sections.

### 3.2.13.2 Excess engagement of teachers

The year-wise position of teachers in the State is shown in Table-9 below:

**Table-9**

Year	Number of schools	Enrollment	Teachers engaged	Teachers admissible (Ratio 1:40)	Excess teachers
2001-02 <sup>25</sup>	15458	1415024	54888	35376	19512
2002-03	41276	3204265	131886	80107	51779
2003-04	41276	3731653	156879	93291	63588
2004-05	41276	4056996	155896	101425	54471
2005-06	41278	4118187	159432	102955	56477

Source: Departmental records.

Thus, huge number of excess teachers ranging from 19,512 to 63,588 were engaged during 2001-06 in deviation of the prescribed norms.

Contrary to the overall trend of excess teachers, in three of the test-checked districts, there were shortages of primary teachers ranging from 30 to 3,264 during 2001-05<sup>26</sup>.

### 3.2.13.3 Shortfall in providing para teachers

According to norms, every primary school should have at least two teachers. In single teacher schools, the SIS engages 'Shiksha Sarathi' i.e., para teacher on contract basis. District Information on School Education (DISE) 2005-06 data showed that there were 6,922 single teacher primary schools in the State. In these schools 3,879 and 5,971 para teachers were engaged by the SIS during 2003-04 and 2004-05 respectively. Thus, it was apparent that 3,043 and 951 primary schools were not provided with two teachers during 2003-04 and 2004-05 respectively in the State.

Due to the failure of the State Government to rationalise the number of teachers in accordance with SSA norms, the Project Approval Board stopped engagement of para teachers in 2005-06. Four of the seven selected districts, however, engaged 1,962 para teachers up to August 2005 and incurred expenditure of Rs.1.83 crore towards their salary without PAB's approval.

### 3.2.13.4 Extra expenditure on OBB teachers

In 2003-04 the SSA, Assam engaged 5,900 excess teachers under Operation Black Board (OBB) and incurred extra expenditure of Rs.4.64 crore towards salary of these teachers

<sup>25</sup> Figures in respect of 14 districts for 2001-02 were not available with the Department.

<sup>26</sup>

District	Period	Shortage
Dhubri	2001-02 to 2004-05	437 to 3264
Karbi Anglong	2001-02 to 2002-03	30 to 106
Kamrup	2002-03	1989

Source: Departmental records.

over approved Annual Work Plan and Budget (AWP&B) by diverting funds from other components of SSA Programme.

### **3.2.13.5 Teacher grant**

For meeting the requirement of various learning aids, the scheme provided for teacher grant @ Rs.500 per teacher per year in primary and upper primary schools. During the period from 2003-04 to 2005-06 the total teacher grant released to the seven selected districts was Rs.5.86 crore.

Excess payment of Rs.30.09 lakh beyond norms was made in 2003-04 in three districts (Cachar, Dibrugarh, Kamrup). In seven test-checked districts, 99,059 teachers were not given the grant during 2002-06 as shown in *Appendix-3.6*. Thus, there were anomalies in sanctioning the teacher grant.

### **3.2.13.6 Teachers' training**

According to the norms, 20 days in-service training to all teachers each year, 60 days refresher course for untrained teachers already employed and 30 days orientation for freshly recruited teachers should be provided with support from State Council for Educational Research and Training (SCERT)/District Institute of Education and Training (DIET). In the seven selected districts, instead of imparting training as per the specified norms, only mass training for two to six days on subjects like English, Mathematics, Social Studies etc., was provided upto 2004-05. Only in 2005-06 in-service training was imparted to primary and upper primary teachers in a phased manner. During 2003-06 out of 71,478 primary and 50,250 upper primary teachers, only 41,572 (58 *per cent*) primary and 9,216 (18 *per cent*) upper primary teachers were trained as shown in *Appendix-3.7*. Whether all the teachers got 20 days in-service training in accordance with SSA norms could not be ascertained due to non availability of required information.

### **3.2.14 Teaching learning equipment grant**

Teaching Learning Equipment (TLE) grant at the rate of Rs.50,000 per school was payable to Upper Primary level schools not covered under Operation Black Board (OBB) scheme.

Test-check of seven selected districts revealed that Rs.70.50 lakh was disbursed to 141 high/higher secondary schools with upper primary section in five districts<sup>27</sup> during 2002-06. There was shortfall in covering 466 schools in providing TLE in three of the test-checked districts (*Appendix-3.8*).

### **3.2.15 School grants**

School grant was to be given at the rate of Rs.2,000 per year per primary/upper primary school, to be spent by the Village Education Committee (VEC)/School Management Committee (SMC) for replacement of non-functional school equipment.

In the seven selected districts, a total sum of Rs.8.80 crore was released under school grant to SMCs during 2002-06. Assessment of actual requirement against replaceable nonfunctional school equipment was not on record. The status of utilisation was also not ascertained either by physical verification or by obtaining utilisation certificate with

<sup>27</sup> Cachar, Dhubri, Dibrugarh, Karbi Anglong and Bongaigaon.

original vouchers and audited statement of expenditure. It was seen that Rs.1.52 crore released in 2004-05 to 7,651 primary schools in four districts<sup>28</sup> were utilised for procurement of utensils for midday meal scheme, which was not the purpose for which the school grant was provided.

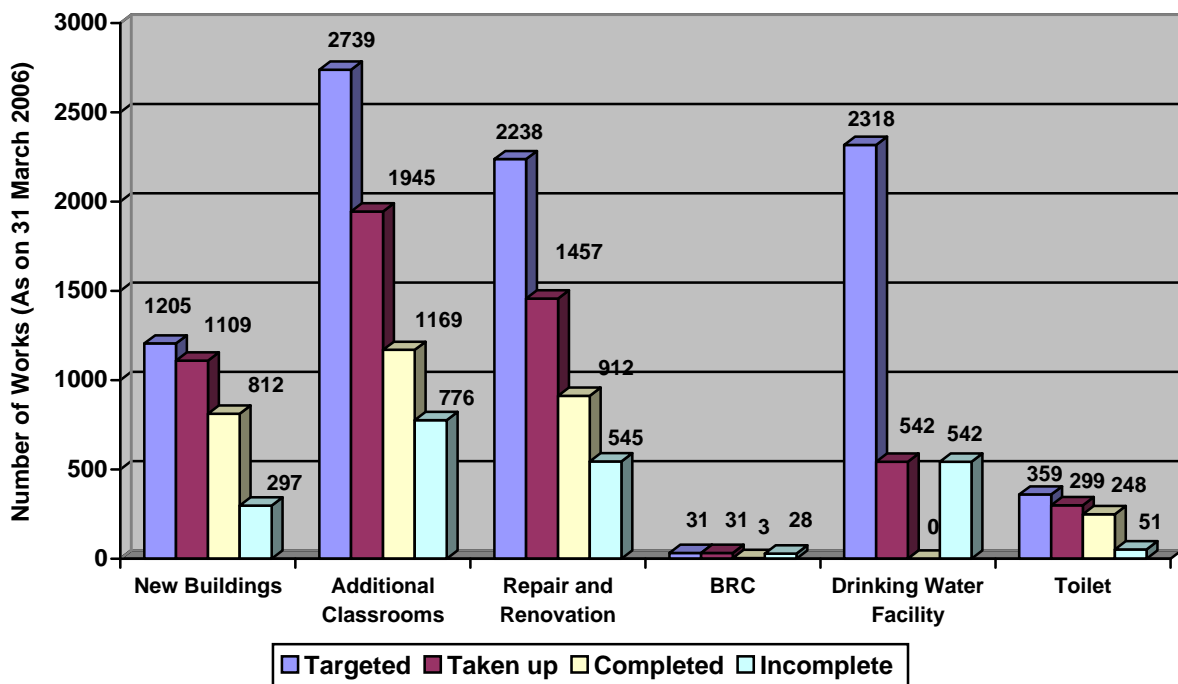
### 3.2.16 Civil works

Four categories<sup>29</sup> of civil works were sanctioned and taken up every year since 2002-03 and funds were released in a phased manner in seven selected districts for providing suitable accommodation to enrolled children in primary and upper primary schools.

According to the agreement executed with school managing committees, the stipulated time for completion of different works varied from three to six months from the date of entering into agreement.

Test-check revealed that against the target of 8,890 works at an estimated cost of Rs.104.73 crore, the SSA could take up 5,383 works and released Rs.72.84 crore to the districts during the period from 2002-03 to 2005-06. Out of the works taken up, only 3,144 works could be completed and 2,239 works remained incomplete (March 2006) as shown in Chart-6 below:

**Chart-6**



Out of the released funds of Rs.72.84 crore, utilisation certificates for Rs.18.28 crore has not yet been received. Rs.20.34 crore remained unreleased out of the total available funds of Rs.93.18 crore with the seven DMCs as detailed in **Appendix-3.9**.

<sup>28</sup> Dibrugarh: Rs.24.38 lakh, Kamrup: Rs.58.94 lakh, Sivasagar: Rs.34.26 lakh, Karbi Anglong: Rs.34.88 lakh

<sup>29</sup> New school buildings, additional classroom, repairing and renovation and Block Resource Centres.



According to the State Project Engineer (SPE), construction of all the 31 Block Resource Centers (BRC) has been completed. But records of seven test-checked districts revealed that out of 31 BRC buildings, only three were completed till 31 March 2006. Out of Rs.2.04 crore released for the 31 buildings, the Construction Committee could utilise only Rs.1.85 crore even after lapse of two years from the date of release of the funds. The balance Rs.0.19 crore remained unutilised with the BMCs.

Non-release of funds was stated (June 2006) to be the main reason for non-completion of works. Instead of releasing funds to the approved works, fresh works were being taken up resulting in accumulation of spillover incomplete works. Thus, inefficient financial management led to non-completion of works in time.

In Karbi Anglong, out of Rs.1.32 crore meant for construction/repair of dilapidated upper primary school buildings, Rs.0.42 crore was utilised for salary, contingency etc., during 2003-04.

Beneficiary survey by SRI disclosed that among the schools in which civil works were taken up, 29.9 per cent of primary, 24 per cent of upper primary and 21.1 per cent of high schools reported constructing new buildings for the schools and about 23.8 per cent of primary, 22.9 per cent of upper primary and 15.8 per cent of high schools reported utilising funds for repairing the existing structures.

### 3.2.16.1 Non-availability of infrastructure facilities

Information collected from 126 selected primary, upper primary and composite schools of the seven test-checked districts showed inadequate basic infrastructure facilities in a majority of the schools as shown in Table-10 below:

**Table-10**

(In per cent)

Deficient infrastructure	Primary schools	UP schools	Composite schools
Kuccha building	35	42	30
Did not have any building	24	13	5
Single class room	59	3	-
Without drinking water facility	90	83	30
Without toilet	73	73	20
Without separate toilet for girls	98	100	33
Without electricity	90	83	30

Source: Records collected from the schools.

According to SSA norms, a room for the headmaster was to be provided in each upper primary school. Information collected from seven selected districts disclosed that out of 2,069 upper primary schools only 1,340 schools (65 per cent) in four districts (Sivasagar, Dhubri, Bongaigaon, Karbi Anglong) had separate room for the headmaster. Thus, 35 per cent of upper primary schools in the selected districts were running without separate rooms for headmasters.

Beneficiary survey by SRI (January-March 2006) revealed that in the State about 5.9 per cent of primary, 8.3 per cent of upper primary and 5.3 per cent of high schools were operating in kuccha buildings, which were not structurally stable and hence not suitable for running a school. While in 18.1 per cent of primary, 19.8 per cent of upper primary

and 31.6 *per cent* of high schools, the structures were semi pucca, about 75.5 *per cent* of primary, 71.9 *per cent* of upper primary and 63.2 *per cent* of high schools were pucca structures. Significantly, about 0.5 *per cent* of primary schools did not have any building at all.

### **3.2.16.2 Grants for maintenance and repair of school buildings**

Grants under this component of SSA were available only to those schools, which had buildings of their own. Specific proposal by the School Management Committee (SMC) was to be obtained before releasing the grant. Grant at the rate of Rs.5,000 per school per year is admissible with the condition of involving an element of community contribution.

Test-check of the seven selected districts revealed that total grant of Rs.15.16 crore<sup>30</sup> was released during 2002-06, without receiving any specific proposal from the SMC. There was nothing on record to show that community contribution was ensured.

### **3.2.17 Role of Non Government Organisations**

#### **3.2.17.1 Unsuccessful partnership with Non Government Organisations**

The SIS conducted a survey to identify the Deprived Urban Children (DUC) in 39 towns out of 74 big and small towns in Assam but the number of eligible children identified was not on record. The SSA took up DUC intervention with 13 NGO<sup>31</sup> partners in 212 pockets of 11 towns (four NGOs in Guwahati and nine NGOs in nine other districts) during March 2002. During 2003-04 and 2004-05, 17,777 and 19,607 urban children respectively were covered. Of this, 12,201 children could be retained during 2003-04. The number of children retained during 2004-05 was not intimated. It was, however, noticed that on the basis of agreement with them and proposals submitted by them, funds of Rs.1.16 crore and Rs.0.18 crore were released to those 13 NGOs against the approved budget of Rs.1.35 crore and Rs.0.45 crore during 2003-04 and 2004-05 respectively. Partnership with NGOs was dissolved in February 2005 due to non-adherence to norms of enrollment, recruitment of teachers, poor monitoring of children and inadequate accommodation for children etc.

#### **3.2.17.2 NGOs for integrated education for disabled**

During 2003-04 and 2004-05, total payment of Rs.98.68 lakh was made to 15 NGOs for Integrated Education for Disabled (IED) activities, but details of support services provided by these NGOs were not available.

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<sup>30</sup> 2002-03: Rs.6.38 crore; 2003-04: Rs.1.83 crore; 2004-05: Nil; 2005-06: Rs.6.95 crore.

<sup>31</sup> (1) Dhubri Science Club (2) Sidli Biswajyoti Club (3) Desh Bandhu Club, Silchar (4) Socio Economic Welfare Association (5) Tezpur District Mahila Samittee (6) Sodou Asom Gramya Puthibharal Santha (7) Nagen Sarma Memorial Society (8) Voluntary Health Association of Assam, Jorhat (9) Non-Government Organisation Forum (10) Indian Council for Child Welfare, Guwahati (11) Don Bosco Youth Mission and Educational Services, Guwahati (12) Voluntary Health Association of Assam, Guwahati (13) Gyan Vigyan Samitee of Assam, Guwahati.

### 3.2.17.3 NGOs for experimental education

One NGO viz., Friends Tribal Society for Assam received Rs.19.08 lakh during 2003-04 from GOI under Innovative and Experimental Education Project, but no performance report/utilisation certificate of the NGO was furnished by the SSA, Assam.

### 3.2.18 Other points

#### 3.2.18.1 Diversion of Mid-day Meal rice

Under the National Programme for Nutritional Support to Primary Education (NP-NSPE) popularly known as Mid-day Meal Scheme, children enrolled in primary classes (I-V) were eligible for provision of hot cooked meal or raw food grains @ 100 gms. per child per school day or @ 3 Kg per child per month for ten academic months from June 2004 to March 2005.

Ministry of Human Resources Development, New Delhi had allocated (May 2004) 1,01,627.49 tonne rice to Assam for implementation of the scheme during 2004-05. Of these, 5,659.14 tonne was allocated for Cachar district against the enrolment of 1,88,638 students in Primary classes.

Scrutiny revealed that the Deputy Commissioner (DC), Cachar unauthorisedly diverted 2,082.62 tonne of rice valued Rs.1.46 crore from the available stock of rice under Mid-day Meal Scheme for flood relief operation during April and July 2004. Though the DC, Cachar moved (November 2004) the State Government, Revenue (General) Department to replenish the stock of rice diverted from Mid-day Meal Scheme, the State Government had not replenished the stock till the date of audit (December 2005).

Thus, diversion of 2,082.62 tonne of rice from Mid-day Meal Scheme and subsequent non-allocation by the State Government to replenish the same deprived 1,88,638 Primary Students of nutritious food under the scheme for a period of 3 months and 20 days<sup>32</sup>.

#### 3.2.18.2 Fixed Assets Register

The annual accounts of SSA for the period 2002-05 disclosed that assets worth Rs.5.89 crore (building: Rs.1.46 crore; furniture: Rs.2 crore; equipment: Rs.2.07 crore; vehicle: Rs.0.36 crore) were procured by the SIS on behalf of the District Mission Offices. The whereabouts of equipment and vehicles worth Rs.2.43 crore could not be ascertained as fixed assets register alongwith physical verification reports were not provided either by the SIS or by the test-checked districts. The vouchers for purchase were also not produced. Thus, the actual existence of the assets remains doubtful.

Further, according to SSA norms, the fixed assets created under the District Primary Education Programme (DPEP) should be taken over by the SSA from the date of closing of the DPEP. Records disclosed that fixed assets other than buildings, created in two selected districts valued at Rs.68.55 lakh (Karbi Anglong: Rs.55.40 lakh and Dhubri: Rs.13.15 lakh) have not been taken over by SSA, Assam as of March 2006.

<sup>32</sup> For 1,88,638 students

5659.14 Qtl rice is required for 1 month (@ 3 Kg per student per month)

Hence, 20826.20 Qtl. is required for  $20826.20 \div 5659.14 = 3.68$  months, i.e., 3 months 20 days

In Karbi Anglong, out of the total fixed assets created under DPEP, four residential school buildings valued at Rs.1.32 crore were lying unutilised from 2002-03, as there is no provision of opening residential schools under SSA Mission.

### **3.2.19**            *Internal audit*

The guidelines stipulate that the internal audit of District Project offices and sub-district units selected on a percentage basis should be conducted so as to cover all the districts and sub-district units at least once in three years. This methodology was, however, not followed. There was no internal audit system in the districts to cover the CRCC, SMC and Village Education Committee (VEC) till March 2006. As a result, 39,200 schools and 2,499 CRCC offices remained un-audited by the internal audit since inception of SSA programme. Out of the 162 total auditable units (DMC and BMC), internal audit of the SIS covered 162, 145 and 115 units during 2002-03, 2003-04 and 2004-05 respectively and 118, 207, 128 observations were raised. During the said period 110, 85 and 128 observations were settled. No unit was audited during 2005-06 (May 2006).

### **3.2.20**            *Monitoring*

For monitoring the implementation of the programme, the officials of SSA conducted field visits from grass root level to State level as per the approved schedules and organised review meetings, District/Block Academic Core Group (DACG and BACG) also meets for different components of the scheme at block/district/state level. But neither the records viz., minutes of these meetings, reports of field visits etc., were maintained systematically at each level nor records of identification of areas of deficiencies and corrective measures suggested/adopted were maintained in a systematic manner. Thus, the system of setting up agenda/action plans for improvement in the process of programme implementation as a result of review/monitoring could not be ensured from the records made available to Audit.

The scheme envisaged Education Management Information System (EMIS), which was to incorporate provision for correlation of school level data with community based information from micro planning and surveys. SSA (EMIS wing) stated that data was compiled district-wise by the SIS and was crosschecked with the previous year's data. It was further stated that the data thus generated was shared with the respective component in-charge, Executive Director and Mission Director for analysing the areas of concern and that the data was used as a basis for the preparation of Annual Work Plan and Budget of SSA. However, the related data was not furnished to Audit. In the absence of these, the impact of monitoring through EMIS could not be assessed.

Records of monitoring activities/reports of SIS, National Mission for Universal Elementary Education and National level institutions were not produced for audit scrutiny. Further, Guwahati University which was entrusted with the task of monitoring the programme, had conducted the evaluation of the SSA activities and submitted four reports (till August 2006) but these reports and records as well as records of action taken report/planning for corrective measures were also not made available to Audit.

Thus, effectiveness of monitoring activities could not be assessed due to non-production of records/information.

### **3.2.21 Conclusion**

- The objective of the SSA to bring all the children to school remained unachieved even after five years of implementation of the scheme partly due to avoidable weaknesses brought out in audit.
- Fund management was poor. While the Union and the State Governments did not provide funds as envisaged, the implementing agency was unable to fully utilise the funds.
- There were irregular diversion, misutilisation and parking of funds at every stage/level of programme implementation.
- Interventions by project implementing agency were ineffective to a large extent leading to deficiency in coverage and actual achievement in key areas.
- Training was not conducted as per norms.
- Annual plans were not prepared on a realistic basis taking into account various parameters involved in the implementation of the scheme, such as rationalisation of teachers, training of teachers, provision of grants to schools etc.
- Monitoring system was poor as no records were maintained.

All these shortcomings had an adverse impact on the coverage and retention of children in school.

### **3.2.22 Recommendations**

- Stakeholders should be involved in planning and implementation of the programme and norms of intervention under the scheme should be followed scrupulously.
- Requirement of funds needs to be assessed properly before release of funds and proper monitoring mechanism needs to be established to check misutilisation/diversion of funds.
- Effective measures for rationalisation of deployment of teachers need to be taken up to bring the teacher students ratio as per the stipulated norms and effective steps need to be taken to impart training to all the teachers
- Effective steps need to be taken to complete the incomplete works and provide basic amenities like drinking water facility, toilet facility in a phased and time bound manner.
- Procurement and distribution of free textbooks to the targeted group children needs to be ensured.
- The SIS should introduce proper internal audit system and strengthen internal controls to ensure proper utilisation of funds.

The foregoing Audit observations were reported to the Government in July 2006; their replies had not been received (October 2006).

## ENVIRONMENT AND FORESTS DEPARTMENT

### 3.3 Project Tiger

#### Highlights

*Project Tiger was started in 1973 as a Centrally Sponsored Scheme to ensure maintenance of a viable population of tigers and to preserve areas of biological importance as a national heritage for the benefit, education and enjoyment of people. In Assam, the scheme was introduced in Manas Tiger Reserve (MTR) in 1973 which was renamed as Manas National Park (MNP) in 1990. During 1999-2000, the Scheme was extended to Nameri Tiger Reserve (NTR) created in March 2000, which included 200 sq.km. of the existing Nameri National Park (NNP). The performance audit of the management of the two tiger reserves revealed delayed/non release of Central and State shares by the State Government, improper maintenance of vital records, absence of an approved management plan, non-eviction of encroachers, anomalies in arms and ammunition accounts, shortage of manpower, and lack of research, monitoring, evaluation etc.*

Against the approved outlay of Rs.10.59 crore (Central: Rs.8.23 crore and State: Rs.2.36 crore) funds provided were Rs.3.30 crore (Central: Rs.2.53 crore and State: Rs.0.77 crore) resulting in shortage of funds for the Scheme.

(Paragraph-3.3.7.4)

There were delays ranging between 76 to 252 days in releasing funds to the Manas and Nameri Tiger Reserves.

(Paragraph-3.3.7.6)

Inaction on the part of State Government resulted in non-setting up of the proposed strike force for preventing poaching etc., in the Tiger Reserve despite availability of funds (Rs.51.40 lakh).

(Paragraph-3.3.10.1)

Out of 106 items contemplated to be taken up during 2001-06 at a cost of Rs.3.10 crore, only 27 items were executed at a cost of Rs.67.15 lakh.

(Paragraph-3.3.8.1)

Project Tiger Scheme was implemented entirely on ad hoc basis without proper planning. Management Plan for preservation of Tigers in the MNP for 2003-07 and NNP for 2003-08 were yet to be approved by the Government of Assam as of June 2006.

(Paragraph-3.3.9.1)

Inside the notified area of MNP and NNP 1,600 hectares and 1,500 hectares of land respectively have been encroached upon by the local people.

(Paragraph-3.3.9.2)

Out of 87 Wireless Sets procured in 2000-01 by Field Director, MNP, 72 Sets became unserviceable and damaged within three to four years of purchase.

(Paragraph-3.3.11.2)

Inventory of fire arms had not been maintained and the Field Director, MNP, had not carried out physical verification of arms and ammunition lying in stock. Consequently, there was discrepancy of 37 fire arms and shortage of 2,543 cartridges and bullets.

(Paragraph-3.3.12)

**There were huge shortages varying from 80 per cent to 88 per cent against sanctioned strength in the cadre of Foresters, Forest Guards and Game Watchers resulting in lack of effective patrolling and guarding against poachers.**

**(Paragraph-3.3.15.1)**

**Lax monitoring and evaluation of the activities under Project Tiger was evident from the fact that the State Board for Wild Life met only twice against the stipulated six meetings during 2003-06. The Monitoring and Evaluation Committee required to be constituted under Government of India instructions was also not constituted.**

**(Paragraph-3.3.16)**

**Management Information System was practically non-existent as monthly, quarterly and annual reports required to be sent to Government of India were not furnished by FD, MNP despite reminders from the Ministry.**

**(Paragraph-3.3.17.1)**

**Wildlife Area Development and Welfare Trust, an NGO, received \$ 68,000 (equivalent to Rs. 26.71 lakh) from World Heritage Fund during 2000-01. The Trust did not release Rs.6.44 lakh to the Field Director, Manas National Park. Out of Rs.20.27 lakh released by the Trust, the FD submitted vouchers for Rs.11.27 lakh while utilisation certificate for Rupees nine lakh was not received from the FD, MNP.**

**(Paragraph-3.3.18)**

### **3.3.1 Introduction**

With a view to conserve the flagship species-Tiger (*Panthera tigris tigris* Linn), the Centrally Sponsored Scheme 'Project Tiger' was launched in the country during 1973-74. The Manas Tiger Reserve (MTR) was created in 1973 under the aegis of 'Project Tiger' over a geographical area of 2,837 sq.km. covering Barpeta, Bongaigaon, Darrang, Kamrup, Kokrajhar and Nalbari districts of Assam. The core area of MTR (500 sq.km) falling in the districts of Barpeta and Kokrajhar (presently, Baksa and Chirang districts of BTC<sup>33</sup>) was declared (September 1990) as Manas National Park (MNP). During 1999-2000, the Scheme was extended to Nameri Tiger Reserve (NTR) created in March 2000 over an area of 344 sq.km. of Sonitpur district, which included 200 sq.km. of the existing (August 1998) Nameri National Park (NNP) as the core area. The operation of the scheme 'Project Tiger' was confined only to the core areas of the two National Parks (MNP and NNP).

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<sup>33</sup> Bodoland Territorial Council

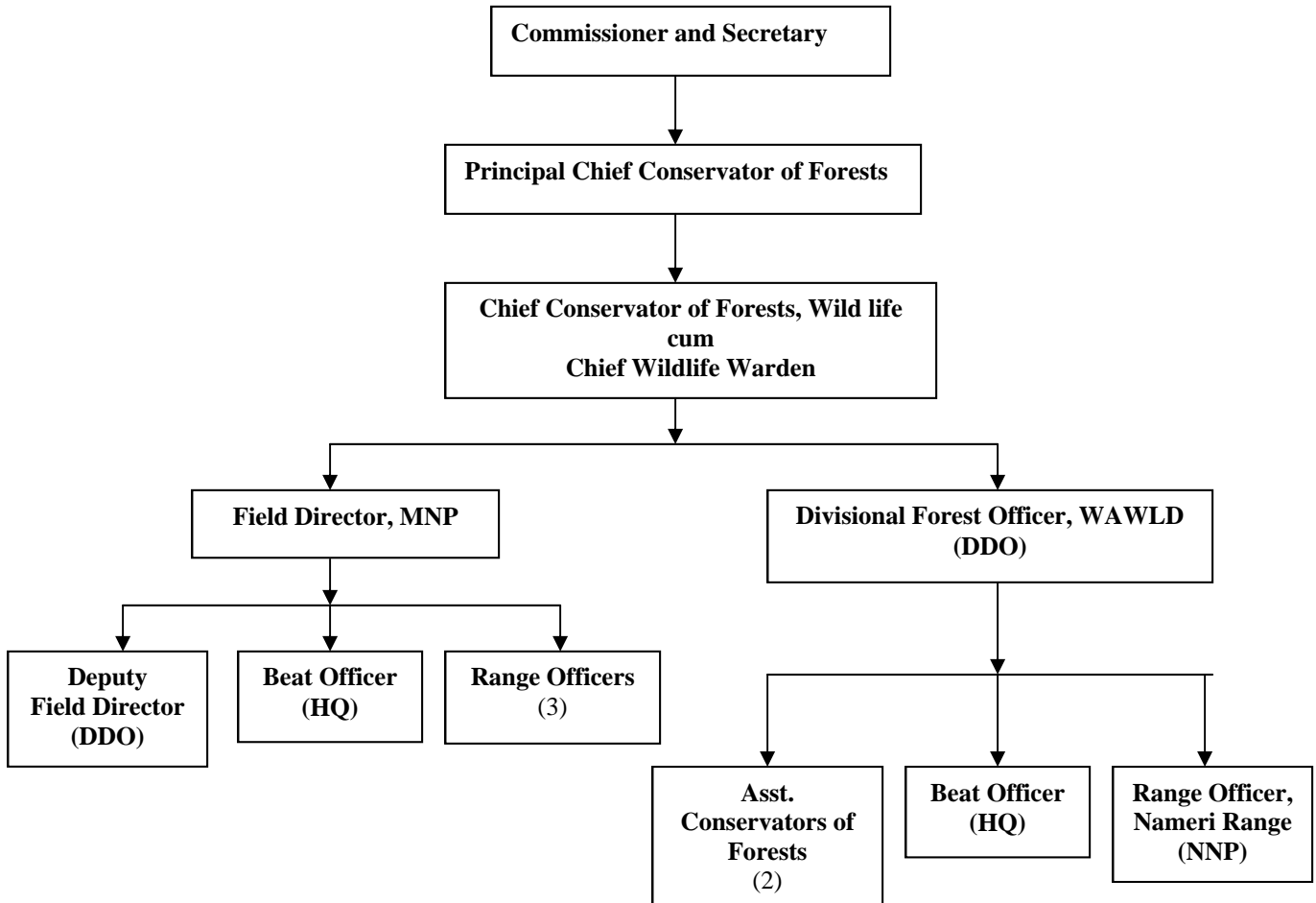


During the 10<sup>th</sup> Five Year Plan (2002-07), two on-going schemes viz., Beneficiary Oriented Tribal Development Scheme (BOTD) and Eco-development Scheme around Protected Areas (PA) were merged into a single Scheme “Eco-development in and around Tiger Reserves (TR)” and was implemented as part of the Scheme “Project Tiger”. Thus, during the 10<sup>th</sup> Plan, the Scheme ‘Project Tiger’ comprised of two parts: Project Tiger and Eco development’.

### 3.3.2 *Organisational setup*

At the State Level, Project Tiger is administered by the Chief Conservator of Forests, Wild life (CCF, WL), who also functions as the Chief Wildlife Warden (CWW) under the overall supervision and control of the Commissioner and Secretary (Environment and Forests) to the Government of Assam and the Principal Chief Conservator of Forests (PCCF). The organisational structure of the Project is depicted in Chart-1 below:



**Chart-1**

### 3.3.3 *Scope of Audit*

A performance review of the scheme 'Project Tiger' in MNP and NNP for the period from 2001-02 to 2005-06 was conducted during December 2005 to June 2006 by a test-check of the records in the offices of (i) the CCF, WL at Guwahati, (ii) the FD, MNP at Barpeta Road and (iii) the DFO, WAWLD at Tezpur.

### 3.3.4 *Audit Objectives*

The objectives of this performance audit were to assess:

- Efficacy of Project and Programme management.
- Flow of funds as per scheme guidelines and soundness of financial management.
- Effectiveness of communication network and protection measures for wild life species.

- Promotional activities like wildlife tourism, environmental education, research and development.
- Manpower management.
- System of monitoring and evaluation.

### **3.3.5            *Audit criteria***

The criteria set out for achieving the above objectives were to scrutinise:

- Instructions issued by the Government of India and State Government regarding implementation of the project.
- Rationale in providing funds both by the Union Government and State Government, budgetary assumptions and availability of funds for the project.
- Notifications and administrative orders issued.
- Monitoring mechanism prescribed.

### **3.3.6            *Audit Methodology***

The performance audit commenced with audit engagement in an entry conference held on 23 November 2005 attended by the Commissioner & Secretary to the Government of Assam, Environment and Forests Department, CCF, WL, Conservator of Forests from the Office of the PCCF including DFD, MNP and other officers where the audit objectives, scope and criteria were discussed. Both the Tiger Reserves in Assam i.e., MNP and NNP, were selected for the performance audit. The performance audit was carried out in the Offices mentioned in Para 3.3.3 including Range Offices. Audit findings were discussed with the Conservator of Forests on 24 August 2006 in an exit conference. The replies of the Department/Government have been incorporated in the review where appropriate.

## **Audit findings**

### **3.3.7            *Financial management and control***

During the course of the performance review, it was observed that there were deficiencies in financial management and controls exercised in implementing the project. This led to shortfall in release of funds by both the Central and the State Governments. There were instances of doubtful/irregular expenditure, diversion of funds, diversion of revenue, locking up of funds etc., as detailed in the succeeding paragraphs.

#### **3.3.7.1        *Funding Pattern***

“Project Tiger” was implemented on sharing basis between the Central and the State Governments. For non-recurring component, 100 *per cent* funds were provided by the Centre while the expenditure on recurring items was shared between the Central and the State Governments on 50:50 basis. The activities under “Eco-development” were funded fully by the Centre.

### 3.3.7.2 Absence of specific Budget provision

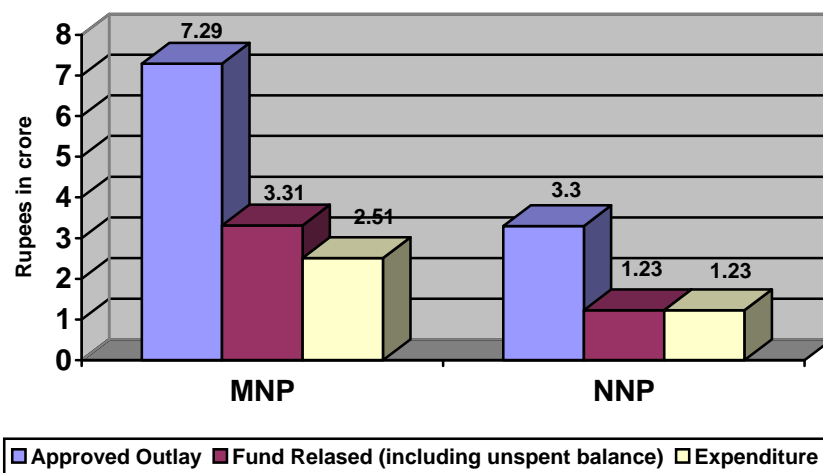
Although the State budget provided funds under the schemes “Tiger Project” and “Eco-development around Tiger Reserves and Sanctuaries”, it did not indicate separate provision for MNP and NNP under these schemes. As such, it could not be ascertained if the expenditure incurred on the schemes in MNP and NNP was in accordance with the budget provision. Reasons for the absence of specific provision in the State budget in respect of MNP and NNP were not stated.

### 3.3.7.3 Outlay and expenditure

The year-wise outlay as per the approved Annual Plan of Operations (APO), outlay approved by the Government of India (GOI), funds released by the Central and the State Governments and expenditure incurred under the scheme during the period from 2001-02 to 2005-06 in respect of MNP and NNP are given in *Appendix-3.10*.

Chart-2 below shows the position of total outlay approved, fund released and expenditure incurred during the period 2001-06 in MNP and NNP:

**Chart-2**



### 3.3.7.4 Inadequate provision of funds and short release of Central and State shares

Against the proposed outlay of Rs.20.97 crore (MNP: Rs.16.21 crore and NNP: Rs.4.76 crore) in the APO for the years 2001-06, the Government of India (GOI) approved an outlay of Rs.10.59 crore (MNP: Rs.7.29 crore and NNP: Rs.3.30 crore) which was only 50 per cent of the proposed outlay. Of the approved outlay, Rs.8.23 crore (78 per cent) was the Central share (MNP: Rs.5.25 crore and NNP: Rs.2.98 crore) and Rs.2.36 crore (22 per cent) was the State share (MNP: Rs.2.04 crore and NNP Rs.0.32 crore). The amount finally released by the Central and the State Governments during the five years (2001-06) was Rs.3.30<sup>34</sup> crore (MNP; Rs.2.54 crore and NNP: Rs.0.76 crore) as given in

<sup>34</sup> Excluding unspent amounts Revalidated/Adjusted by Centre

Table-1 below, which was only 16 *per cent* of the proposed outlay (Rs.20.97 crore) and 31 *per cent* of the approved outlay (Rs.10.59 crore).

**Table-1**

Name of NP	Component	Outlay approved (2001-06)			Fund released (2001-06)			Shortfall			Percentage of shortfall I
		Central Share	State Share	Total	Central Share	State Share	Total	Central Share	State Share	Total	
MNP	Recurring	2.04	2.04	4.08	0.75	0.59	1.34	1.29	1.45	2.74	67
	Non-Recurring	3.15	--	3.15	1.20	--	1.20	1.95	--	1.95	61
	Eco-Dev	0.06	--	0.06	--	--	--	0.06	--	0.06	100
	Total MNP	5.25	2.04	7.29	1.95	0.59	2.54	3.30	1.45	4.75	65
NNP	Recurring	0.32	0.32	0.64	0.06	0.18	0.24	0.26	0.14	0.40	63
	Non-Recurring	2.22	--	2.22	0.29	--	0.29	1.93	--	1.93	87
	Eco-Dev	0.44	--	0.44	0.23	--	0.23	0.21	--	0.21	48
	Total NNP	2.98	0.32	3.30	0.58	0.18	0.76	2.40	0.14	2.54	77
GRAND TOTAL		8.23	2.36	10.59	2.53	0.77	3.30	5.70	1.59	7.29	69

(Source: Government of India's sanctions and statement of expenditure of the project)

The shortfall in release of Central and State shares during the five years (2001-06) was Rs.5.70 crore (69 *per cent*) and Rs.1.59 crore (67 *per cent*) respectively. No fund was released by the Centre for MNP during 2004-05 and for NNP during 2004-05 and 2005-06 due to retention of large unspent funds (*Appendix-3.10*).

The GOI released the first installment of its share for the years 2001-02 to 2003-04, in respect of both MNP and NNP and for the year 2005-06 in respect of MNP, in lumpsum and the balance amounts of Central share for these years were to be released in due course after a review of the progress of expenditure/works done. Reports/UCs intimating progress of expenditure of first instalment to the GOI to get the second installment released, were not shown to audit.

Thus, there was shortfall in sanctioning the required funds by the Centre in the first instance and thereafter, there was shortfall in releasing funds by both the Central and the State Governments. This indicated that both the Central and the State Governments did not ensure adequate funding under the scheme for its effective implementation.

### 3.3.7.5 Delay in submission of Annual Plan of Operation

According to the instructions issued (February 2000 and February 2001) by the Ministry of Environment and Forest (MOEF), APO of the Scheme from 2000-01 onwards should be furnished to the Ministry by March of the preceding financial year to enable the MOEF to release the first instalment of Central assistance for the next year in April.

No APO for the years 2003-04 to 2005-06 for MNP and for the years 2002-03 and 2003-04 for NNP was submitted by the FD, MNP and the DFO, WAWLD respectively to the CCF, WL for onward submission to MOEF, while the APOs for other years were submitted by them in April and May.

The CCF (WL), however, submitted the APOs to MOEF for all the years. There were delays ranging from 43 to 101 days in sending APOs by CCF, WL to MOEF which in turn led to delays ranging from 58 to 200 days in release of the first installment of Central assistance for execution of the scheme.

### 3.3.7.6 Inordinate delays in release of Central share by State Government

According to the directions<sup>35</sup> issued (July 2000) by MOEF, financial assistance released by the Centre for Wildlife Sector should reach the field level within six weeks (42 days) of release by the Centre while the Hon'ble Supreme Court of India issued (February 2005)<sup>36</sup> direction to all the State and Union Territory Governments for releasing the Central assistance to field formations within 15 days.

It was noticed in audit that the State Government took 76 to 253 days (reckoned from the dates of releasing funds by GOI) in releasing the Central share to the FD, MNP and the DFO, WAWLD during 2001-06 resulting in non-adherence to the MOEF instructions and non-compliance with the directives issued by the Hon'ble Supreme Court of India.

In almost all cases, the State Government released Central assistances as well as its own share towards the end of the financial year, leading to accumulation of large unspent balances as shown in Table 2 below:

Table-2

(Rupees in lakh)							
Name of Park	Year	Unspent Central funds of previous year	Amount released by GOI during the year	Total	Amount utilised	Unspent Balance at the end of the year	Percentage of unspent balance to total funds released
MNP	2001-02	76.75	40.00	116.75	53.45	63.30	54
	2002-03	63.30	25.00	88.30	4.00	84.30	95
	2003-04	84.30	50.00	134.30	50.00	84.30	63
	2004-05	84.30	--	84.30	84.30	--	--
	2005-06	--	80.00	80.00	NA <sup>37</sup>	NA	NA
NNP	2001-02	48.10	17.05	65.15	34.55	30.60	47
	2002-03	30.60	15.00	45.60	--	45.60	100
	2003-04	45.60	25.00	70.60	29.95	40.65	58
	2004-05	40.65	--	40.65	23.55	17.10	42
	2005-06	17.10	--	17.10	17.10	--	--

(Source: GOI sanctions and UC)

Since there were large savings (MNP: Rs.84.30 lakh and NNP Rs.40.65 lakh) at the end of 2003-04, no fund was released by GOI during 2004-05 for both MNP and NNP. The unspent balances were revalidated and adjusted against APO of 2004-05 in both the cases in October 2004 and November 2004 respectively. Due to failure of NNP to utilise Rs.17.10 lakh during 2004-05, GOI did not release any fund for NNP during 2005-06 also, instead it permitted to utilise the unspent amount of Rs.17.10 lakh during 2005-06.

Thus, due to delay in submission of APOs by the State Government, followed by delay in release of funds both by the Central and State Government adversely affected the successful implementation of various components for improvement of both the Parks.

<sup>35</sup> Proceedings under Agenda No.3 and 4 of the 36<sup>th</sup> meeting of the Steering Committee of Project Tiger held in New Delhi on 8<sup>th</sup> May 2000

<sup>36</sup> Conveyed to Chief Wild life Warden of all Tiger Reserves under MOEF-No.4-17/98-PT dt.7<sup>th</sup> March, 2005

<sup>37</sup> Due to non-completion of accounts for January 2006 to March 2006 amount utilised was not available (June 2006)

### 3.3.7.7 Absence of cashbook and non-preparation of accounts

Although the Rules provided that Monthly Accounts shall be compiled and submitted to the Accountant General (A&E) within 10<sup>th</sup> of the next month, the FD, MNP did not compile its Monthly Accounts for the months of January to March 2006 till June 2006 nor were the cashbooks for the said period written and closed. Cashbooks of the ROs and the Beat Officers (BOs) were also not up to date and their accounts were also not prepared for the said period till June 2006.

**In the absence of duly written cashbooks and the monthly accounts, utilisation of Rs.1.74 crore<sup>38</sup> drawn in cheques by the DDO and remittance of Rs.12.46 lakh realised by ROs during January-March 2006 could not be verified in audit.**

Non-maintenance of cashbooks and non-submission of accounts from January 2006, by the FD, MNP is indicative of failure of financial management and control and is fraught with the risk of misappropriation and fraud.

### 3.3.7.8 Doubtful expenditure

Central assistance of Rs.1.08 crore (MNP: Rs.0.84 crore; NNP: Rs.0.24 crore) for recurring expenses (MNP: 0.12 crore and NNP: Rs.0.03 crore); non-recurring expenses (MNP: 0.72 crore and NNP: 0.15 crore) and Eco-development (NNP:Rs.0.06 crore) for the year 2004-05 was released to FD, MNP and DFO, WAWLD by the State Government just four to 10 days before the end of the year and the same was shown utilised by the FD, MNP and the DFO, WAWLD within that year. Actual utilisation of such large sum for non-recurring expenses (Rs.0.87 crore) and completion of various construction works (Refer: *Appendix-3.11 A* and *3.11 B*) as reported in utilisation certificate (UC) by the FD, MNP and the DFO, WAWLD in just four to 10 days was not only impracticable but also doubtful.

### 3.3.7.9 Diversion of funds

In accordance with the approved APO (2004-05) FD, MNP allotted Rs.6.40 lakh on 30 March 2005 to RO Bansbari for the works "Re-construction of staff quarters (Rs.3.50 lakh), conversion of wooden bridges to RCC bridges (Rs.2 lakh) and construction of roads in fringe villages (Rs.0.90 lakh). While only Rs.0.96 lakh was spent on conversion of wooden bridges (Rs.0.62 lakh) and construction of village road (Rs.0.34 lakh), no staff quarters were constructed. Savings of Rs.5.44 lakh was spent on construction of a new residential quarter for the Range Officer without obtaining approval of the competent authority. Thus, Rs.5.44 lakh was diverted for construction of RO's quarters not included in the approved APO of 2004-05.

Rs.17.10 lakh sanctioned (February 2001) by GOI specifically for creation of Strike Forces in NNP was revalidated thrice (June 2001, October 2002 and November 2003) by GOI for the same purpose. Although the State Government finally sanctioned and released the amount (Rs.17.10 lakh) for the said purpose in June 2003, the DFO, WAWLD initially retained (July 2003) it under "Deposit at call Receipt" and then

<sup>38</sup>

Issued Cheques in favour of	No. of Cheques	Amount (In Rupees)
Self	17	91,97,481
RO, Bansbari Range	5	55,12,654
RO, Panbari Range	2	8,62,250
RO, Bhuyanpara Range	2	13,32,255
B.O. (HQ)	2	5,01,250
<b>Total</b>	<b>28</b>	<b>1,74,05,890</b>

expended (March 2004) it for purchase of minitruck, Maruti Gypsy etc., resulting in irregular diversion of the amount for purposes other than non-creation of strike force in NNP for protection of its flora and fauna.

### 3.3.7.10 Diversion of revenues

According to the directions (April 2004 and August 2004) of the BTC<sup>39</sup>, the FD, MNP without any instruction from the PCCF Assam and also without concurrence of the Government of Assam, deposited Rs.21.63 lakh<sup>40</sup> into BTC Accounts during 2004-05 (Rs.9.64 lakh) and 2005-06 (Rs.11.99 lakh upto December 2005). The Accountant General (A&E), Assam objected to this in November 2004 and subsequently the Government issued instructions in July 2005 to remit/deposit the forest revenues into the Government Account as was done previously. No action had, however, been taken till June 2006 by the FD, MNP to withdraw the amount (Rs.21.63 lakh) deposited into BTC Accounts irregularly and unauthorisedly.

### 3.3.8 Physical Performance

#### 3.3.8.1 Targets and Achievements

The year-wise physical and financial targets set under non-recurring component in the approved APOs of the Scheme<sup>41</sup> in respect of MNP and NNP during 2001-06 and achievements there against during the said period is given in Table 3 below:

**Table-3**

(Rupees in lakh)

Name of National Park	Year	Target		Achievement		Shortfall		Percentage of shortfall
		No. of items	Amount	No. of items	Amount	No. of items	Amount	Amount
MNP (Appendix-3.11-A)	2001-02	9	9.30	8	9.30	1	--	--
	2002-03	5	32.50	--	--	5	32.50	100
	2003-04	18	99.99	7	39.00	11	60.99	61
	2004-05	9	72.50	9	72.50	--	--	--
	2005-06	9	101.00	NA	NA	NA	NA	NA
	<b>Total</b>		<b>50</b>	<b>315.29</b>	<b>24</b>	<b>120.80</b>	<b>17</b>	<b>93.49</b>
NNP (Appendix-3.11-B)	2001-02	13	39.10	10	17.50	3	21.60	55
	2002-03	11	37.70	--	--	11	37.70	100
	2003-04	23	62.20	7	17.10	16	45.10	73
	2004-05	28	57.67	10	15.45	18	42.22	73
	2005-06	31	112.86	--	17.10	31	95.76	
	<b>Total</b>		<b>106</b>	<b>309.53</b>	<b>27</b>	<b>67.15</b>	<b>79</b>	<b>242.38</b>

Source: Approved APOs and UCs

Details may be seen in *Appendices 3.11 (A) and 3.11 (B)*

<sup>39</sup> Bodoland Territorial Council

<sup>40</sup> Refer Table-7

<sup>41</sup> Excluding Eco-development items

It was observed in audit that:

- The GOI while approving the APOs mainly set financial targets against different items without indicating the physical targets except in a few cases. Thus other than in a few cases physical achievements against the targets could not be analysed in audit.
- The APOs as well as the administrative approval and revalidation orders of GOI for the years 2004-05 and 2005-06 in respect of NNP did not specify the 'Spillover items' and the 'New/Annual items' to be executed against revalidation sanction and fresh release of funds. The expenditure statements for the years 2004-05 and 2005-06 in respect of NNP also did not indicate the 'Spillover items' and 'Annual items' separately. Thus, there was lack of transparency in presenting physical achievements.
- Full expenditure on non-recurring items was borne by the Central Government. During 2004-06, recurring items like 'maintenance of wireless sets, maintenance of departmental elephants, wages etc., were shown irregularly under non-recurring components as revealed from APO and expenditure statements of NNP.
- Cash memos and vouchers for procurement of material and actual execution of works were not found. As such, actual execution of various works could not be vouchsafed in audit. Besides, construction works of buildings, roads, bridges, embankments, *bundhs*, check dams, etc., were executed departmentally by Range and Beat Officers having no technical qualification and expertise. As such the practice is fraught with the risk of executing sub-standard works in the absence of supervision of the work by technically qualified engineers/sub-engineers. No reasons for such departmental execution of works was found on records.

### **3.3.8.2 Re-construction of Beats – doubtful execution of works**

According to the APO approved (October 2004) by the GOI for the year 2004-05 in respect of MNP, Rs.24 lakh was provided for "Re-construction of eight Beats" under Bansbari and Bhuyapara Ranges.

Accordingly, the FD, MNP allotted Rs.24 lakh to the RO, Bansbari (Rs.18 lakh) and the RO, Bhuyapara (Rs.6 lakh) on 30 March 2005. As per Utilisation Certificate (UC) furnished (June 2005), Rs.24 lakh was shown as utilised during 2004-05 for re-construction of the said eight Beats. **Since it was neither feasible nor practicable to execute the work including preparation of estimates etc., in just two days, it is evident that neither the work of re-construction of the beats was executed nor was the fund allotted for the purpose utilised within 31 March 2005.** The fact that these eight beats were not constructed during 2004-05 and fictitious UCs were submitted in June 2005 was also established from the field visit report (October 2005) of FD MNP wherein the ROs concerned were directed to build these eight beats during the calendar year 2005.

### **3.3.9 Programme Management**

#### **3.3.9.1 Non approval of Management Plan**

The Task Force constituted by the GOI in 1972 for preservation of tigers envisaged preparation of a Management Plan (MP). The MP was to be approved by the State Government and submitted to the GOI for vetting and approval including modifications



as deemed necessary. The proposals made in the approved MP need to be implemented in annual phases through APOs in strict conformity with MP.

It was observed in audit that although the MPs in respect of MNP for the five years 2002-07 and NNP for the five years 2003-08 were prepared and submitted to CCF, WL long back, as given below in Table-4, these were not approved by the State Government (June 2006) even though the periods of their currency are due to expire in March 2007 and March 2008 respectively. During exit conference held on 24 August 2006, the CCF, WL stated that the Draft MPs were not up to the mark (comprehensive) and hence, these were sent to an expert committee for examination.

Table-4

Name of NP	Date of preparation of MP by FD/DFO	Period covered in the MP	Date of submission of the MP to CCF, WL	Date of approval of the MP by CCF, WL	Date of submission to Government by CCF, WL	Time elapsed since submission/ approval by CCF, WL	Expenditure incurred (Rupees in lakh)
MNP	December 2001	2002-07	March 2003	NA	NA	39 months	0.30
NNP	NA	2003-08	NA	January 2003	NA	41 months	0.50
<b>Total</b>							<b>0.80</b>

Source: Particulars furnished by FD, MNP and DFO, WAWLD.

This indicated that during all these years the Scheme was implemented in both MNP and NNP on ad hoc basis and various activities were undertaken without proper planning and approved MP. This also showed lack of seriousness and sincerity of the authorities in implementing the Scheme.

### 3.3.9.2 Land use and Management – non-eviction of encroachers

About 1,600 hectares of land in Kahitema Reserve Forest under Panbari range of MNP and about 1,500 hectares of land in Bordikrai and Rangajan Chapori of NNP were under encroachment by the local people.

The last eviction operation was carried out in 2002 in compliance with the order of the Hon'ble Supreme Court but the settlers have re-encroached upon the areas, which are still under their occupation.

Thus, inaction of the Department in carrying out eviction drive since 2002 and failure to guard the evicted areas against re-encroachment were responsible for encroachment till date (June 2006).

### 3.3.9.3 Tiger Census

According to the MOEF guidelines (April 1997 and June 2001) census of tiger and its preys should be conducted once a year during the appropriate season and compliance reported for each financial year latest by 30 June of the next financial year.

Records revealed that no census was carried out in MNP during 1998, 1999 and 2001 to 2005. The reasons for not conducting census in MNP during 2001 to 2005 were attributed to extremist activities in MNP although the tiger census could be conducted five times (1989, 1993, 1995, 1997 and 2000) in MNP despite the prevalence of extremist activities.

Census was carried out in MNP during 2006, but the report is yet to be finalised (June 2006).

Reason for not conducting census in NNP in 2003-04 was attributed to early onset of monsoon while no reasons for not conducting census in 2001-02, 2002-03 and 2005-06 were found on record.

Thus, the last estimation of tigers was conducted in MNP in 2000 and in NNP in 2005.

The population of tigers as estimated in MNP and NNP since 1997 is given in Table-5 below:

**Table-5**

**(In number)**

Year of Census	Tigers estimated in MNP				Tigers estimated in NNP			
	Male	Female	Cub	Total	Male	Female	Cub	Total
1997	27	54	8	89	21	18	11	50
2000	22	38	5	65	10	12	04	26
2005	--	--	--	--	18	16	03	37
2006	--	--	--	--	NA	NA	NA	NA

Source: Tiger Census Report

Reasons for sudden decrease of tigers from 89 in 1997 to 65 in 2000 (27 per cent) in MNP and from 50 in 1997 to 26 in 2000 (48 per cent) in NNP were not investigated and analysed. There was no record to show that other species (including preys) had ever been estimated in MNP while in NNP the number of leopards was estimated to be one in 2000 and 10 in 2005.

### **3.3.10 Control of poaching, taxidermy and illegal trade in wildlife**

#### **3.3.10.1 Non-creation of Special Strike Force in MNP**

The GOI sanctioned Rs.51.40 lakh for MNP in January 2001 under 100 per cent Central assistance for creation of four platoons of Strike Forces similar to para military forces to contain poaching and other illegal acts inside MNP.

Since no action was taken by the State Government to create Strike Forces in MNP, Rs.51.40 lakh released (January 2001) for the purpose remained unutilised and finally adjusted by the GOI (October/December 2004) against other items of work. Thus, inaction of the State Government resulted in non-creation of the strike force for checking criminal activities in the Park including illegal poaching. Besides employment opportunity for local youth was also lost.

#### **3.3.10.2 Poaching and illegal activities**

Fourteen cases<sup>42</sup> of animal poaching were detected in MNP during 2000-01 to 2004-05 and all the cases were stated (June 2006) to be pending in courts.

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<sup>42</sup> Wild Elephant : 12  
Tiger : 1  
Pigmy Hog : 1

It was observed that in 12 of the 14 poaching incidents, no arrest was made, whereas 14 cases are stated to be pending in the court. It was not clarified (June 2006) whether in respect of the 12 cases, where no arrest was made, cases were filed in the court and if so, what the present status was.

Besides, four cases of timber smuggling were also detected between January 2005 and March 2006 and the vehicles involved were seized. Finally, the cases were settled between January 2005 and April 2006 by realising a compounding fee of Rs.1.33 lakh.

According to the information furnished (June 2006), one case of animal hunting and two cases of fish poaching were detected in NNP during 2002-03 and 2005-06 and four persons were apprehended with arms and ammunition. The cases were pending in court (June 2006). The dates of occurrence of the incidents were, however, not furnished (June 2006).

### **3.3.11            *Communication Network***

#### **3.3.11.1        *Vehicles and Boats***

According to the information furnished (February and May-June 2006), there were 27 vehicles (MNP: 11 and NNP: 16) and 37 boats (MNP: 21 and NNP:16) as on 31.3.2006, of which nine vehicles (MNP:3 and NNP:6) and five motor boats (MNP) were lying off road/un serviceable.

No action was taken to dispose of the off road vehicles and un-serviceable motorboats for replacement and better communication facilities.

Scrutiny also revealed that there were another five vehicles viz., one Ambassador, two Jeeps, one Swaraj Mazda, and one Mahendra Van with MNP as of February 2000. The status of those vehicles could not be ascertained in audit. FD, MNP also did not reveal (February 2006) the existence of these vehicles. This was brought to light only in the course of scrutiny of records.

#### **3.3.11.2        *Damage of Wireless sets***

During 2000-01, 87 sets of wireless were procured by FD, MNP. Of these, 72 sets were stated to be damaged during 2002-03 (50 sets) and 2003-04 (22 sets). Reasons for such large-scale damage (83 *per cent*) within three to four years of purchase were not investigated to find out whether the damage was caused due to improper handling or due to supply of defective sets.

During 2005-06, FD, MNP procured five Wireless sets and issued these to the NGO 'Manas Maozigoneri Eco-Tourism Society, Kokilabari for their official duty and protection duty of MNP which was irregular and unauthorised as neither any approval for this was obtained from the competent authority nor was the NGO authorised by the Government to carry out protection duty of MNP.

### 3.3.11.3 Inadequate wireless coverage

Wireless networks in both MNP and NNP were found to be inadequate since 12 Beats (out of 14) and two Manned Check Posts of MNP and nine Beats out of 13 and 15 Anti-poaching Camps of NNP directly responsible for surveillance duties in MNP and NNP were not provided with wireless communication facilities.

### 3.3.11.4 Non-availability of Wireless sets

Scrutiny revealed that there were 81 Motorola sets (Purchased: 14, WWF donated: 12 and UNESCO: 55) available in MNP as of March 2000. Stock accounts or inventory indicating location of installation/use of these wireless sets were not shown to audit. Moreover, in the statement of availability and purchase of wireless sets, number of wireless sets available at the beginning of the year 2000-01 was shown as 'NIL' which established that these 81 wireless sets were not physically available.

### 3.3.12 Arms and Ammunition

#### 3.3.12.1 Discrepancies between the Register of Arms and the Arms actually in store in respect of MNP

According to the register of arms and ammunitions maintained by the FD MNP, 116 fire arms procured prior to 2000-01 were available as of March 2005.

The position of fire arms reflected in HQ Beat and the three Range Offices showed a discrepancy of 37 as of March 2005 as shown in Table-6 below:

**Table-6**

**(In number)**

Particulars of Arms	Arms available in the storage of					Total fire arms as per Register	Discrepancy (shortage)
	HQ Beat	Bansbari Range	Panbari Range	Bhuya para range	Total		
315 Rifles	17	39	--	6	62	76	14
DBB gun	11*	3	--	--	14	22	8
SBB Gun	3	--	--	--	3	18	15
<b>Total</b>	<b>31</b>	<b>42</b>	<b>--</b>	<b>6</b>	<b>79</b>	<b>116</b>	<b>37</b>

\* Including five non-functional DBB Guns

Source: Register of Arms and particulars of distribution furnished by FD, MNP

An investigation, however, revealed (March 2006) that 93 arms maintained by the FD, MNP were found to be illegal and unauthorised due to non-renewal of licenses for 48 (since 1993) and non-availability of licenses for 45 arms, which resulted in violation of Arms Act attracting penalty and seizure of the Arms.

The shortage of 37 arms was stated (March 2006) to be due to snatching away by miscreants without supporting details such as date and place of snatching, FIR No. and date, Police Investigation Reports etc.

This indicated that neither an inventory of fire arms was maintained nor were their licenses renewed and maintained properly and securely.

### 3.3.12.2 Discrepancies and anomalies in the accounts of Ammunition in respect of MNP

The year-wise position of ammunition for the years 2001-06 furnished by FD, MNP showed a discrepancy of 2,543 bullets (432) and cartridges (2,111) as shown in *Appendix-3.12*.

The figures furnished by FD, MNP (*Appendix-3.12*) disagree with the year-wise ammunition accounts for the years 2000-01 to 2004-05 furnished by HQ Beat (being the stock-holding unit) vide *Appendix-3.13*

The ammunitions accounts in respect of MNP for the period upto January 2005 were not found in the register of arms and ammunition and therefore the correctness of ammunition accounts furnished by HQ Beat (*Appendix-3.13*) and those furnished (February 2006 June 2006) by FD MNP (*Appendix-3.12*) could not be verified.

Thus, the accounts of arms and ammunition maintained by the FD were improper and require a thorough investigation because of the seriousness and sensitiveness of the matter.

### 3.3.13 Promotional Activities

#### 3.3.13.1 Generation of Revenues

The main source of revenue of MNP and NNP was receipts from tourism, while other sources were fees, fines, auction sale of seized/confiscated material etc.

Year-wise revenues realised and credited into Government /BTC<sup>43</sup> accounts during the period 2001-06 (up to December 2005 in case of MNP) were as shown in Table-7 below:

Table-7

Year	MNP			NNP		
	Revenue realised	Amount credited to Government Account	Amount deposited into BTC Account	Revenue realised	Amount credited to Government Account	Short Remittance
2001-02	2.31	2.31	--	0.57	0.55	0.02
2002-03	1.67	1.67	--	0.74	0.72	0.02
2003-04	3.38	3.38	--	1.34	1.34	--
2004-05	9.82	0.18	9.64	1.38	1.38	--
2005-06	12.29*	0.30	11.99	2.27	2.27	--
<b>Total</b>	<b>29.47</b>	<b>7.84</b>	<b>21.63</b>	<b>6.30</b>	<b>6.26</b>	<b>0.04</b>

\* Up to December 2005. Accounts from January 2006 onwards not yet completed (June 2006)

Source: Register of Revenues and Remittances.

- In case of MNP, revenues collected was recorded without indicating the sources. Hence, it could not be ascertained whether revenues were being collected as per Schedule of Tariffs.

<sup>43</sup> Bodoland territorial council

- In case of NNP, revenue collected was classed as view fee, camera fee and angling fee which, did not conform to the classes of fees prescribed in the Schedule of Tariffs<sup>44</sup>. Details of revenue realised from other sources prescribed as per approved tariffs were not available.

### 3.3.13.2 Collection of entry fees

There was no prescribed Gate Receipt/Gate pass for permitting entry into MNP and NNP. Treasury Receipt Forms (TR-V) were used for collecting entry fee in MNP showing lump sum amounts while in NNP pages of plain Note Books were used as Entry Pass.

According to the tariffs effective from October 1996 and July 2002, entry fees of Rs.11.90 lakh (MNP Rs.7.53 lakh and NNP: Rs.4.37 lakh) was due for realisation from 48,440 tourists including 1,258 foreigners who visited the Parks during the period as given in Table-8 below:

Table-8

Name of NP	Period	No. of Tourists		Rate of Entry Fee	(In Rupees)	
					Amount due	Amount realised
MNP	January 2001 to February 2002	Indian	4224	10.00	42,240	NA
		Foreign	--	175.00	--	
	January 2003 to February 2006	Indian	31468	20.00	6,29,360	NA
		Foreign	326	250.00	81,500	
<b>Total: MNP</b>		<b>36018</b>	<b>--</b>	<b>7,53,100</b>	<b>NA</b>	
NNP	April 2001 to May 2002	Indian	2101	10.00	21,010	31,473
		Foreign	59	175.00	10,325	
	July 2002 to March 2006	Indian	9389	20.00	1,87,780	4,06,150
		Foreign	873	250.00	2,18,250	
<b>Total NNP</b>		<b>12,422</b>	<b>--</b>	<b>4,37,365</b>	<b>4,37,623</b>	
<b>Grant Total</b>		<b>48,440</b>	<b>--</b>	<b>11,90,465</b>	<b>--</b>	

Source: Visitor's data and scheme of Tariffs

The amount collected from the visitors as entry fee in respect of MNP was not available since no record was maintained showing the source of revenue collected.

This indicated that maintenance of records about visitors and collection of entry fee in respect of MNP was poor and unsatisfactory.

### 3.3.14 Research and Development Activities

It was observed in audit that neither any research work was undertaken by the FD, MNP during the last six years from 2000-01 to 2005-06 nor a Research Laboratory was set up although a Research officer and a Laboratory Attendant were appointed on regular basis under the scheme. Thus, the purpose for which these officials had been appointed

<sup>44</sup> Entry fees, photography fees, vehicle fees, elephant riding fees, boat riding fees and permit fee.

remained unfulfilled and Rs.5.33 lakh<sup>45</sup> spent on their pay and HRA (at the minimum of the time scale) during the period 2000-06 was therefore, idle and infructuous.

### 3.3.15 *Manpower Management*

#### 3.3.15.1 **Sanctioned Strength and Men in Position**

**MNP:** There were several schemes in operation in MNP. Posts have been created in MNP under two schemes, namely Project Tiger and Rhino Conservation Scheme. In addition, some posts were also operated under non-Plan Budget of the State Government. Sanctioned Strength (SS) and Men in Position (MIP) for each category of posts under each of these Schemes in MNP during 2001-06 are given in *Appendix –3.14*.

It was observed in audit that although there were vacancies in most of the cadres, the shortage in the cadres of Foresters, Forest Guards and Game watchers who constituted the patrolling/anti-poaching squads in guarding MNP, protecting its flora and fauna against poaching and illegal activities was the highest as shown in Table-9 below:

**Table-9**

(In number)

Year	Project Tiger			Rhino Scheme and non-Plan			Overall		
	Total vacancies	Vacancies in Foresters and Forest Guards cadre	Percentage	Total Vacancies	Vacancies in Foresters and Forest Guards cadre	Percentage	Total Vacancies	Vacancies in Foresters & Forest Guards	Percentage
2001-02	40	31	78	72	67	93	112	98	88
2002-03	47	34	72	78	73	94	125	107	86
2003-04	51	37	73	76	69	91	127	106	83
2004-05	51	32	63	90	81	90	141	113	80
2005-06	51	35	69	91	84	92	142	119	84

Source: Sanctioned Strength and MIP

It was stated (February 2006) by FD, MNP that due to such large shortages in the cadres of Foresters, Forest Guards and Game Watchers, there were problems in patrolling and guarding against encroachment, poaching and illegal activities and the Government was moved through CCF, WL for deployment of more manpower.

**NNP:** No post was created under 'Project Tiger' for NNP although it was brought under the operation of the Scheme in March 2000. The officers and staff recruited against the sanctioned strength of erstwhile Nameri Range, (now NNP), were deployed in NNP. As against SS of 152 (including 64 Foresters, Forest Guards and Game

<sup>45</sup> Pay scales:

- Research Officer: Rs.4390-Rs.11,435  
Pay (2000-06) at Minimum Rs.4390 for 72 months : Rs.3,16,080
- Laboratory Attendant : Rs.2490-Rs.4120  
Pay (2000-06) at Minimum Rs.2490 for 72 months Rs. 1, 79,280  
Total Pay Rs 4,95,360  
Add: HRA @ 7.50% Rs. 37,152  
**Total** **Rs. 5,32,512**

Watchers) only 49 (26 Foresters, Forest Guards and Game Watchers) were in position as on 1 October 2002.

Particulars of manpower deployed during the subsequent period upto 2005-06 were not furnished (June 2006).

### **3.3.15.2**                      *Inspection of Beats*

No periodicity was prescribed for inspection of beats. It was stated that beats under MNP were inspected in winter only by the Range officers while in other seasons Beats were inspected as per necessity. Only one beat Inspection Report prepared by the Deputy Field Director in January 2000 and submitted to CCF, WL was, however, available on record. This showed that no Beat under MNP had been inspected since 2000 due to lack of prescribed periodicity.

## **Monitoring and Evaluation**

### **3.3.16**                      *Functioning of Committees/Boards*

#### **3.3.16.1**                    **State Board for Wild life**

In terms of Section 6 of the Wildlife Protection (Amendment) Act, 2002<sup>46</sup>, the State Government constituted the State Board for Wildlife (SBWL) in July 2003 with the Chief Minister (CM) as the Chairman, Minister in-charge of Environment and Forests as the Vice-Chairman and 28 other Members.

According to Section 7 of the said Act, the Board should meet twice in a year. As per the available records, the Board met only twice (7 November 2002 and 25 November 2004) till March 2006 against six meetings due. Thus, there was shortfall of four meetings of the Board.

#### **3.3.16.2**                    **Monitoring and Evaluation Committee**

As per the MOEF instructions (June 2002), a Monitoring and Evaluation Committee was to be constituted at the level of the State Government in consultation with the identified institutes/centres of excellence of the State, for evaluating the progress of implementation of the project.

There was neither any record to show that a Monitoring and Evaluation Committee was constituted nor any Evaluation Report of the scheme by the Department or other agencies was available. No independent monitoring of the programme was also done by CCF, WL/PCCF except sending of routine nature reports and returns prescribed by the MOEF and the State Government mentioned in the succeeding paragraphs.

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<sup>46</sup> Came into force w.e.f. 1 April, 2003



### 3.3.17 *Management information system*

#### 3.3.17.1 **Non-submission of Reports and Returns to MOEF**

According to the instructions, monthly, quarterly, half-yearly and annual returns in prescribed formats containing both physical and financial achievements should be sent to MOEF for release of Central assistance by the dates as shown in Table-10 below:

**Table-10**

Monthly Reports	By 20 <sup>th</sup> of the following month
Quarterly Progress Report	Within 15 days from the close of the quarter
Half Yearly Reports	Within 2 months of the expiry of the half year
Annual Report	By 1 <sup>st</sup> Week of June of the following financial year

Source: Departmental records.

Monthly, Quarterly, Half yearly and Annual Progress Reports in respect of MNP as required by MOEF were never sent despite several reminders issued from the Ministry.

In the case of NNP, submission of these reports to MOEF was not regular.

This indicated that management information system was ineffective.

#### 3.3.17.2 **Incomplete/delayed submission of Monitoring/Progress Reports prescribed by the State Government**

The State Government also prescribed certain Monthly/Quarterly Progress Reports. Although the formats of these Progress Reports required submission of both financial and physical achievements, only the financial achievements against allotment of funds were reported to CCF, WL and that too without indicating item wise expenditure figures.

It was noticed that in respect of MNP, monthly reports (State) were sent to CCF, WL, for two to three months at a time after a delay of two to three months.

Similarly, in the case of NNP, quarterly reports were submitted after a delay of two to three months while there was no information about submission of monthly reports.

Submission of such incomplete and belated reports not only defeated the very purpose for which these were prescribed but also resulted in lack of constant monitoring and ensuring timely corrective action.

#### 3.3.17.3 **Absence of records**

It was observed that various important records such as Register of Grants-in-aid, Register of Expenditure showing monthly as well as progressive expenditure against each item of works/activities approved in the APOs, Register of works, completion reports and physical verification reports of works, Register of Visitors, Inventories of Equipments, Duty Roster of Forest guards/game watchers, etc., were not maintained in both the projects, which is indicative of absence of internal controls.

## Other Points of Interest

### 3.3.18 *Emergency Assistance from UNESCO*

#### 3.3.18.1 **Diversion of funds to NGO and locking of funds**

Based on a proposal (January 1997) by the Government of Assam, an Emergency Assistance of 2.35 lakh US Dollars (USD) equivalent to Rs.83.43 lakh (@ Rs.35.50 per USD) was sanctioned (June 1997) by the UNESCO for Manas World Heritage Site under World Heritage Fund (WHF). The proposal included emergency nature of works like purchase of vehicles, wireless equipment, boats, patrolling gears, arms and ammunition, construction of buildings, research and survey works etc. All the purchases/works were to be completed within a maximum period of three years i.e., by June 2000.

The first installment of USD 0.75 lakh was released in kind in April 1998 while the second installment of Rs.26.71 lakh (equivalent to USD 0.68 lakh<sup>47</sup>) was released (March 2000: Rs.11.27 lakh and October 2000: Rs.15.44 lakh) to Wildlife Area Development and Welfare Trust,<sup>48</sup> Guwahati of which CCF (WL) Assam is the Member Secretary. Thus, Rs.26.71 lakh though sanctioned by UNESCO at the initiative of the MOEF and the Government of Assam was diverted to a Trust, a Non-Government Organisation (NGO), by the CCF, WL, for which no sanction or concurrence of the Government was found on record.

No information about release of balance WHF of USD 0.92 lakh (equivalent to Rs.32.66 lakh) was available (June 2006). During exit conference held on 24 August 2006, the CCF, WL stated that the matter is being examined.

- During the period from May 2000 to April 2005, the Trust released Rs.20.27 lakh (76 per cent) to the FD MNP as give in *Appendix-3.15*, and retained Rs.6.44 lakh (March 2006) even though 71 months had elapsed since the receipt of the second installment of Rs.15.44 lakh in October 2000. This resulted in avoidable blocking of UNESCO funds with the Trust and non-fulfillment of the objectives for which the funds under Emergency Assistance were given by the UNESCO. Meanwhile, the Trust derived an interest benefit of Rs.4.35 lakh<sup>49</sup> on the funds (Rs.26.71 lakh) till March 2006, which should form part of the UNESCO funds. Thus, the total funds blocked with the Trust worked out to Rs.10.79 lakh till March 2006. Reasons for involving the Trust to release the funds in piece meal manner over a protracted period were not available on records.

#### 3.3.18.2 **Non-maintenance of cashbook**

No transaction (receipt and expenditure) in respect of the UNESCO funds of Rs.20.27 lakh received from the Trust was reflected in the cashbook of the FD MNP as well as those of the Range Offices nor a separate cashbook for the purpose was maintained as confirmed by the FD (June 2006). Thus, no accounts in respect of Rs.20.27 lakh received from the Trust were available.

<sup>47</sup> 0.26 lakh USD: Rs.11.27 lakh @43.35 per USD  
0.42 lakh USD:Rs.15.44 lakh @Rs.36.76 per USD  
0.68 lakh USD Rs.26.71 lakh

<sup>48</sup> Established in September 1996

<sup>49</sup> Compound at 5 per cent per annum applicable to Savings Bank Account.

### 3.3.18.3 Non-submission of utilisation certificates

Out of Rs.20.27 lakh released by the Trust, the FD MNP submitted vouchers for Rs.11.27 lakh released between May 2000 and October 2000 as per records of the Trust. No UC in respect of the amount (Rs.11.27 lakh) was however, shown to audit by the Trust. In respect of the balance Rs.9 lakh released in 2004-05 and 2005-06, the FD MNP did not submit vouchers or UCs till date (June 2006).

Thus, utilisation of Rs.20.27 lakh released during May 2000 to April 2005 could not be vouchsafed in audit particularly in the absence of cashbook.

### 3.3.18.4 Diversion of funds and doubtful execution of works

According to the records of the Trust, Rs.11.27 lakh was released (May 2000 to October 2000) to FD, MNP for construction of camps and water facility (Rs.5.00 lakh) and construction of camps and perimeter wall (Rs.6.27 lakh) whereas the accounts of the Trust for the year 2000-01 showed that Rs.8.90 lakh was utilised for the said purposes and Rs.2.37 lakh was expended for various other purposes<sup>50</sup> resulting in diversion of Rs.2.37 lakh.

Contrary to the above, the CCF, WL reported (August 2003) to MOEF (after a gap of one and half year since closure of accounts for 2000-01) that of the UNESCO funds of Rs.11.27 lakh received in March 2000, Rs.9.65 lakh was utilised for completion of the works listed in Table-11 below to be certified on verification in field after the rainy season.

**Table-11**

<b>(Rupees in lakh)</b>		
<b>Sl.No</b>	<b>Name of Work</b>	<b>Expenditure</b>
1	Construction of Camp at Latajhar	2.75
2	Construction of camp at Bispani	2.75
3	Construction of perimeter for strike Force at Bansbari HQ	3.00
4	Construction of Water facilities at Bansbari Range	0.75
5	Construction of Water facilities at Mathanguri	0.40
<b>Total</b>		<b>9.65</b>

Source: Departmental records.

No physical verification report or a certificate of completion was, however, available (June 2006).

In view of the discrepancies in the items of work as well as in the amount of expenditure between the accounts of the Trust (2000-01) and the report of the CCF, WL (August 2003) and also in the absence of physical verification or completion reports, actual execution of the works and proper utilisation of Rs.11.27 lakh remains doubtful. The actual position in this regard could not also be ascertained due to non-maintenance of cashbook and other relevant records by the FD, MNP.

<sup>50</sup> Market Sheds (Rs.0.90 lakh), Soil and water conservation (Rs.0.30 lakh), Vety and Medical Camps (Rs.0.24 lakh), Nature Awareness (Rs.0.53 lakh) and Workshops (Rs.0.40lakh).

### **3.3.19            *Doubtful expenditure in Manas Biosphere Reserve***

In March 1989, Manas Biosphere Reserve (MBR) was set up and the Biosphere Scheme viz., “Management Action Plan (MAP) of Manas Biosphere” was started in MNP during 1996-97 for undertaking Eco development, research, education, training and welfare activities for both staff as well as people in the vicinity.

During the period from 2000-01 to 2004-05, Rs.44.75 lakh was provided by the GOI as 100 *per cent* Central assistance for implementation of the scheme. Of these, Rs.25 lakh was expended during March 2002 for which no voucher/expenditure statement or UC was made available to Audit. Thus, in the absence of vouchers etc., actual utilisation as well as the purpose for which the amount was utilised/spent could not be ascertained in audit.

Rs. 19.75 lakh released in March 2005 for 2004-05 remained unutilised till March 2006 resulting in non-fulfillment of the objectives of the scheme. The FD, MNP allotted Rs.17.75 lakh<sup>51</sup> only on 31 March 2006 for utilisation during 2005-06 (i.e., within 31 March, 2006), which was irrational and unjustified. Actual expenditure incurred, if any, could not be ascertained due to non-completion of accounts (June 2006).

### **3.3.20            *Conclusion***

The implementation of the Scheme suffered partly due to avoidable weaknesses i.e., inadequate provision of funds, non-release of approved funds by both the Central and the State Governments in full, non/delayed release of Central and State share by the State Government as well as non-utilisation of the released inadequate funds. Erratic and ineffectual execution of various items of the project, improper maintenance of vital records, absence of approved management plans, non-eviction of encroachers, anomalies in arms and ammunition accounts, shortage of manpower and lack of research, monitoring and evaluation had adversely affected the maintenance of a viable population of tigers in Assam which also showed a decline.

### ***Recommendations***

- Adequate and timely provision of funds both by the Central and State Governments to the implementing agency should be ensured.
- Field authorities should prepare their Budgets in time and also ensure that funds are fully and correctly utilised for the purpose for which they were sanctioned during the financial year.
- Time frame should be fixed for executing/completion of approved items of work.
- Arrangements should be made to remove and prevent encroachers from settling in the notified areas of the National Parks.

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<sup>51</sup> 1.FDTD	Rs. 2.00 lakh
2. RO Bansbari	Rs.11.97 lakh
3.R.O.Bhuyanpara	Rs. 1.46 lakh
4.R.O.Panbari	Rs. 1.46 lakh
5.B.O.HQ.Beat	Rs. 0.86 lakh
<b>Total</b>	<b>Rs.17.75 lakh</b>

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- Monitoring and evaluation system in the Tiger projects should be visibly strengthened.
- Timely submission of management information like monthly and quarterly reports etc., should be ensured and status of the projects should be reviewed from time to time with a view to securing compliance and making improvements.

The foregoing Audit observations were reported to the Government in July 2006; their replies had not been received (October 2006).

## FISHERIES DEPARTMENT

### 3.4 *Development of Fisheries in Assam* **Highlights**

*Government of Assam had been implementing various schemes for development of fisheries in the State. The basic objectives of these schemes are to augment quality fish production, create basic infrastructure, develop low lying and derelict water bodies for rapid growth of fish production as well as improvement of the socio economic condition of the people associated with fish trade. The performance audit revealed that funds provided remained partly unutilised; revenue earned from increased fish production was meagre as compared to cost of production, targets under almost every component of fishery development scheme were not achieved, training infrastructure was under-utilised, database of fishery resources had not been created and monitoring of implementation of schemes was inadequate.*

**Funds provided for implementation of Plan schemes during the years 2001-02 to 2004-05 remained unutilised to the extent of 42 to 70 per cent.**

**(Paragraph-3.4.7.1)**

**Though production of fish over the years 2001-02 to 2005-06 increased by 315 per cent, the percentage of revenue collection to total expenditure remained static at a meagre two per cent. Five District Fishery Development Officers (Kamrup, Nagaon, Cachar, Darrang and Lakhimpur) spent the entire allotted fund of Rs.45.20 lakh for development of pisciculture in eight fish/fish seed farms but there was a shortfall in the production of fry (fish seed of age 11-21 days) and fish ranging from 49 to 100 per cent.**

**(Paragraph-3.4.8.1)**

**Progress report submitted to the Government of Assam in June 2005 by the Director of Fisheries indicated development of 57.52 hectare of derelict water bodies but was not supported by the achievement reports submitted by the District Fishery Development Officers which showed development of 34.31 hectare only.**

**(Paragraph-3.4.8.2)**

**There was shortfall in area coverage ranging from 80 to 97 per cent under “Aquaculture Development Programme”. Poor achievement was due to non availability of required funds under the development programme.**

**(Paragraph-3.4.8.3)**

**During 2003-05 (up to October 2004) a total expenditure of Rs. 4.88 crore was booked in the annual accounts of ARIASP under various fishery development components of the project but physical achievement was recorded as nil. Thus, physical achievements were not commensurate with the amount expended.**

**(Paragraph-3.4.9)**

**Due to non-availability of marketing infrastructure and non-functioning of the existing cold storage plant, marketing activities in the State remained non-existent.**

**(Paragraph-3.4.10)**

**No training programme was conducted in the two training centres at Guwahati and Joysagar (Sibsagar) during the period 2001-02 to 2005-06.**

**(Paragraph-3.4.12)**

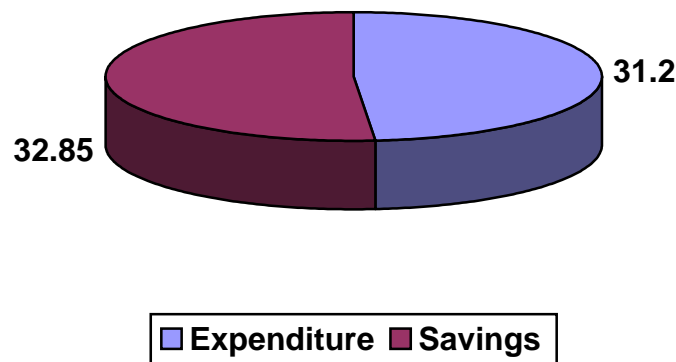
### 3.4.1 Introduction

The State of Assam is a rich man made and natural water resource area. The overall tropical conditions are conducive for aqua farming with high yielding varieties of Indian and exotic carps. With an estimated coverage of 3.74 lakh hectares of water-spread areas, Assam is the most water resourceful state in the North East. The State's present level of fish production is 1.87 lakh tonne per year against an estimated demand of 2.83 lakh tonne calculated on the basis of minimum nutritional requirement of 11 Kg per capita. The gap is partially met by importing fish from other States. The present per capita consumption is about 7.3 Kg. The under utilisation of resources as well as deficit in the availability of fish indicate the high potential for development of this sector in the State. In view of the large demand and insufficient supply of fish, the Fisheries Department launched various schemes with a view to increasing the fish production as well as uplifting the socio-economic condition of fishermen and market of fish trade. Apart from Centrally sponsored schemes and State plan schemes, the Directorate of Fisheries implemented two World Bank assisted projects viz., Assam Rural Infrastructure and Agricultural Services Project (ARIASP) and Assam Agricultural Competitiveness Project (AACP).

The intended development of fisheries in the State was to be achieved by fully utilising the Plan outlay fixed by the Government. The Department however, could not utilise optimally the plan funds provided for implementation of fishery development schemes as appears from Chart-1 below:

**Chart-1**

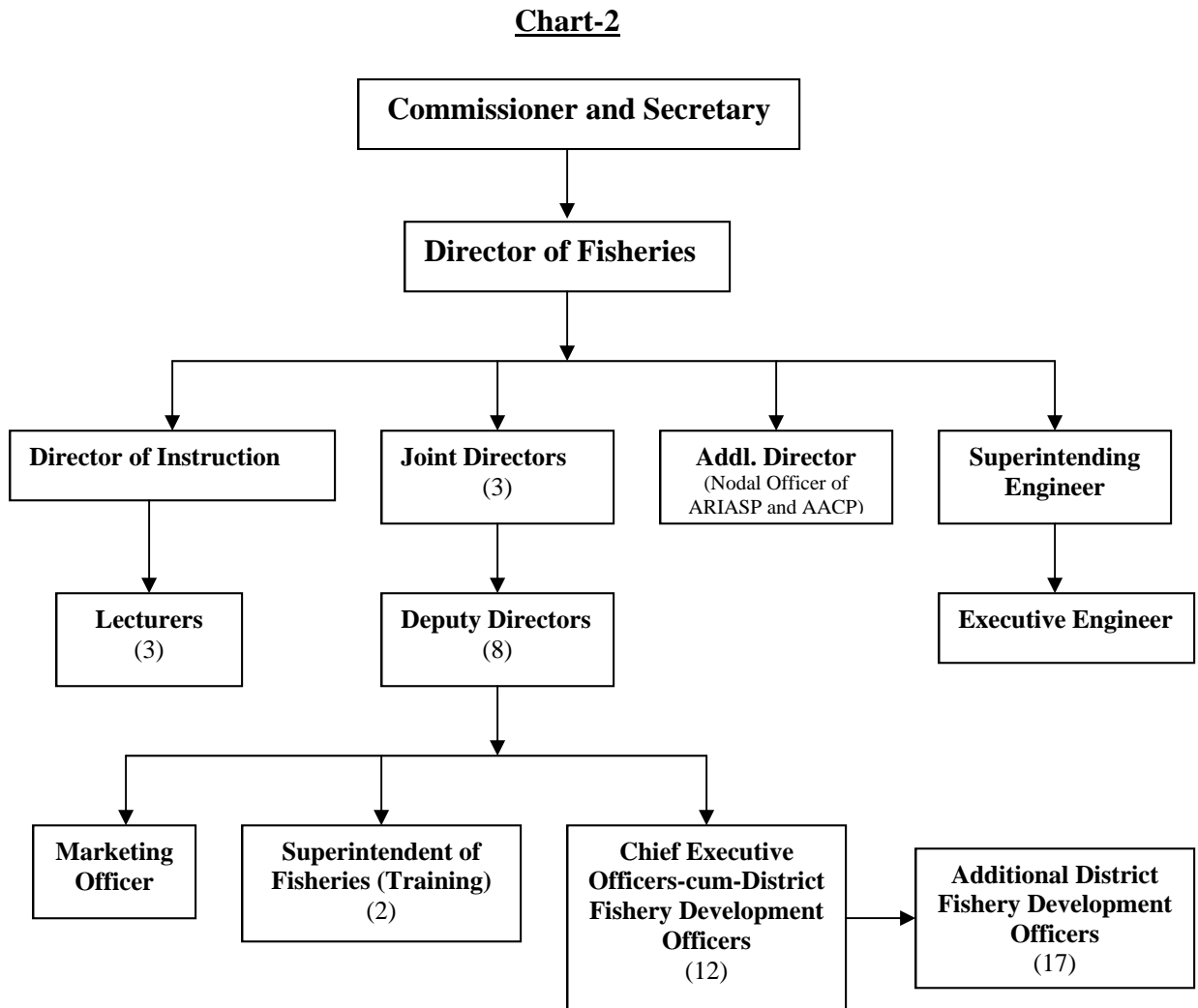
#### **Plan expenditure during 2001-05 (Rupees in crore)**



During 2001-05 out of Plan funds of Rs.64.05 crore, expenditure was only Rs.31.20 crore and as such, there was shortfall in achievement under almost every component of fishery development schemes.

### 3.4.2 *Organisational set up*

The Fisheries Department of the Government of Assam is headed by a Commissioner and Secretary and Secretary to the Government. The implementation and monitoring of the schemes are vested with the Director of Fisheries. An organisational chart showing the important functionaries of the Department is given in Chart-2 below:



### 3.4.3 *Scope of Audit*

Performance audit of the development of fisheries in Assam for the period from 2001-02 to 2005-06 was carried out during April to June 2006 through a test-check of the records in the offices of the Commissioner and Secretary, Department of Fisheries, Assam, Director of Fisheries, Assam and District Fishery Development Officers in seven (out of 23) selected districts (Kamrup, Nagaon, Jorhat, North Lakhimpur, Cachar, Darrang and Karbi Anglong). Records of two Superintendents of Fisheries, Training Centres at Guwahati and Jomsagar were also test-checked.



#### **3.4.4            *Audit Objectives***

The main objectives of the performance audit were to evaluate how economically and efficiently the fishery development schemes have been implemented by the State Government and how far these schemes have been effective in:

- Utilisation of low-lying areas through development and adoption of resource base technology for fish production.
- Creation/Reclamation of Derelict Water area for aquaculture development.
- Infrastructure development/renovation in fish seed production.
- Creation of marketing facilities and database.
- Socio-Economic development of the section of people engaged in fish trade.

#### **3.4.5            *Audit Criteria***

The criteria for assessing the achievement of the objectives were broadly as under:

- Projects plans of the Government of Assam relating to development of fisheries.
- Annual plans of the Fisheries Department.
- World bank guidelines for implementation of the schemes.
- Norms for fish farmer training.
- Monitoring mechanism prescribed.

#### **3.4.6            *Audit Methodology***

The performance audit began with audit engagement by an entry conference on 28 April 2006 attended by the Joint Secretary to the Government of Assam, Fisheries Department, Director of Fisheries, General Manager, AFDC and Nodal Officer, World Bank Project wherein the audit objectives, scope and criteria were explained. The exit conference was held in July 2006 with the Director of fisheries and the audit findings were discussed with the Director. The replies of the Department have been incorporated in the review at appropriate places.

In the performance audit, the number of projects sanctioned in each district was seen and seven districts (30 *per cent*) out of total 23 districts in the State including capital district and one district from hill areas were selected for detailed examination. The districts were selected where the number of projects sanctioned and total expenditure during the last three years were maximum. The relevant records and functioning of the implementing agencies and monitoring authorities were examined. The data, information etc., collected from the Directorate and implementing offices were analysed and audit findings arising there from are given in the succeeding paragraphs.

## Audit Findings

### 3.4.7 Financial management

#### 3.4.7.1 Budget and Expenditure

The annual Budget Estimates of the Department were prepared on the basis of total plan outlay fixed by the Government without taking into account demands for grant from field offices except for salary component.

Budget provision, actual expenditure and excess/savings under the two heads of account (2405-Fisheries and 2415-Agricultural Research and Education) operated by the Department for the years 2001-2006 are shown in Table-1.

**Table-1**

(Rupees in crore)

Year	Budget allotment			Expenditure			Savings(-)/Excess(+)		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
2001-02	19.09	8.45	27.54	10.81	6.67	17.48	(-) 8.28 (43)	(-) 1.78 (21)	(-) 10.06(37)
2002-03	19.20	8.06	27.26	5.83	10.17	16.00	(-) 13.37 (70)	(+) 2.11(26)	(-) 11.26(41)
2003-04	13.57	13.50	27.07	7.50	12.74	20.24	(-) 6.07(45)	(-) 0.76 (6)	(-) 6.83 (25)
2004-05	12.19	15.76	27.95	7.06	14.84	21.90	(-) 5.13(42)	(-) 0.92 (6)	(-) 6.05 (22)
2005-06	31.76	14.72	46.48	18.88	12.68	31.56	(-) 12.88 (41)	(-) 2.04 (14)	(-) 14.92 (32)
<b>Total</b>	<b>95.81</b>	<b>60.49</b>	<b>156.30</b>	<b>50.08</b>	<b>57.10</b>	<b>107.18</b>	<b>(-) 45.73 (48)</b>	<b>(-) 3.39 (6)</b>	<b>(-) 49.12 (31)</b>

Source: Detailed Appropriation Account.

It would be seen from the above table that there were overall savings of Rs.49.12 crore (31 per cent) during 2001-02 to 2005-06. There were large savings in Plan sectors during the years 2001-02 to 2005-06 ranging from 41 per cent to 70 per cent, which implied that funds meant for implementation of Fishery Development Schemes remained largely unutilised.

The persistent savings in all the years indicate that outlay for the Department was not fixed realistically by taking into account actual expenditure incurred in the preceding years or with future growth in mind. Further, though there were savings of 22 per cent in the preceding year, budget provision in 2005-06 was raised by 66 per cent resulting in savings of 32 per cent.

Scrutiny of records relating to receipt and expenditure of funds under various schemes revealed that there was shortfall in release of both Central and State share of funds by the State Government. Funds released under externally aided projects remained blocked. There were instances of irregular/unfruitful/unproductive expenditure, unauthorised diversions, non-recovery of cost, non-submission of UCs, unspent balances etc., which retarded the growth of fisheries in the State. Failure to utilise the full allocation also indicates that there were in built weaknesses in the Department which were bound to prevent it from reaching its potential as would be seen from the succeeding paragraphs.

### **3.4.7.2 Non-release of Central and State Share**

Government of India sanctioned (March 2004 and March 2005) Rs.17.38 lakh<sup>52</sup> for implementation of three Centrally Sponsored Schemes viz., (1) National Welfare fund for fishermen (saving cum relief component), (2) Development of water logged areas and derelict water bodies (3) Fisheries Extension and Training. The schemes were selected on the basis of proposals submitted by the State Government. The State Government released (July 2005) only Rs.9.80 lakh<sup>53</sup> out of the Central share. The Director of Fisheries drew (August 2005) this amount and kept the money in the form of deposit-at-call receipts (DCR) though all the schemes were to be completed by 2004-05.

As of March 2006, the State Government released neither the balance Central fund of Rs.7.58 lakh under 'Fisheries Training and Extension' nor the State Share of Rs.7.70 lakh<sup>54</sup>.

Due to non-release of Central/State share by the State Government and parking of the released funds in DCR, the schemes remained partially unimplemented as would be evident from the succeeding paragraphs.

### **3.4.7.3 Non utilisation of funds under Externally Aided Projects (ARIASP & AACP)**

The Department of Fisheries, Assam had implemented a multi component World Bank Aided project - ARIASP for development of fisheries in Assam from 1995-96 to 2004-05 (upto October 2004). To ensure continuity in the development of this sector, the Department has taken up another Multi Scheme Project – Assam Agricultural Competitiveness Project (AACP) from July 2004 with an objective to improve Assam's Fish industry in an integrated and systematic manner to increase competitiveness among poor and marginal communities/farmers dependent on fish for primary or secondary income as an effort to alleviate poverty with thrust on production.

Out of the total fund of Rs.28.37 crore allotted for implementation of the schemes under ARIASP during the Project period of eight years from 1995-96, a sum of Rs.24.95 crore was released by the State Government for implementation of the scheme during 1995-96 to 2004-05. Of this, only Rs.21.42 crore was utilised, leaving a balance of Rs.3.53 crore.

Reasons for non-utilisation of the balance fund were neither on record nor stated.

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<sup>52</sup> Rs.3.80 lakh in March 2004 being 50% Central Share under Saving Cum Relief component  
+Rs.6.00 lakh in March 2005 being 75% Central Share under Development of Water logged areas  
+Rs.7.58 lakh in March 2005 being 80% Central Share under Fisheries extension and training

<sup>53</sup> Rs.3.80 lakh under Saving cum Relief  
Rs.6.00 lakh under Development of Water logged areas

<sup>54</sup> Rs.3.80 lakh 50% State Share under Saving Cum Relief Component  
Rs.2.00 lakh 25% State Share under Derelict Water Bodies  
Rs.1.90 lakh 20% State Share under Fisheries Extension & Training

According to the annual work plan for the years 2004-05 and 2005-06, the State Government released Rs.2.65 crore in March 2005 and Rs.15.76 crore in March 2006 as grants-in-aid for implementation of AACP. The Director of Agriculture (nodal Department) drew (March 2005) Rs.2.65 crore and the Director of Fisheries drew (March 2006) Rs.15.76 crore to avoid lapse of budget grant and placed the entire fund (Rs.18.41 crore) at the disposal of the State Project Director (SPD) of ARIASP Society. The SPD, however, released a total amount of Rs.23.16 lakh during 2004-06 (Rs.5.47 lakh from ARIASP fund during 2004-05 and Rs.17.69 lakh from AACP fund during 2005-06) on the basis of the proposal for implementation of various fishery development schemes submitted by the Director of Fisheries. The balance of Rs.18.18 crore was kept in Current Bank Account of the PD, AACP<sup>55</sup>.

Out of Rs.23.16 lakh released by the SPD, the Director of Fisheries could spend only Rs.14.85 lakh (Rs.3.67 lakh during 2004-05 and Rs.11.18 lakh during 2005-06) for pre-project activity leaving a balance of Rs.8.31 lakh unutilised as of March 2006.

Thus, there was huge unspent balance of Rs.2.50 crore (Rs.2.65 crore - Rs.0.15 crore) at the end of the year (31 March 2006). The drawal of Rs.15.76 crore in March 2006 was irregular and in violation of financial rules that money should not be drawn at the fag end of the year to avoid lapse of budget grant.

### **3.4.8            *Implementation of Central and State Plan schemes***

The Department of Fisheries had been implementing a number of developmental programmes to increase fish production in the State. The physical and financial performance under the schemes undertaken by the Department are shown below:

#### **3.4.8.1            *Fish Seed farming***

The objective of the programme is to create infrastructure in the Government farms for production of quality fish seed for distribution to fish farmers for augmentation of fish production in the State. The Department, however, did not have any database on the number of farmers dependent on fish production. No target for production of fish seed was fixed by the Department except for a few farms during the last two years (2004-05 and 2005-06). Table-2 below shows the budget provision, expenditure, fish/fish seed production and revenue realised during the period from 2001-02 to 2005-06 under the scheme.

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<sup>55</sup> Current Account No-1645; Canara bank, Dispur Branch.

TABLE-2

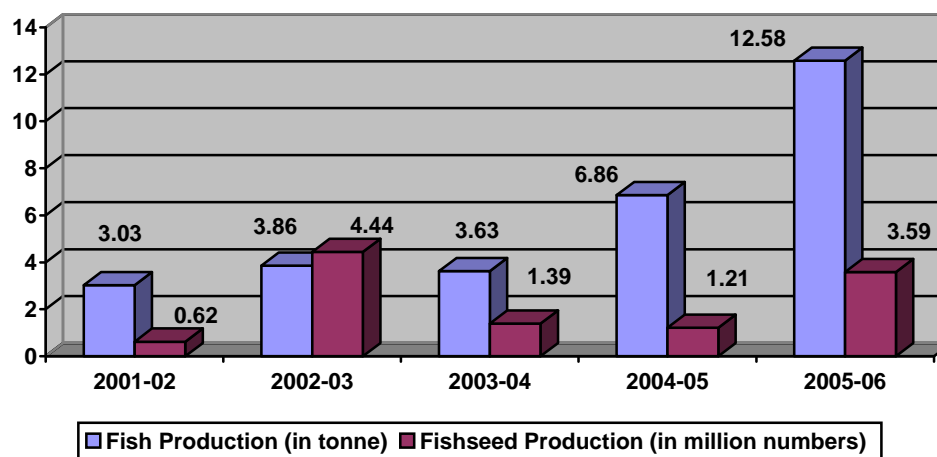
Year	Budget Provision	Expenditure	Savings (-) Excess (+)	Fish seed production	Fish production	Revenue realised from sale of			Percentage of revenue realised in comparison to expenditure.
						(Rs. in lakh)			
(Rupees in lakh)				(in million numbers)	(in tonne)	Fish seed	Fish	Total	
2001-02	241.13	143.54	(-) 97.59	0.62	3.03	1.39	1.45	2.84	2
2002-03	246.15	215.55	(-) 30.60	4.44	3.86	2.24	2.01	4.25	2
2003-04	278.53	279.02	(+) 0.49	1.39	3.63	3.36	1.89	5.25	2
2004-05	444.87	368.65	(-) 76.22	1.21	6.86	4.15	2.08	6.23	2
2005-06	301.47	130.88 (up to 12/05)	(-) 170.59	3.59	12.58	5.13	3.20	8.33	2
<b>Total</b>	<b>1512.15</b>	<b>1137.64</b> (up to Dec'05)	<b>(-) 374.51</b>	<b>11.25</b>	<b>29.96</b>	<b>16.27</b>	<b>10.63</b>	<b>26.90</b>	

Source: Detailed Appropriation Accounts/Departmental records.

Against the budget provision of Rs.15.12 crore under the scheme, the Department could utilise Rs.11.38 crore (75 per cent) upto December 2005. There was no recorded reason for failure to utilise the balance amount of Rs.3.74 crore.

In the absence of any departmental target for production for the entire State, it could not be checked whether the financial achievement commensurate with physical achievement. Comparison of earlier years' production with that of later years shows that while there was increase in fish production from 3.03 tonne in 2001-02 to 12.58 tonne in 2005-06 (315 per cent), there was no consistent trend of production of fish seed during the period. Though production of fish seed increased from 0.62 million to 4.44 million (616 per cent) between 2001-02 and 2002-03, there was a sudden decline of 69 per cent in fish seed production in 2003-04. There was further decline in fish seed production by 13 per cent in 2004-05. In 2005-06 again fish seed production increased. There was no recorded reason for such fluctuation in fish seed production. The position of fish and fish seed production during 2001-06 is depicted in Chart-3 below:

Chart-3



It was also noticed that though the fish production had increased by 315 *per cent*, increase in revenue by sale of fish was only 121 *per cent*. The revenue by sale of fish seed had increased by 269 *per cent*. The percentage of revenue collection to total expenditure, however, remained static at a meagre 2 *per cent* during all the years from 2001-02 to 2005-06. This indicates that either the data is fabricated and unreliable or production of fish and fish seed was not economically viable.

During 2003-06, the Director of Fisheries authorised 17 District Fishery Development Officers (DFDO's) to draw a total amount of Rs.1.43 crore<sup>56</sup> for renovation/development of pisciculture in 26 fish/fish seed farms. Of these 26 farms, 13 farms were under Fish Farmers Development Agency (FFDA) constituted by the Government. The Directorate monitored neither the progress of expenditure nor the production of fish/fish seed in any of these farms. Only 16 DFDOs (out of 26) furnished utilisation certificates for a total amount of Rs.1.05 crore but did not furnish any physical progress report as of June 2006.

Scrutiny of records of the test-checked districts revealed that five DFDOs (Kamrup, Nagaon, Cachar, Darrang and Lakhimpur) spent entire allotted fund of Rs.45.20 lakh for development and pisciculture in eight fish/fish seed farms but there was shortfall in production of fry (fish seed of age 11-21 days) and fish ranging from 49 to 100 *per cent*. Farm wise target fixed for production of fry and fish, actual production and shortfall/achievement are shown in **Appendix-3.16**.

Apart from these eight fish/fish seed farms, DFDO Kamrup drew (February 2005) Rs.12.11 lakh and spent Rs.5.18 lakh for development of pisciculture in respect of another farm viz., Ulubari Fish Seed Farm. Balance amount of Rs.6.93 lakh was kept (June 2005) in the form of DCR with the State Bank of India, which remained unutilised as of June 2006. Due to non-utilisation of allotted fund, target fixed for production of fish/fish seed in this farm during 2005-06 could not be achieved and there were shortfalls in production of fry (100 *per cent*), fingerling (43 *per cent*) and fish (89 *per cent*).

### **3.4.8.2 Development of derelict water bodies**

The State has about 30,124 hectares of derelict and low-lying areas, which are suitable for conversion into commercial fish culture ponds with comparatively less capital investment. The Department took up the scheme of development of derelict water bodies during 2003-04 and decided to develop a total of 108 hectare of derelict water bodies.

The Government of Assam in January 2004 sanctioned Rs.100 lakh under the scheme. The Director of Fisheries drew (March 2004) Rs.58.64 lakh and disbursed (April-December 2004) Rs.58.43 lakh to 11 DFDOs for development of 56.23 hectare of derelict water bodies in the State. The balance Rs.0.21 lakh was deposited in the treasury in February 2005. After development anticipated yearly fish production was expected to be 111.24 tonne valuing Rs.55.62 lakh.

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<sup>56</sup> Rs. 7.81 lakh (2003-04)  
Rs.120.80 lakh (2004-05)  
Rs. 14.60 lakh (2005-06)  
Rs.143.21 lakh

As per progress report submitted to the State Government in June 2005 by the Directorate, development of 57.52 hectare of derelict water bodies was shown as completed and the entire amount of Rs.58.43 lakh utilised. On the other hand, the physical/financial achievement report submitted by the DFDOs, however, indicated that the actual physical achievement was 34.31 hectare only as of April 2006. Thus physical achievement reported by the Directorate was incorrect.

During test-check of records in seven selected districts, it was observed that funds were provided to three districts for implementation of the scheme. The names of derelict water bodies developed, expenditure thereon, target date of completion, actual date of completion, date of handing over in respect of three districts are shown in the Table-3 below.

Table-3

District	Name of derelict water bodies	Water bodies to be developed (in hac)	Funds provided (Rs.in lakh)	Expenditure incurred (Rs.in lakh)	Target date of completion	Actual date of completion	Date of handing over to the beneficiaries
Lakhimpur	Pahumara	1.00	1.60	1.60	April-2004	30 Sept 2004	15 June 2005
	Tarajan	2.50	3.54	3.54	-do-	5 April 2005	13 April 2005
	Sonali (Private Land)	1.50	2.60	2.60	-do-	18 Nov 2004	3 March 2005
	Bodhakhara	3.00	3.84	3.83	-do-	10 May 2006	Not yet handed over
Nagaon	Gogalmari Jan	1.50	1.18	1.18	-do-	N/A	21 May 2005
Jorhat	Phokalapathar	8.12	4.11	4.11	-do-	7 March 2005	8 March 2005

Source: Departmental records.

The following irregularities were noticed in implementation of the schemes in three districts.

According to the provisions of the scheme, Development Committee was to be constituted and beneficiaries were to be selected with the approval of the Deputy Commissioner (DC) concerned. It was, however, noticed that the possession of the Badhakora derelict water body was taken over from the DC on 12 September 2004 but till date neither any Development Committee has been constituted nor the list of selected beneficiaries has been approved by DC Lakhimpur. Thus, due to delay in selection of beneficiaries, the very objective of the scheme remained unachieved.

In respect of other five water bodies (area 14.62 hectare) the projected benefit, by selling fish was estimated at Rs.14.62 lakh<sup>57</sup> upto June 2006. There was, however, no record available with the DFDOs concerned to show the benefits actually derived from the assets created by the Department. Thus, the impact of the Governmental effort in the scheme remained largely undetermined.

<sup>57</sup> 14.62 hectare X 2000 kg per hectare X Rs.50 per kg = Rs.14.62 lakh

### 3.4.8.3 Aquaculture developments under Fish Farmers Development Agencies (FFDA)

The Centrally sponsored scheme, introduced in the Fifth five-year plan aimed at increasing fish production in village tanks and ponds through scientific fish farming and thereby improving the socio-economic condition of the rural people. It involved imparting short duration training to the beneficiaries on modern fish culture, making available subsidy (General: 20 per cent; SC/ST: 25 per cent) and bank loans through the Fish Farmers Development Agency (FFDA)/Fisheries Department/lead bank/participating banks.

FFDAs were functioning in all the 21 plain districts, though there were only 11 full-fledged FFDAs with sanction for required posts and the remaining 10 FFDAs were functioning with the help of staff/officers of the respective district fishery offices. Salary component is borne by the State Government while the cost of development component is shared by the Government of India and the Government of Assam (GOA) on 75:25 basis.

Funds released, physical targets and achievements under the scheme are shown in **Appendix- 3.17**.

During 2001-06, the Directorate released Rs.6.78 crore of which, Rs.5.33 crore (79 per cent) was salary component of 11 FFDAs and only Rs.1.45 crore (21 per cent) was available for development of aquaculture in the State.

It would appear from **Appendix-3.17** that there was a shortfall in area coverage ranging from 80 to 97 per cent. Poor achievement as stated by the Department was due to non-availability of required funds under the development programme. Thus, the objective of aquaculture development remained largely unfruitful.

Scrutiny of records of implementation of the scheme in the selected districts revealed the following irregularities.

- Six DFDOs disbursed a total amount of Rs.8.27 lakh as subsidy to 367 fish farmers without sponsoring their name for bank loan in contravention of the scheme guidelines as shown in Table-4 below:

**Table-4**

(Rs. in lakh)

District	Fund received	Subsidy disbursed without bank loan	Subsidy disbursed with bank loan	Expenditure on Training	Other Misc. expenditure	Undisbursed amount
		(Figures in bracket indicate number of beneficiaries)				
Kamrup	9.90	NIL	1.55 (11)	0.13	1.45	6.77
Jorhat	8.44	2.07 (57)	0.47 (4)	0.30	--	5.60
Nagaon	12.24	0.57 (5)	6.57 (44)	0.30	--	4.80
Darrang	10.80	1.51 (64)	5.65 (38)	0.19	--	3.45
Cachar	14.80	NIL	14.34 (41)	--	--	0.46
Lakhimpur	8.26	4.12 (241)	3.78 (40)	0.35	--	0.01
<b>Total</b>	<b>64.44</b>	<b>8.27 (367)</b>	<b>32.36 (178)</b>	<b>1.27</b>	<b>1.45</b>	<b>21.09</b>

Source: Departmental records.



- The Chief Executive Officer (CEO) cum DFDO, Kamrup irregularly diverted Rs.1.45 lakh out of the development fund of Rs.9.90 lakh for making payment of staff salary to six regular staff of the agency.

### **3.4.9 Implementation of Externally Aided Projects (ARIASP)**

The ARIASP, functioning from August 1995 was brought under the control of a Society constituted for the purpose for better management. The society was financed mainly by external assistance from the International Development Association (IDA) through the GOI and grants-in-aid from GOA.

There were significant deficiencies in the planning of the project. The Directorate had no annual action plan *vis-à-vis* annual financial and physical targets for implementation of the project.

The Directorate did not prescribe any format for submission of periodic reports and returns by the field offices for any of the schemes implemented under the project. The Directorate did not also maintain any consolidated physical progress register.

During 2003-05 (upto October 2004) the Director of Fisheries disbursed Rs.2.63 crore (2003-04: Rs.1.81 crore; 2004-05: Rs.0.82 crore) for implementation of the project and a total expenditure of Rs.4.88 crore was booked in the annual accounts, which included expenditure from earlier balance under various components of the project during the years 2003-04 (Rs.3.57 crore) and 2004-05 (Rs.1.31 crore) but physical achievement was recorded as 'nil' in their physical achievement report for the years 2003-05. Thus, the physical achievements shown were unusual and unrealistic indicating absence of monitoring.

Under this project, the Department of Fisheries under took activities such as:

- Development of farmers' pond and community tank
- Pig cum fish culture, fish cum horticulture, paddy cum fish culture
- Development of *beel* (natural water body) fisheries and open water fisheries
- Construction and renovation of Training Centers
- Establishment of eco-hatchery complex, wet laboratory, *Magur* (a kind of local fish) breeding unit and mini fish feed plant
- Training of Officers/farmers/NGO
- Procurement of audio visual equipment and vehicles

Detailed observations on two of the above activities are as under:

#### **3.4.9.1 Farmers' pond and community tank – non-achievement of projected benefit**

Fish production in farmers' pond and community tank to achieve productivity up to 3,000 kg per hectare per year in 800 farmers' pond covering 200 hectare and 150 community tanks covering 300 hectare had been targeted under the project. According to the physical

achievement report, the Department developed 601.83 hectares of farmers' pond (4,249) and 822.37 hectares of community tank (730) as of October 2004 i.e., the end of the project period.

According to the projected net output shown in the Staff Appraisal Report, the beneficiaries were to benefit by selling fish from the developed water area of 1,424.20 hectare (601.83 hectare + 822.37 hectare) to the tune of Rs.75.86 crore as of March 2006 (calculated on the basis of production norm of 3,000 kg of fish per hectare per year as fixed in the Staff Appraisal Report of ARIASP) as shown in **Appendix-3.18**.

There were, however, no records available either at the Directorate or at any of the test-checked districts to show that the above benefits were actually derived from the assets created by the Department.

Assets register showing the name of the water area, location, date of commencement and completion of work, expenditure incurred etc., were also not available in the Directorate and test-checked districts.

### **3.4.9.2 Development of *Beel* Fisheries**

Though all the *Beel* fisheries in Assam were managed by the Assam Fishery Development Corporation Limited (AFDC), the Directorate of Fisheries undertook Development work of 43 *Beel* Fisheries in Assam during the project period. The overall targets fixed for development of *beel* fisheries during the project period, as shown in the Staff Appraisal Report was 5,000 hectares, against which achievement as per Achievement Report was 2,135.74 hectares (43 *per cent*). The reasons for shortfall in coverage of *beel* fisheries were not on record.

It was noticed that civil works on development of eight *beels* (out of 43) in six districts (one each in Dhubri, Karimganj, Jorhat, Barpeta, Marigaon and three in Golaghat) were either abandoned or terminated due to public resistance, non-co-operation of the lessee of the *beel* and contractors' negligence. The Department spent a total amount of Rs.28.55 lakh on these abandoned projects. No action was taken to complete the work on development of *beel* fisheries. This resulted in unfruitful expenditure of Rs.28.55 lakh<sup>58</sup>.

### **3.4.9.3 Non-recovery of investment cost**

According to the Staff Appraisal Report of ARIASP cost recovery in respect of farmers' pond, community tank and *Beel* fisheries was to be introduced to ensure sustainability of the assets so created. During the construction period, beneficiaries organised into user groups or individual farmers were to contribute at least 30 *per cent* of the investment cost of any fishery pond or community tank. This contribution was to be in the form of direct cash payment or in the form of labour. For large fish *beels*, the full cost of construction was to be recovered from the private or cooperative societies, which would also be responsible for repair and maintenance of the assets leased to them. It was, however, noticed that the Department incurred a total expenditure of Rs. 10.27 crore towards development of farmers' pond (Rs.3.46 crore), community tank (Rs.4.47 crore) and *beel*

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<sup>58</sup> Dakra Beel: (Dhubri) Rs. 2.21 lakh, Angan Beel (Karimganj): Rs. 1.20 lakh, Botalikhosa beel (Jorhat): Rs.3.83, Fingua beel (Barpeta): Rs.1.06 lakh, Dondua beel (Marigaon): Rs.4.63 lakh, Pungani beel (Golaghat): Rs.3.85, Ganak Dubai (Golaghat): Rs. 7.91 lakh, Sankar beel (Golaghat): Rs.3.86 Lakh.

fisheries (Rs.2.34 crore) during 1990-2005 but cost recovery to the tune of Rs.4.72 crore in respect of farmers' pond (Rs.1.03 crore), community tank (Rs.1.34 crore) and *beel* fisheries (Rs.2.34 crore) had not been effected (details shown in **Appendix-3.19**). Reasons for non-recovery of investment cost were not intimated to Audit.

#### **3.4.10            *Marketing and transport of fish***

The office of the Marketing Officer (MO) Fisheries at Guwahati was established with the objective of serving the producers and consumers in such a manner that, maximum returns accrue to the fish farmers while the consumers get a variety of fish at reasonable rates. It was however, noticed that there was no marketing infrastructure and even the existing cold storage plant was non-functional, handicapping the entire marketing activities in the State during the period under review (2001-06). Though in the Annual Plan 2002-03 it was proposed to provide Rs.16.86 lakh for marketing infrastructure development, the State Government did not release any fund. The revolving fund (Rs.0.24 Lakh) created by the Director of Fisheries for the marketing wing was lying unutilised in the form of Banker's Cheques (Rs.0.10 lakh) and Demand Draft (Rs.0.14 lakh). Further, according to the annual plan 2002-03, a team was to be constituted by the State Government to study the functioning of the 'BENIFISH' the Co-operative Society of West Bengal and the Gujarat Co-operative Fish Marketing Society for subsequent formation of Assam Apex Co-operative Society (AACS) at State headquarters as a measure to activate the functioning of the marketing wing. It was, however, noticed that the AACS had not been formed as of date.

The Department entertained 22 regular staff (one Marketing Officer, one Fishery Officer, one Marketing Inspector, three Lower Division Assistants, two Power Pump Operators, three Drivers, two Handymen, six Grade-IV staff and three Net Makers in the marketing wing and spent Rs.1.02 crore on their pay and allowances during 2001-06. The Department stated (May 2006) that though the main function of the marketing wing was to promote fish marketing, the officers were engaged with the World Bank aided Assam Agricultural Competitiveness Project (AACP). The drivers and handymen were attached with the Directorate.

Since there was no marketing activity during 2001-06, the very objective of establishing the marketing wing was thus, frustrated and beneficiaries under fishery development schemes remained deprived of any marketing facilities for the fish and fish seeds produced.

#### **3.4.11            *Strengthening of database and information networking for the fisheries sector***

Reliable, accurate and timely availability of statistics on fishery resources and production is an essential pre-requisite for formulation of policies and programmes of Fisheries Department.

The Union Ministry of Agriculture conveyed (April 2004) administrative approval for implementation of the Centrally Sponsored Scheme 'Strengthening of Database and

Information Networking for the Fisheries Sector and released an amount of Rs.13.57 lakh (March 2004 and February 2005) for procurement of one low-end server with two clients along with other equipment for State headquarters and computers with other peripherals for five districts (Rs.8.50 lakh) and for information technology and related expenses (Rs.5.07 lakh).

The State Government released the entire amount (Rs. 13.57 lakh) to the Directorate in August 2004 (Rs.8.50 lakh) and August 2005 (Rs.5.07 lakh). The Directorate utilised the funds on procurement of the aforesaid material and other related items but failed to set up the network with headquarters and district offices for data collection and processing.

Reasons for non-setting up of network was attributed by the Department to acute power problem and bad electrical wiring in the Directorate.

Thus, due to non-setting up of network in the Department, the very objective of the scheme remained unfulfilled.

### **3.4.12            *Training***

Training is an important method for transfer of technology to the farmers. The Department constructed six<sup>59</sup> training centers under ARIASP. In addition to this, there is one fishery-training institute at Amranga (established under NEC scheme) and two other training centers (Training cum Production Center at Guwahati and Training Center at Joysagar).

Scrutiny of records at the Directorate, selected districts (except Karbi Anlong) and training centres at Guwahati and Joysagar (Sivasagar District) revealed the following:

- There were no laid down plans and programmes for imparting training to the farmers. Neither the details of training programmes carried out under ARIASP, nor the records of impact assessment of training were made available to Audit.
- There was no co-ordination to ensure that only trained farmers were given subsidy and bank loans for taking up fishery development schemes which in turn would have ensured, effective utilisation of the financial support provided by the Government and banks. 172 untrained fish farmers (out of 545 fish farmers) were provided with subsidy and bank loan under the scheme 'Aquaculture Development under FFDA' (FFDA Kamrup: 9, Jorhat: 47, Nagaon: 11, Darrang: 64, Cachar: 41). On the other hand, 147<sup>60</sup> trained fish farmers were not provided with subsidy and bank loan.
- The objective of setting up the Training cum Production Centre, Guwahati and the Training Centre, Joysagar during 2001-06 was defeated as no training was imparted. Hence the entire expenditure incurred towards pay and allowances of the staff amounting to Rs.1.35 crore (Guwahati: Rs.0.54 crore + Joysagar: Rs.0.81

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<sup>59</sup> Silchar, North Lakhimpur, Tinsukia, Barpeta Roads, Tezpur and Jorhat

<sup>60</sup> FFDA Kamrup 37, Jorhat 52, Nagaon 58

crore) during 2001-06 thus, proved to be unproductive. It was stated in the exit conference (July 2006) that the staff were utilised in other activities, however no evidence in support was shown to audit.

### **3.4.13**            *National welfare fund for fisherman housing*

The objective of this Centrally sponsored scheme was to construct low cost houses along with community halls and tube wells for poor traditional scheduled caste fishermen in selected villages. Funds for this scheme were to be provided equally by the Central and the State Governments.

Between 2002-03 and 2005-06, according to the Annual Plans, 326 houses and five community halls were to be constructed and 30 tube wells were to be installed with the total fund provision of Rs.1.56 crore (Central share: Rs.0.78 crore; State share: Rs.0.78 crore). During the period, Government of India sanctioned Rs.6.60 lakh only (March 2002) being the first installment of Central share for construction of houses and tube wells. The State Government released Rs.13.20 lakh (including State share of Rs.6.60 lakh) in December 2003. With the available funds of Rs.13.20 lakh, only 33 houses were constructed in three districts (11 each in Barpeta, Cachar and Nagaon) during 2004-05 but drinking water facility was not provided to any of the villages, although according to the scheme, one tube well was to be provided to each village consisting of 10 or more houses.

Reasons for delay in release of Central/State share as well as non-installation of tube wells and non-construction of the remaining houses were not on record.

### **3.4.14**            *Grants-in-aid to Autonomous Council*

During 2001-06, Director of Fisheries released grants-in-aid amounting to Rs.45.66 lakh to four Autonomous Councils<sup>61</sup> for development of Fisheries. The Councils furnished utilisation certificates (UCs) for Rs.39.66 lakh<sup>62</sup> as of March 2006. The UCs were not supported by detailed expenditure statement.

Two councils (MAC and LTAC) did not furnish UCs for Rs.6 lakh (MAC: Rs.5.60 lakh; LTAC: Rs.0.40 lakh), which were disbursed during 2004-05.

The Department did not take any action to obtain the remaining UCs from the two Councils.

### **3.4.15**            *Internal control mechanism*

Internal control mechanism was virtually non-existent in the Department as noticed from the Directorate and seven test-checked field offices.

The Directorate did not monitor the physical achievement under various schemes implemented by the Department. In only one scheme viz., Aquaculture Development in FFDA, physical achievement was reported and monitored. Consolidated physical

<sup>61</sup> Missing Autonomous Council (MAC): Rs. 20.12 lakh, Bodo Autonomou Council (BAC): Rs.18.75 lakh, Rabha (Hasong) Autonomous Council (RHAC): Rs.4.79 lakh, Lalong (Tiwa) Autonomous Council (LTAC): Rs.2 lakh.

<sup>62</sup> MAC: Rs. 14.52 lakh, BAC: Rs. 18.75 lakh, RHAC; Rs. 4.79 lakh and LTAC Rs. 1.60 lakh

progress register was not maintained for the schemes so as to ascertain the physical progress made under different components of the schemes implemented.

Various control registers like Deposit-at-Call Receipts (DCR) register, Advance/Adjustment register and expenditure control register were not maintained in any of the test-checked units.

Though there is an Internal Audit Wing in the Department with one Inspection Auditor, two Assistant Auditors and two Accounts Assistant, the Directorate had neither done any audit planning nor set annual targets for conducting internal audit.

It was however, noticed that during 1999-2006 records of 18 drawing and disbursing officers (out of 45) were test-checked by the internal audit wing (1999-2000: seven units; 2002-03: three units; 2003-04: two units and 2004-05: six units). No internal audit of any unit was conducted during 2000-01, 2001-02 and 2005-06. Thus, performance of the internal audit wing was far from satisfactory.

The Department stated (June 2006) that due to non-availability of required funds under the head 'Travelling Allowance' regular audit inspection could not be carried out. The reply of the Department is not tenable because no demand for fund/proposal for conducting internal audit was submitted to the Government.

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

Though a Project Monitoring Cell headed by the nodal officer of the World Bank aided Project with five Upper Division Assistants and three Lower Division Assistants, started functioning from the year 1995-96, job description of the staff was not made available to Audit.

There were no records to show that monitoring through field inspection was carried out and any mechanism evolved to assess the impact of the scheme.

There was no monitoring system in the form of reports and returns relating to implementation of the projects. The Directorate did not obtain any periodic reports and returns from the field offices for any of the schemes implemented under the project. No register was also maintained to watch the physical progress under various components of the scheme. Records relating to field level meeting by the apex level officers of the Project Monitoring Cell were not produced to Audit. Thus, the monitoring system in the Department for implementation of the schemes was ineffective.

#### **3.4.17            *Conclusion***

The review reveals a number of weaknesses in the schemes related to development of fisheries. Plan funds provided for implementation of fishery development schemes remained unutilised to the extent of 42 to 70 *per cent*. There was shortfall in achievement under almost every component of fishery development schemes, as a result fisheries could not develop to its actual potential. Though there was increase in fish production, the percentage of revenue collection to total expenditure was a meagre two *per cent* over the years. This indicated that revenue earned from increased fish production was insufficient compared to the cost of production. This was mainly because of lack of marketing facility

for sale of fish produce. The marketing wing of the Department was virtually non-functional. Training infrastructure was not optimally utilised. Computer network is yet to be set up despite utilisation of funds provided by the Government of India for the purpose. There was inadequate monitoring of the implementation of the schemes as there were unauthorised allotments, cost of establishment was more than amounts distributed for development etc. There were no records to assess the actual benefits that accrued to the stakeholders as a result of implementation of the schemes.

#### ***Recommendations***

- To ensure development and accountability, physical and financial targets should be fixed and achievements be monitored through appropriate reports and returns.
- Creation of marketing infrastructure and rejuvenating marketing activity for sale of fish and fish seed should be given top priority.
- Reasons for low revenue yield in spite of increase in fish production should be analysed and action taken for bringing down overheads and increasing the selling price.
- Training infrastructure should be fully utilised for imparting training to the fish farmers.
- Internal controls for monitoring implementation of all fishery development schemes should be strengthened.

The foregoing paragraphs were reported to the Government in July 2006; their replies had not been received (October 2006).

## FOOD AND CIVIL SUPPLIES DEPARTMENT

### 3.5 Food Security, Subsidy and Management of Food Grains in Assam

*Food security entails procurement of food grains from farmers at the minimum support price and distribution to the beneficiaries with the aim of providing food grains to economically weaker sections of the society at subsidised price. Due to non-finalisation of beneficiary lists, meagre local procurement of paddy and rice, short lifting of food grains, delayed/non distribution of food grains, charging higher retail price above the prescribed issue price, undue benefit to millers by allowing sale of PDS atta in open market, laxity in monitoring on the working of stockists, fair price shops etc., the basic objective of benefiting the poor and vulnerable sections of the society could not be achieved.*

#### Highlight

**The Government of Assam had neither formulated any separate guidelines for proper identification of BPL, Antyodaya Anna Yojana (AAY) beneficiaries nor conducted any survey/census to ascertain their numbers.**

**(Paragraph 3.5.10)**

**Against estimated procurement potential of 23.68 lakh tonne rice during 2000-06 under MSP operation, FCI could procure a negligible quantity of 0.19 lakh tonne (0.8 per cent) only.**

**(Paragraph 3.5.8)**

**According to FCI's estimation during 2003-04, the State could have procured at least 7.70 lakh tonne of rice and thereby earn Rs.63 crore as taxes on procurement of rice. At the same time FCI could have saved Rs.24.64 crore on account of freight and other charges for procurement of rice from outside the state.**

**(Paragraph 3.5.8)**

**In seven test-checked districts, during 2000-06 there was short lifting and consequent short distribution of rice against requirement under prescribed scale to BPL and AAY families to the extent of 1,08,751 tonne and 8,978 tonne respectively. This compelled the targeted Public Distribution System beneficiaries to procure rice from the open market at higher price and also resulted in non-fulfillment of Government's commitment for providing food grains to the weaker sections of the society at an affordable price.**

**(Paragraph 3.5.15)**

**In Kamrup district due to wrong deletion, 487 BPL families were deprived of getting food grains at subsidised rate during 2003-05.**

**(Paragraph 3.5.11)**

**In seven test-checked districts during 2000-06 out of 4,18,324 tonne milled atta, only 5,592 tonne (1.33 per cent) was distributed to PDS nominees and the remaining 4,12,732 tonne atta was sold in open market.**

**(Paragraph 3.5.18)**

#### 3.5.1 Introduction

Food security entails procurement of food grains from growers at minimum support price (MSP), maintaining buffer stock, distribution under Public Distribution System (PDS) and Targeted Public Distribution System (TPDS) through Fair Price Shops (FPS).



Procurement of food grains within the State serves the twin objective of providing price security to the growers and food security to the people in addition to reducing the subsidy burden of the Central Government for transporting food grains from outside the State. Under the PDS system, the above poverty line (APL) families would continue to get food grains from FPS through ration cards at normal Central Issue Price (CIP).

To ensure food security to the economically weaker sections of the society TPDS was launched in June 1997 to provide food grains at subsidised rate below the CIP to Below Poverty Line (BPL) families as per the norms prescribed. The BPL families were to be identified and issued with special cards.

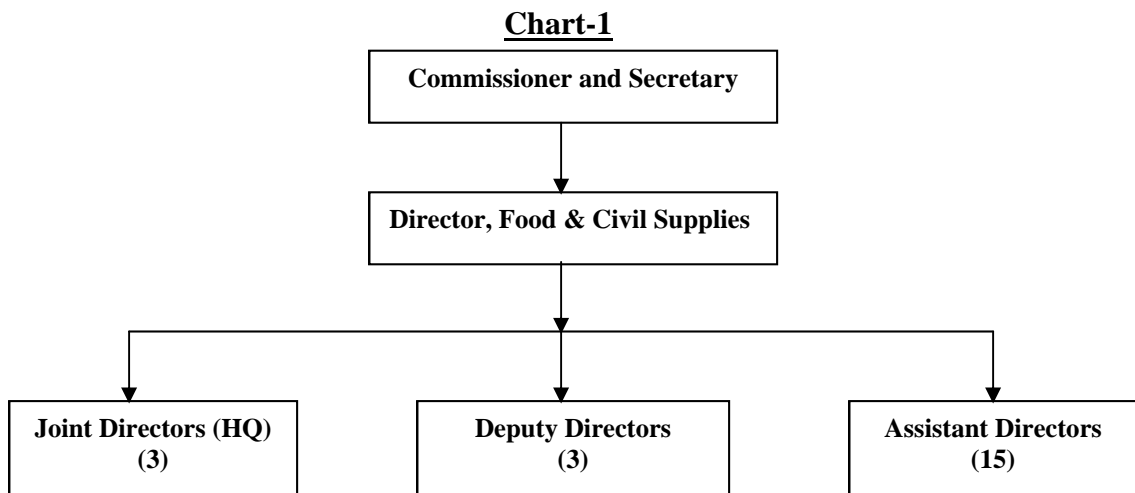
Antyodaya Anna Yojana (AAY), launched in December 2000, was intended to secure food availability to the poorest of the poor from the BPL families by providing rice at Rs.3 per kg. Distinctive ration cards were to be issued to the AAY families.

In addition, there is Annapurna scheme (launched in April 2000) to provide food grains to the senior citizens (above 65 years) @ 10 kg per month, free of cost.

For distribution of food grains under TPDS and PDS, 34 Wholesale Consumer Cooperative Societies (WCCS), 48 Large Area Multipurpose Societies (LAMPS), 702 Gaon Panchayat Samabay Samity (GPSS) were entrusted with the task of lifting the food grains from FCI and delivering the same to 33,303 FPS (rural 29,381 and urban 3,922) for release to the beneficiaries.

### 3.5.2 *Organisational set up*

The PDS/TPDS is implemented through the Food and Civil Supplies Department of the State. At the Secretariat level, the Commissioner and Secretary to the Government of Assam (Food and Civil Supplies) is responsible for over seeing the activities of the Department. The Director of Food and Civil Supplies is the head of the Department. The organisational set up of the Department is depicted in Chart-1 below:



The Deputy Directors/Assistant Deputy Directors and other field staffs are under the administrative control of the Deputy Commissioners/Sub-Divisional Officers (Civil) of the respective districts.

### **3.5.3**            *Scope of audit*

The performance audit was carried out by a test-check of the records covering the period from 2000-01 to 2005-06 maintained by the Director of Food and Civil Supplies Department, Assam at the Directorate and the Deputy Commissioners (Food and Civil Supplies) and subordinate officers of seven<sup>63</sup> selected districts (out of 23 districts). Records were also checked in 84 Fair Price Shops (FPS) from 21 Blocks in selected districts during August-September 2005 and April-May 2006.

### **3.5.4**            *Audit Objectives*

The objectives of this performance audit were to:

- Assess the need and efficacy of the policy of fixing Minimum Support Price of food grains.
- Examine the economy and efficiency of the system of procurement of food grains by the FCI and the State.
- Ascertain the leakages, diversion and pilferage of food grains, transportation bottlenecks, vigilance arrangement, monitoring and inspection mechanism.
- See if there was an effective system for identification of beneficiaries.
- Assess the effectiveness of distribution arrangement of Government to ensure that all people have access to food grains and they actually get it when needed.
- Determine effectiveness of delivery of food grains to the target group and convergence of food grains based schemes.

### **3.5.5**            *Audit Criteria*

The criteria for assessing the achievement of the objectives were as under:

- Adequacy of procurement of food grains under MSP operation.
- PDS Control Order 2001
- Guidelines of the Government of India for identification of beneficiaries.
- Scale of issue of food grains prescribed by the Government of India.
- Guidelines/instructions prescribed for issue of ration cards, weeding out bogus ration cards.

### **3.5.6**            *Audit Methodology*

The performance audit commenced with an entry conference on 4 August 2005, with the Commissioner and Secretary, Food and Civil Supplies Department and other subordinate officers where the audit objectives, scope and criteria were discussed. This was

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<sup>63</sup> Kamrup, Barpeta, Cachar, Goalpara, Karbi Anglong, Karimganj, and Sonitpur.

supplemented by discussion with senior level departmental officers from time to time. Audit findings were discussed in an exit conference with the Director, Food and Civil Supplies and other officials responsible for implementation of the scheme.

In addition to the capital district of Kamrup, six<sup>64</sup> other districts were selected for test-check by random sampling method. 21 blocks (seven urban and 14 rural) and 84 Fair price shops (FPS) within the seven selected districts were also selected by random sampling method. In addition to scrutiny of basic records, information was also collected through questionnaire for a comprehensive appraisal of the scheme.

### Audit Findings

#### 3.5.7 Minimum Support Price (MSP) and Procurement of Food Grains

Under the Decentralised Procurement Process (DPP), the Government of India (GOI) emphasized the need for increasing local procurement to reduce the subsidy burden for procurement from out side the State. For this purpose, the State Governments are allowed to fix MSP for procurement of paddy/rice, which was to, be adopted after approval by the GOI.

The yearly production of rice, which is the staple food in Assam, is marginally deficit to meet the annual requirement of the State. During the last six years (2000-06), only in 2000-01 and 2005-06 there was an overall surplus of 2.92 lakh tonne of rice as shown in Table-1 below:

**Table-1**

(In lakh tonne)

Year	Production	Requirement	Surplus (+)/Deficit (-)
2000-01	39.98	38.50	(+) 1.48
2001-02	38.54	39.17	(-) 0.63
2002-03	37.38	39.85	(-) 2.47
2003-04	38.81	40.55	(-) 1.74
2004-05	35.71	41.25	(-) 5.54
2005-06	39.51	38.07	(+) 1.44

Source: Departmental records.

#### 3.5.8 Poor procurement under MSP operation

During 2000-06, the FCI in association with the State Government could collect only 18,513 tonne of levy rice from the millers and 46.4 tonne of paddy equivalent to 31.09 tonne rice (conversion rate being 67 per cent from paddy) directly from the farmers through its 22 procurement centres<sup>65</sup> which was quite negligible under MSP operation compared to the marketable surplus potential estimated at 23.68 lakh tonne in the State as shown in Table-2 below:

<sup>64</sup> Barpeta, Cachar, Goalpara, Karbi Anglong, Karimganj, and Sonitpur.

<sup>65</sup> 1. Gossaigaon 2. Dhubri 3. Kokrajhar 4. Hojai 5. Itachali 6. Senchowa 7. Ramnagar 8. Hailakandi 9. Badarpurghat 10 Barpeta Road 11. Goalpara 12. Jogighopa 13. Bindukuri 14. Tangla 15. North Lakhimpur 16. Narayanpur 17. Dhemaji 18. New Guwahati 19. Tihu 20 Chinnamara 21. Dergaon 22. Golaghat

**Table-2**

(Quantity in tonne)

Year	Estimated quantity of rice available for procurement	Source of information	Qty. of rice procured as reported by FCI		
			Levy rice	Direct procurement	Total
2000-01	148000	Director of Agriculture (Statistics), Assam	NIL	NIL	NIL
2001-02	NA	--	NIL	NIL	NIL
2002-03	179054	Food & Civil Supplies,GOA	91	NIL	91
2003-04	770000	Estimated by FCI	16948	NIL	16948
2004-05	840000	-Do-	NIL	31.09	31
2005-06	431000	Food & Civil Supplies,GOA	1474	NIL	1474
<b>Total</b>	<b>2368054</b>		<b>18513</b>	<b>31.09</b>	<b>18544</b>

Source: Departmental records.

There was no procurement during 2000-02. According to FCI's estimation, during 2003-04 the State could have procured at least 7.70 lakh tonne of rice and thereby earn Rs.63 crore being tax accrual to the state on account of procurement and FCI could have saved Rs.24.64 crore<sup>66</sup> on account of freight and other charges for procurement from outside the State. Similar detailed estimation for transportation cost etc., from FCI for the years 2002-03 and 2004-06 on the estimated 14.50 lakh tonne of procurable rice was not available.

From the records it transpired that poor procurement of food grains was mainly due to:

- Absence of agents for procurement from the farmers and the latter's unwillingness to bear extra expenditure on transportation and gunny bags for bringing their saleable paddy to FCI procurement centres located at distant places.
- Rejection of paddy/rice by FCI due to extra moisture content beyond 14 per cent<sup>67</sup>.
- Non-availability of procurement centres near farmer's paddy cultivation area.
- Non-fixation of separate reasonable MSP to safeguard the interest of the growers to sell their produce to Government.

The State Government had not formulated decentralised procurement policy/scheme to overcome the above deficiencies for motivating the farmers to sell their produce to FCI/State Agencies. Resultantly the objective of reducing the expenditure on bringing food grains from outside the State and also extension of benefit to the local growers by giving them an assured outlet for selling their produce could not be achieved.

<sup>66</sup> As per FCI's letter dated 25 May 2004 freight and other charges payable for 25 lakh MT of rice was Rs.80 crore. Calculated on this analogy freight and other charges for 7.7 lakh MT of rice, would be Rs.24.64 crore.

<sup>67</sup> The FCI had rejected the State Government proposal to accept paddy/rice with 17 per cent moisture content in case of Assam.

### **3.5.9** *Laxity in monitoring the procurement made by millers*

In Assam, as per the existing order in force, paddy is procured by rice millers from farmers MSP subject to the condition that the millers shall sell 50 *per cent* of the resultant rice<sup>68</sup> as levy rice at MSP to FCI. The representatives of the Deputy Commissioners concerned are required to issue certificates to the millers (with a copy endorsed to the Director of Food and Civil Supplies) in writing that the MSP has been paid to the farmers. On production of such a certificate (MSP certificate), the millers would be able to deliver the rice as levy rice to FCI under MSP operation.

During scrutiny of records of the Director of Food and Civil Supplies, it was noticed that out of total 18,513 tonne of levy rice collected by FCI during 2000-06 against issue of MSP certificate, the District authority submitted copies of MSP certificate for 93.74 tonne only to the Director. This indicates that there was no monitoring of the MSP scheme, which has serious implications since there was no mechanism to ensure that the farmers were not being forced to resort to distress sale of their produce. Thus, the procurement of food grains at MSP from the growers was doubtful.

## **Distribution**

### **3.5.10** *Identification of beneficiaries and issue of ration cards*

According to the estimates furnished by the Central Government, the total number of families in the State in 1995 was 46.64 lakh and the number of families BPL as per the Expert Committee constituted by them was shown to be 40.86 *per cent* of the total families in the State. Accordingly, the number of BPL families in Assam was worked out at 19.06 lakh (1995).

In 1997, a model charter for TPDS comprising all the components, right from identification of beneficiaries to distribution and monitoring was circulated by GOI for adoption by the State Government. The State Government followed this charter for estimation of BPL/AAY families. In urban areas identification was done by circle officer and in rural areas this was done by Block Development Officers.

The State Government had neither formulated any separate guidelines for proper identification of BPL, AAY beneficiaries nor conducted any survey/census to ascertain their numbers.

Information furnished by the Director of Food and Civil Supplies (April 2006) in respect of identification and issue of ration cards to BPL and AAY families are shown in Table-3 below:

<sup>68</sup> The yield of rice after milling is 67 *per cent* of the paddy.

**Table-3**

Year	BPL			AAY			Total		
	No. of families identified	Ration cards issued	Difference Less(-) Excess(+)	No. of families identified	Ration cards issued	Difference Less(-) Excess(+)	No. of families identified	Ration card issued	Difference Less(-) Excess(+)
2000-01	1873124	1873124	-	-	-	-	1873124	1873124	-
2001-02	1600206	1600206	-	280065	279985	(-) 80	1880271	1880191	(-) 80
2002-03	1609827	1609827	-	281369	281289	(-) 80	1891196	1891116	(-) 80
2003-04	1609785	1609785	-	281406	282293	(+) 887	1891191	1892078	(+) 887
2004-05	1474023	1474023	-	417168	417983	(+) 815	1891191	1892006	(+) 815
2005-06	1201252	1201252	-	699323	700138	(+) 815	1900575	1901390	(+) 815

Source: Departmental records.

Against the estimation of the Expert Committee of the Central Government in 1995 of the existence of 19.06 lakh BPL and AAY families, the Government of Assam could identify only 19.01 lakh (BPL: 12.01 lakh + AAY: 7 lakh) families till March 2006.

Regarding issue of ration cards, it can be seen from the table above that during the period from 2003-04 to 2005-06, ration cards issued under AAY were in excess of the families identified. The excess ranged between 815 and 887 families. This entailed issue of subsidised food grains to unidentified AAY families, which was a complete departure from TPDS guidelines. No reasons for issue of excess ration cards were found on records.

### **3.5.11 Periodical review and revision of beneficiary list**

Although required under the PDS (Control) Order 2001, the State Government had not so far (May 2006) formulated any proforma to be filled up by the head of the family for recording details like number of family members, amount of monthly/yearly income, source of income and so on. The beneficiary lists for AAY and BPL were also not reviewed annually for the purpose of deletion or inclusion of families. It was however, noticed in test-checked districts that deletion of ineligible families and inclusion of eligible families were made from time to time as and when required, on the basis of the information received from the district/sub-divisional authorities of Food and Civil Supplies Department.

In Kamrup district, it was noticed that based on the recommendation of the Circle Officer, Sonapur Revenue Circle, the names of 487 BPL families, which were deleted from the lists in August 2003, were once again included in the list in March 2005 on the ground that the original deletion was based on wrong assessment. Thus, due to wrong and improper deletion, 487 families were deprived of getting food grains at subsidised rates during the period from August 2003 to February 2005.

### **3.5.12 Delay in issue of ration cards**

As envisaged in the PDS (Control) Order 2001 the designated authority in each district is required to issue ration cards within one month from the date of receipt of application after necessary check and verification. Test-check revealed that in nine sub-divisions under seven selected Districts, out of 27,229 cases, there was delay in issue of ration cards ranging from one month to more than one year in respect of 14,736 cases as shown in *Appendix-3.20*.

### **3.5.13 Release of food grains to State**

Requirement of APL, BPL and AAY rice for the State during the years 2000-01 to 2005-06 based on ration cards as furnished by the Directorate of Food and Civil Supplies were 59.31 lakh tonne, 31.72 lakh tonne and 10.37 lakh tonne respectively. Against the

requirement, the GOI, however, released 25.76 lakh tonne of APL rice, 35.95 lakh tonne of BPL rice and 6.05 lakh tonne of AAY rice. Thus, there was short release of 33.55 lakh tonne of APL rice (57 per cent), excess release of 4.23 lakh tonne of BPL rice (13 per cent) and short release of 4.32 lakh tonne of AAY rice (42 per cent) during the years 2000-06 by the GOI to the State. The details are given in *Appendix-3.21*.

### 3.5.14 *Low lifting of APL rice*

Records of FCI disclosed that during the years 2000-01 to 2005-06, against allotment of 28.09 lakh tonne of rice by the Union Government, lifting by the State Government was only 4.94 lakh tonne (18 per cent).

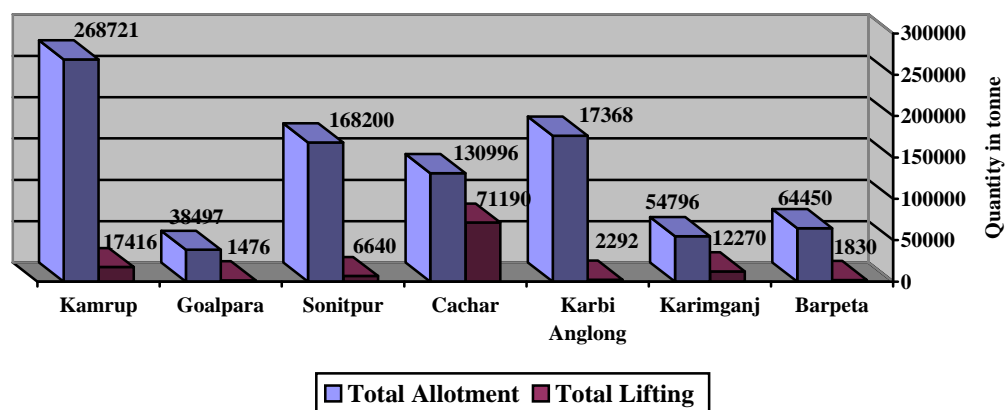
The position of lifting of APL rice in the test checked districts during six years (2000-06) is as given in Table-4 and Chart-2 below:

Table-4

Name of District	Total allotment	Total lifting	Percentage of lifting
Kamrup	268721	17416	6
Goalpara	38497	1476	4
Sonitpur	168200	6640	4
Cachar	130996	71190	54
Karbi-Anglong	17368	2292	13
Karimganj	54796	12270	22
Barpeta	64450	1830	3
<b>Total</b>	<b>743028</b>	<b>113114</b>	<b>15</b>

Source: Departmental records.

Chart-2



The low lifting was due to less off take of APL rice by the APL beneficiaries. During interaction, the FPS owners stated that the less demand was due to availability of better quality rice in open market at lesser price than the issue price in most of the months of a year. This was, however, not supported by any recorded statement. Thus, poor quality of food grains resulted in low off take of rice by APL families defeating the objectives of the Government in this regard.

### 3.5.15 *Short lifting/short distribution of food grain*

As per information obtained from FCI, during the years 2000-01 to 2005-06, against allotment of 36.17 lakh tonne of BPL rice, only 30.49 lakh tonne was lifted by the State. Similarly during 2001-06 the State failed to lift 0.84 lakh tonne of AAY rice against allotment of 6.19 lakh tonne of rice.

In the seven test-checked districts it was noticed that during 2000-06 there was short lifting of BPL and AAY rice to the extent of 1,08,751 tonne and 8,978 tonne respectively against allotments based on actual requirement as per distinct ration cards. This short lifting of rice apparently led to short distribution or non-distribution of BPL and AAY rice against norms fixed by the Government as shown in Table-5 below:

**Table-5**

(Quantity short lifted in tonne)

Name of District	Category	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Total	
								BPL	AAY
Kamrup	BPL	2585	2406	6782	2752	838	766	16129	-
	AAY	-	877	1289	225	91	40	-	2522
Goalpara	BPL	1832	515	7740	2752	134	16	12989	-
	AAY	-	170	290	291	467	5	-	1223
Cachar	BPL	3017	1347	612	1787	861	331	7955	-
	AAY	-	30	73	222	68	-	-	393
Sonitpur	BPL	1684	1751	14551	6151	1471	722	26330	-
	AAY	-	241	622	108	14	327	-	1312
Karbi Anglong	BPL	3118	3192	2961	1020	379	59	10729	-
	AAY	-	345	237	234	429	16	-	1261
Karimganj	BPL	249	280	-	1572	895	1175	4171	-
	AAY	-	238	-	-	19	-	-	257
Barpeta	BPL	1036	5216	18719	1983	928	2566	30448	-
	AAY	-	287	1108	24	418	173	-	2010
<b>Total</b>								<b>108751</b>	<b>8978</b>

Source: Departmental records.

Short lifting of rice was mainly due to (i) non-availability of rice at the FCI godowns, (ii) available rice being of inferior quality and (iii) inability of wholesalers to lift the allotted quantity of rice due to their unsound financial position.

The above short lifting of BPL and AAY rice obviously had compelled the TPDS beneficiaries to bear the extra cost in procurement of rice from the open market and also led to non-fulfillment of Governments commitment for providing food grains to the weaker sections of the society at an affordable price.

In Karimganj District it was noticed that the district could not lift the allotted 6,741 quintals of BPL rice for the month of April 2000 due to delayed receipt of allotment orders from the Director of Food and Civil Supplies.

### **3.5.16 Short allotment of food grains**

- In Karimganj district there was short allotment of BPL rice to 11,340 families by the Government during April 2000 to December 2005. The State Government during 1997 fixed the target for identifying BPL families at 67,416 and the district also identified the targeted families and issued distinct ration cards. The Director, Food and Civil Supplies, however, continued to allot BPL rice as per earlier prescribed scale for 56,076 families leaving out the requirement for 11,340 BPL families during the period from April 2000 to December 2005 due to non-receipt of complete list of BPL families.



Due to non-receipt of required rice for 11,340 families, the allotted rice meant for 56,076 families were distributed amongst 67,416 families of Karimganj district on prorata basis till the Government regularised allotment from January 2006. Thus, due to delay in regularisation of allotment, the BPL families of Karimganj district got 17,860.50 tonne<sup>69</sup> less quantity of rice than the prescribed scale during 2000-01 to 2005-06 (up to December 2005).

- In Bajali sub-division of Barpeta district, 2,347 BPL families were identified as AAY families in the month of October 2004. The sub-division received allotment of 79.232 tonne rice for expanded AAY families for October 2004, which was less than the required quantity (82.145 tonne) as per prescribed norms (35 kg per family). The sub-division, without lifting the allotted quantity, (allotted on 4 October 2004) moved (13 October 2004) the Director, Food and Civil Supplies for revised allotment of balance quantity, which was not received. In the meantime, validity period for lifting of 79.232 tonne rice expired. Thus, non-lifting/non-allotment of full quantity of rice in time deprived 2,347 AAY families from their entitled AAY rice and consequently they had to bear the extra burden of Rs.5.75 lakh<sup>70</sup> being price difference for procuring the same from the open market.

### **3.5.17            *End retail price of BPL and AAY rice***

The State Government was instructed by the GOI to keep the end retail price at FPS level not more than 50 paise per Kg over the CIP (Rs.5.65 per Kg) for BPL rice. In respect of AAY, the end retail price was to be retained at Rs.3 per Kg of rice. Subsequently, GOI allowed the State Government to fix realistic price for BPL rice only. The State Government fixed the end retail price of rice for BPL at Rs.6.27 to Rs.6.56 per Kg for plain areas and Rs.6.38 to Rs.6.67 for hill areas from July 2001 on the basis of distance to be covered for actual distribution.

Test-check of 84 FPS in seven selected districts (12 FPS in each district) revealed that FPS owners of Kamrup district were realising Rs.7 per Kg against prescribed issue price of Rs.6.27 as per resolution of local village committees. In the remaining six districts FPS owners were realising additional cost ranging from Re.0.20 to Re.0.70 per Kg from the BPL beneficiaries to adjust their expenditure towards extra incidental cost.

It was further noticed that in 10 FPSs out of 84 FPS test-checked, Re.0.50 per Kg extra were being realised from AAY beneficiaries to cover transportation cost and get profit margin.

Thus, beneficiaries were made to pay higher price than the prescribed rate.

### **3.5.18            *Unrealistic allotment of wheat***

Government of Assam reallocates the Central allotment of wheat through the following channels as per the terms and condition issued from time to time regarding lifting of wheat from FCI and its conversion to Atta for distribution under PDS.

<sup>69</sup> 11,340 x 35 Kg x 45 months = 17,860.50 tonne.

<sup>70</sup> Required quantity 82.145 tonne x Rs.7/- per kg (market price Rs.10/-per kg – PDS price Rs.3/- per kg)

- DC/SDO for re-allotment to Chakki mills (having small grinding machine for converting wheat into atta for distribution under PDS)
- Roller Flour Mills (RFM) and Modern Chakki Mills (having modern machinery with large grinding capacity) for custom milling and distribution under PDS and open sale after meeting requirement of PDS.
- Tea garden and other Industries to meet their requirement

As per records of the Directorate, during the years 2000-06 out of central allocation of 19.84 lakh tonne of wheat, the Directorate re-allotted 9.46 lakh tonne of wheat to Roller Flour Mills, 3.16 lakh tonne to DC/SDO for re-allotment to Chakki Mills and 4.76 lakh tonne to tea garden and other industries as shown in **Appendix-3.22**.

Regarding lifting Director stated that out of the allotment of 17.38 lakh tonne 12.69 lakh tonne was only lifted through these three channels without specifying lifting by individual channels. Assuming that tea garden and other industries lifted their entire allotted quantity of 4.76 lakh tonne, the balance 7.93 lakh tonne was lifted by the millers which was equivalent to 7.37 lakh tonne of atta (7.93 X 93 *per cent*).

As per terms and condition of allotment of wheat, RFM and Chakki Millers were to issue atta to authorised agents within the validity period of 40 days from the date of allotment for distribution to PDS nominees and thereafter the remaining atta was allowed to be sold by the millers in open market at PDS rate. The actual utilisation for PDS nominees of the State as a whole was not available. The Union Ministry of Consumer Affairs, F & PD Department in April 2005 pointed out that the lifting of APL wheat milled into atta in Assam was about 15 *per cent* of the total quantity of wheat milled. In other words, out of total quantity of wheat milled into atta by the flourmills, only 1.10 lakh tonne (15 *per cent* of 7.37 lakh tonne) was distributed under PDS system and the balance 6.27 lakh tonne (85 *per cent*) was sold through open market at PDS rate. The system of permitting millers to sell left over PDS atta at PDS price in open market was irregular and was an undue benefit to the millers. Further, there was no mechanism for ensuring that PDS atta was sold in open market by the millers only at PDS rate. The rate at which PDS atta was sold in open market were maintained neither at Directorate level nor at District level. In the absence of any recorded evidence, possibility of selling of PDS atta at higher rate in open market by the millers could not be ruled out.

In the seven test-checked districts, out of 4,18,324 tonne milled atta only 5,592 tonne (1.33 *per cent*) was distributed to PDS nominees and the remaining 4,12,732 tonne (98.67 *per cent*) was sold in open market as would be evident from Table-6 below:

**Table-6****(In tonne)**

Name of district	Name of Sub-Division	Lifting of wheat by Roller Flour Mills and Chakki Mills			Quantity of Atta @ 93%	Distribution to PDS Nominees
		RFM	Chakki	Total		
Kamrup (Metro)	Metro	181563	5083	186646	173581	992
Kamrup	Guwahati Sadar	102034	6082	108116	100548	413
	Rangia	5004	1673	6677	6210	NIL
Karimganj	Karimganj	1991	1242	3233	3007	1200
Cachar	Silchar	79598	6408	86006	79985	666
	Lakhipur	304	888	1192	1109	NIL
Goalpara	Goalpara	-	1121	1121	1042	12
Karbi-Anglong	Diphu	-	892	892	830	NIL
	Bokajan	-	144	144	134	NIL
Sonitpur	Tezpur	52197	1312	53509	49763	1592
	B.Chariali	-	109	109	101	49
	Gohpur	-	243	243	226	20
Barpeta	Barpeta	-	1620	1620	1507	583
	Bajali	-	303	303	281	65
<b>Total</b>		<b>422691</b>	<b>27120</b>	<b>449811</b>	<b>418324</b>	<b>5592</b>

Source: Data furnished by F&amp;CS

Due to inaction of the Food and Civil Supplies Department in restricting the allotment of wheat to the extent of actual requirement, the millers were allowed undue benefit derived from selling PDS atta in open market.

### **3.5.19 Other points**

#### **3.5.19.1 Excess lifting of wheat**

In Kamrup district, it was noticed that nine millers in the district lifted 309.01 tonne of wheat in excess of the quantity allotted to them during 2004-05 as shown in *Appendix-3.23*. This indicates absence of supervision by the Director, Food and Civil Supplies Department.

#### **3.5.19.2 Short accountal of rice**

Crosscheck of Utilisation Certificates (UCs) with records of FCI revealed that quantity shown as lifted by whole sellers approved by Director, Food & Civil Supplies was less than the quantity as per FCI records. There was short accountal to the extent of 0.20 lakh tonne of APL rice, 1.45 lakh tonne of BPL rice and 0.05 lakh tonne of AAY rice during 2002-03 to 2004-05 as shown in *Appendix-3.24*. The possibility of misutilisation of understated quantity of rice by short accountal could not be ruled out.

### **3.5.20 Monitoring and Evaluation**

As envisaged in the PDS control order 2001, the State Government shall ensure proper system of monitoring of fair price shops, regular inspection and meeting of vigilance committees at State, District, Block and FPS level. Scrutiny revealed that vigilance committees were not constituted at State level. Functioning of committees at District, Block and FPS level was far from satisfactory as discussed in the following paragraphs.

Thus, the monitoring mechanism as envisaged in the PDS control order to ensure proper functioning of the PDS was inadequate.

### **3.5.20.1 Submission of monthly account and utilisation certificates**

According to PDS (Control) Order 2001, the State Government should furnish UCs as per prescribed proforma within two months from the date of allocation failing which future allocation of food grains would be curtailed. It was found from records of the Directorate that the UCs for the months of September 2001 to March 2003 were submitted on 19 June 2003. Thus, there was delay in submission of UCs for periods ranging from one to 18 months.

In spite of delay in submission of UCs, allotment continued to be made rendering the process of allotment erroneous.

On the other hand, the monthly accounts of allocation, receipt and distribution of food grains required to be submitted by the FPS to the District Authority, were never submitted by any of the 84 FPSs test-checked either to the district authority or to the GPSS/WCCS (wholesalers).

Thus, the basis on which UCs were furnished by the State Government was doubtful.

### **3.5.20.2 Inspection of Fair Price Shops under Save Grain Campaign (SGC)**

The Union Ministry of Consumer Affairs and Public Distribution had fixed inspection of 80 FPS per year by the Regional Director, Save Grain Campaign (SGC) Regional office located at Guwahati.

The shortfall in inspection during 2000-04 ranged from two to 48 as shown in Table-7 below:

**Table-7**

<b>Year</b>	<b>Target of inspection</b>	<b>Actually inspected</b>	<b>Shortfall</b>
2000-01	80	56	24
2001-02	80	78	2
2002-03	80	32	48
2003-04	80	41	39
2004-05	80	80	0
2005-06	80	NA	NA

Source: Departmental records.

### **3.5.20.3 Inspection by Inspecting Staff**

According to PDS (Control) Order 2001, the inspecting officers of the districts/sub-divisions were to inspect each FPS at seven months interval. Records of the seven test-checked districts showed that inspections were not made as per norms as shown in Table-8 below:

Table-8

Name of District/Sub division	Total FPS as per list furnished by District	Position of 6 monthly inspection			Position of annual inspection		
		No. of FPSs to be inspected during 6 years	Total No. of FPSs inspected	Total No. of FPSs not inspected	No. of FPSs to be inspected	Total No. of FPSs inspected	Total no. of FPSs not inspected
Goalpara	768	9216	75	9141	4608	126	4482
Cachar	1944	23328	180	23148	11664	3311	8353
Karimganj	1039	12468	4150	8318	6234	6286	-
<u>Sonitpur</u>							
(a)Tezpur	1128	13536	3023	10513	6768	4144	2624
(b)Biswanath. Chariali	398	4776	474	4302	2388	796	1592
<u>Kamrup (M) &amp;</u>	2094	25128	2934	22194	12564	3758	8806
(other)	602	7224	1048	6176	3612	1481	2131
(a)Rangia							
Barpeta	1647	19764	64	19700	9882	520	9362

Source: Departmental records.

#### 3.5.20.4 Meeting of Vigilance Committee (VC)

According to PDS (Control) Order 2001 and guidelines issued by the State Government, periodicity of meeting of the Vigilance Committee on the Public Distribution System at the District, Block and FPS level (for a group of 20 FPSs) shall not be less than one meeting in a quarter during any year. Accordingly, four meetings at district level, four meetings at block level, four meetings for every 20 FPSs were to be held in each year.

In the test-checked districts, it was noticed that no vigilance Committee's meeting was held in Karimganj, Karbi-Anglong, Goalpara and Barpeta during 2000-06. In Cachar three to 18 meetings were held in each year during 2000-06, in Kamrup three to 12 meetings were held in each year during 2003-06 and in Sonitpur one to 33 meetings were held in each year during 2000-06 against required 452, 611 and 365 meetings respectively for the districts in a year as shown in *Appendix-3.25*.

#### 3.5.21 Conclusion

- Local procurement of paddy/rice in the state was very poor due to defective policy, lack of proper motivation and suitable arrangement for bringing their produce to FCI godown.
- No steps were taken to safe guard farmers' interest in selling their produce by formulating decentralised procurement policy for the State.
- Process of identification/review of existing eligible BPL beneficiaries had not been streamlined in accordance with PDS (Control) order 2001 and as a result there were arbitrary inclusion/deletion of ineligible/eligible families in/from the list of beneficiaries.
- Existing targeted beneficiaries were not getting rice as per scale and rate fixed by Government due to short lifting of required rice and charging of higher price by FPS owners over the issue price.

- Inspections of FPS and vigilance committee meetings at district, block and FPS level were inadequate.
- Monitoring mechanism to ensure proper functioning of PDS was deficient.

### **Recommendation**

- The State Government should conduct survey/census for proper identification of BPL and AAY beneficiaries.
- The State should formulate guidelines for decentralised procurement and endeavor should be made to increase local procurement, which would safe guard the interest of local producers and also reduce subsidy burden of the Central Government.
- The State should ensure full lifting of the allotted food grains meant for BPL and AAY for eventual distribution as per the scale fixed by the Government.
- The monitoring cell of the Department should be strengthened and made responsible for watching the enforcement of all control measures envisaged in the PDS (Control) order 2001.
- Allotment of wheat to Millers needs to be restricted to the extent of actual need of PDS beneficiaries.

The foregoing findings were reported to the Government in June 2006; their replies had not been received (October 2006).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 3.6 *Prime Minister's Gramodaya Yojana - Rural Drinking Water*

*During 2000, in addition to the Accelerated Rural Water Supply Programme (ARWSP), a new scheme, namely, Prime Minister's Gramodaya Yojana (PMGY) - Rural Drinking Water had been introduced by the Government of India (GOI) as a new initiative to provide all habitations with potable drinking water. The execution of the schemes suffered due to inadequate planning, diversion of funds and faulty execution. A performance audit of the schemes revealed major deficiencies in the implementation of the scheme.*

#### Highlights

**Against the target of coverage of 260 not covered habitations and 1,261 partially covered habitations by implementing the schemes in General areas, the actual coverage was 73 not covered habitations (28 per cent) and 1,070 partially covered habitations (85 per cent).**

**(Paragraph 3.6.9)**

**Against 113 and 11 Pipe Water Supply Schemes targeted to be completed during 2002-05 in General areas and Karbi Anglong district respectively actual achievement was 27 (24 per cent) in General areas and nil in Karbi-Anglong.**

**(Paragraph 3.6.9)**

**Schemes originally sanctioned for other programmes were taken up under Prime Minister's Gramodaya Yojana without approval of the State Level Scheme Sanctioning Committee and without obtaining sanction from the Ministry of Rural Development.**

**(Paragraph 3.6.8)**

**During the period 2000-2005 out of allocation of Rs. 145.51 crore for Prime Minister's Gramodaya Yojana-Rural Drinking Water Rs.113.65 crore was released for implementation of the scheme.**

**(Paragraph 3.6.10)**

**Scheme funds of Rs.60.29 crore out of the available funds of Rs. 113.65 crore were diverted for purposes other than rural drinking water under Prime Minister's Gramodaya Yojana.**

**(Paragraph 3.6.11)**

**Violating financial discipline, money was drawn out of Contingency Fund for implementation of Water Supply Schemes during 2001-02 inspite of funds being available from Central Grants.**

**(Paragraph 3.6.13)**

**Out of 86 spot sources, seven spot sources executed at a cost of Rs. 1.48 lakh became defunct immediately after execution in Nagaon Public Health Engineering Division.**

**(Paragraph 3.6.14.4)**

#### 3.6.1 *Introduction*

In order to achieve the objective of sustainable human development at the village level, the Government of India (GOI) introduced the Prime Minister's Gramodaya Yojana

(PMGY) in 2000-01. The PMGY is financed through Additional Central Assistance (ACA) for selected basic minimum services in order to focus on certain priority areas. It had two components- rural roads and the other component, which comprised of five sectors, viz., primary education, primary health, rural shelter, rural drinking water and nutrition. Since 2003-04 another sector 'Rural Electrification' has been added under other component of PMGY. For rural drinking water component of the PMGY, the Department of Drinking Water Supply, Ministry of Rural Development is the nodal department in the GOI and the scheme was called PMGY - Rural Drinking Water Scheme. The scheme was discontinued from 2005-06. However, during 2000-06 the Department planned to cover 260 not-covered habitations and 1,261 partially covered habitations by executing 3,524 spot sources (Hand tube well, Ring well etc.) and 113 pipe water supply schemes (PWSS) at an estimated cost of Rs.46.07 crore (spot sources: Rs.6.50 crore, PWSS: Rs.39.57 crore). As against this, 3,299 spot sources and 27 PWSS were completed at the end of March 2006 at a cost of Rs.10.14 crore (spot sources Rs.2.13 crore and PWSS Rs.8.01 crore) with coverage of 73 not-covered habitations and 1070 partially covered habitations.

### **3.6.2**            *Scheme objectives*

The main objectives of the PMGY – Rural Drinking Water Scheme were to:

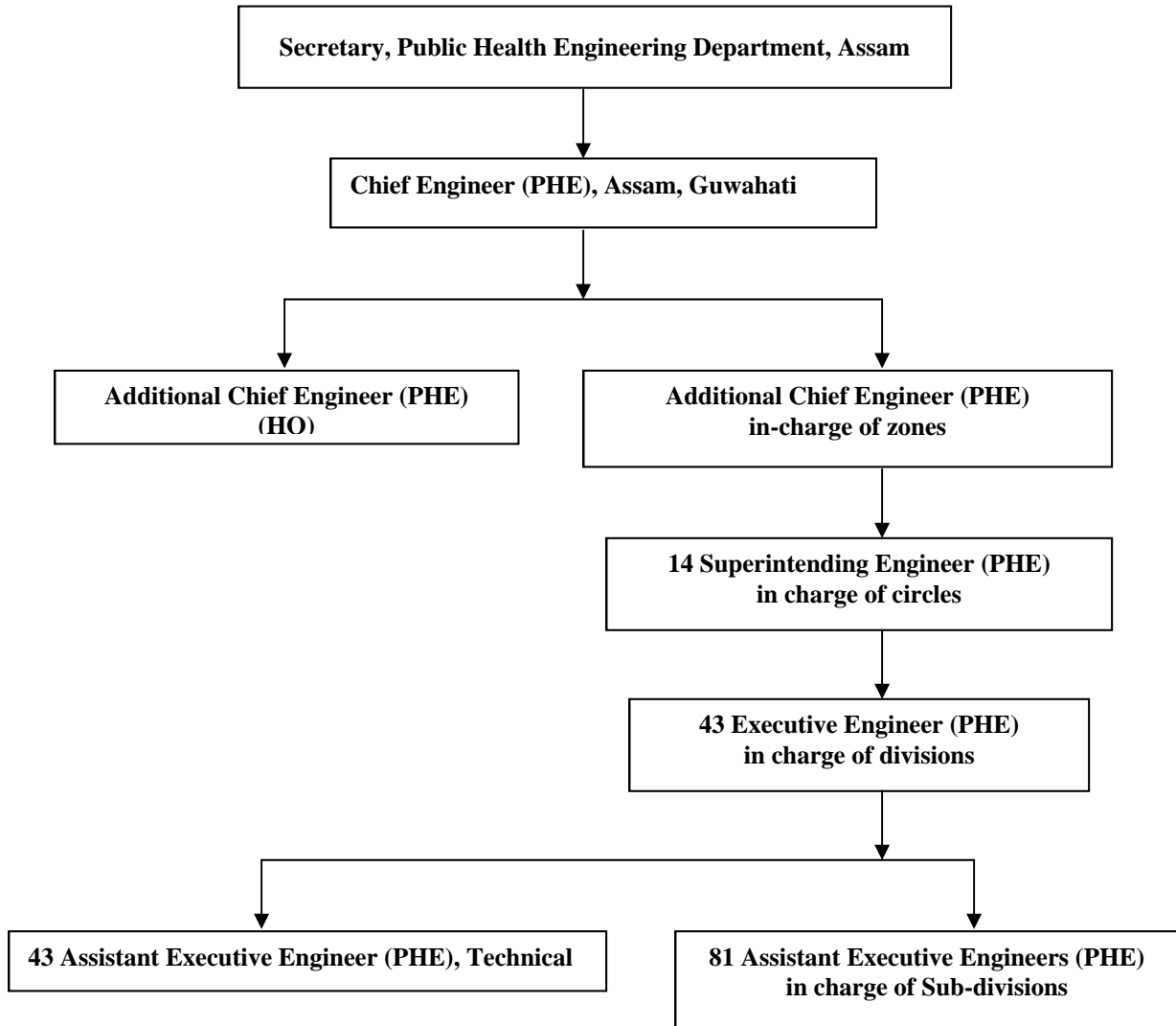
- ensure participation of local community in planning, implementation, operation and maintenance of the projects/schemes;
- give emphasis to in-built replenishment of underground water drawn/discharged;
- switch over to dual water supply system under which, safe and treated water is made available for drinking and cooking purposes and for other purposes, requirement of water is met from other sources;
- protect and enhance the life of existing Water Supply Schemes, specially in water stressed areas. State Government/Panchayati Raj Institutions are to regulate the exploitation of ground water for other than drinking water purposes, specially in close vicinity of existing drinking water supply source.

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

The Union Ministry of Rural Development (MORD), Department of Drinking Water Supply (DDWS) is primarily responsible for execution of Rural Water Supply Project. This Ministry is also responsible for sanctioning the schemes, provision of funds and evolving standards/specifications for execution of the works relating to Rural Water Supply Schemes. At the State level, the Planning and Development Department allocates funds and the Finance Department releases funds to the Secretary, Public Health Engineering Department (PHED) and the Additional Chief Engineer, PHE issues ceiling to the executing agencies (PHE Divisions) on the basis of allocation of funds.



The Chief Engineer, PHED (CE, PHE), Assam is responsible for planning, budgeting, procurement and execution of the works of Rural Water Supply Schemes under PMGY. The Organisational set up of the PHED is given below:

**Chart-I**

### 3.6.4 *Scope of Audit*

The performance audit of “Prime Minister’s Gramodaya Yojana – Rural Drinking Water” for the period 2000-05 was carried out between April 2006 and June 2006 through a test-check of records in the offices of the PHED, CE, PHE, Finance Department and Planning and Development Department of the Government of Assam. In addition, the records of 18 divisions (out of 43), 39 sub-divisions (out of 81) in seven<sup>71</sup> selected districts (out of 23) were also test-checked.

<sup>71</sup> Kamrup, Nagaon, Jorhat, Sibsagar, Karbi Anglong, Cachar and Karimganj.

### **3.6.5**            *Audit objectives*

The objectives of the performance audit were to assess whether;

- The planning of the scheme for providing drinking water to the rural population of the State with due coverage of the problem villages was based on realistic/reliable data.
- The water supply schemes under PMGY were executed economically and efficiently.
- The schemes were successfully implemented and are fully operational.
- The schemes were able to solve the problem of drinking water in the rural areas of the State.

### **3.6.6**            *Audit criteria*

The audit criteria, used for assessing the performance of the scheme were as under:

- Principles laid down for prioritisation and selection of villages
- control exercised for achievement of physical and financial targets.
- Selection of contractors with reference to tender documents, agreements and execution of works as per specification of approved estimates, technical inputs, sanctions etc.
- Quality control mechanism prescribed.

### **3.6.7**            *Audit Methodology*

The performance audit began with an entry conference on 25 April 2006 attended by the Secretary to the Government of Assam and Chief Engineer, Public Health Engineering Department, Additional Chief Engineer and Superintending Engineers of the Department. In this conference, the audit objectives, audit criteria and scope of audit were explained to the Department and their suggestions as well as perceptions relating to the strengths and weaknesses in the implementation of the schemes were discussed. The number of schemes sanctioned in each district was seen and 30 *per cent* of the total districts including capital district and one district from hill areas (out of two) was selected (in all seven districts) for detailed examination where the number of schemes sanctioned and total expenditure during the preceding four years was maximum. The relevant records and functioning of the implementing agencies and monitoring authorities were examined.

The replies of the Department/Government have been incorporated in the review at appropriate places.

## Audit findings

### 3.6.8 *Planning*

The PMGY-Rural Drinking Water Supply Scheme was introduced by the MORD in April 2000. As per the guidelines of PMGY, projects/schemes in respect of rural drinking water supply were to be prepared by the States and sent to the DDWS for approval. In November 2000, the power to sanction the projects/schemes was delegated to the State Level Project/Scheme Sanctioning Committee (SLSSC).

No schemes were sanctioned up to January 2002 as no proposal was submitted by the PHE Department due to late announcement of the programme by the MORD. During the period from February 2002 to December 2003, 3,299 spot sources were executed by the Department out of a target of 3,524 spot sources, with funds provision of Rs.6.50 crore. Records relating to survey conducted to identify the location of the sources and sanction of the SLSSC were not furnished to Audit. The Planning and Development Department (P&D) of the State Government approved 113 Pipe Water Supply Schemes (PWSS) for Rs.39.57 crore as identified and submitted by the PHE Department during 2002-05.

In addition, PHE Department executed 150 spill over old schemes (PWSS) of other programme under PMGY during 2002-03 (87<sup>72</sup> spill over schemes) and 2003-04 (63<sup>73</sup> spill over schemes under zero-based budget<sup>74</sup>) without approval from MORD/SLSSC at a cost of Rs.10.92 crore (2002-03: Rs.6.19 crore; 2003-04:Rs.4.73 crore). Although administrative approvals for execution of the schemes were given by the PHED, execution of spill over schemes of other programme under PMGY without approval and proper sanction from appropriate authority (MORD/SLSSC) was unauthorised and violative of the provisions of the guidelines.

### 3.6.9 *Physical Performance*

#### 3.6.9.1 *General areas*

The PHE Department sanctioned Rs.6.50 crore during 2001-03 for completion of 3,524 spot sources within a year. Of this, 3,299 spot sources were completed (94 *per cent*) with a total expenditure of Rs. 2.13 crore (33 *per cent*). The disparity between financial and physical achievement was due to the fact that material for the schemes were procured centrally and the cost of material was not reflected in the works account. Only labour component was shown as expenditure against the scheme. Thus the total expenditure for the completed schemes could not be ascertained. However, 225 (3,524 – 3,299) spot sources were yet to be completed.

Against the target of 260 not covered (NC) habitations and 1,261 partially covered habitations (PC) in General areas to be covered during 2000-06, the actual coverage was 73 NC habitations (28 *per cent*) and 1,070 PC habitations (85 *per cent*) respectively. The PHE

<sup>72</sup> 87 spill over schemes originally sanctioned between 1984 and 2001 under MNP (71), TSP(4), SCCP (9) and ARWSP (3).

<sup>73</sup> 63 spill over schemes originally sanctioned between 1973 and 1995 under ARWSP (4), MNP (18), TSP (1), SCCP (2) unidentified (38) taken up under zero based budget.

<sup>74</sup> Zero-based budgeting is a management process that provides for systematic consideration of all programmes and activities by providing one time funding to make the project viable.

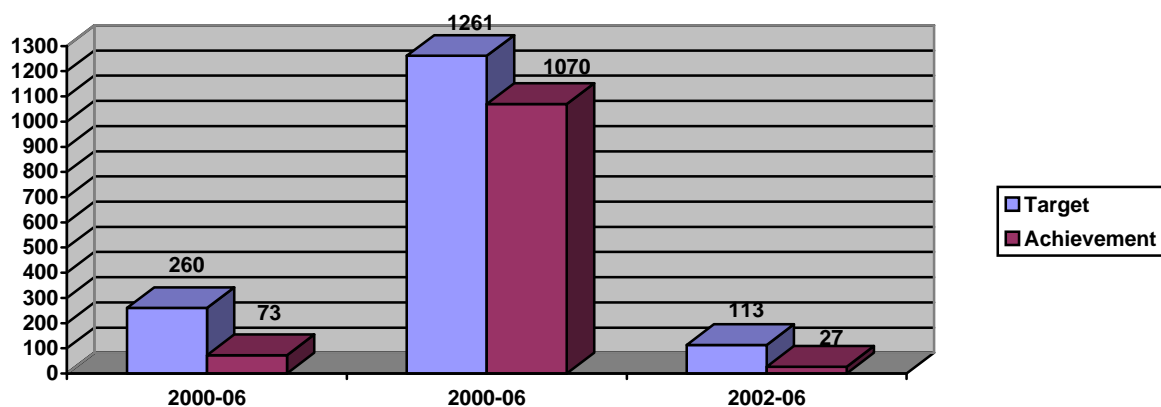
Department also sanctioned Rs.39.57 crore for completion of 113 Pipe Water Supply Schemes during 2002-05 out of which, 27 schemes were completed (24 per cent) with a total expenditure of Rs.8.01 crore (20 per cent). The year-wise targets for coverage of habitations in General Areas during 2000-06 and achievements thereagainst is shown in Table-1 and Chart-2 below:

**Table-1**

Year	Not covered habitations			Partially covered habitations			Pipe Water Supply Schemes		
	Target	Achievement	Shortfall (-) Excess (+)	Target	Achievement	Shortfall (-) Excess (+)	Target	Achievement	Shortfall (-) Excess (+)
2000-01	40	29	(-) 11	50	30	(-) 20	-	-	-
2001-02	-	-	-	250	164	(-) 86	-	-	-
2002-03	100	42	(-) 58	811	645	(-) 166	1	-	(-) 1
2003-04	40	-	(-) 40	50	105	(+) 55	37	5	(-) 32
2004-05	40	2	(-) 38	50	121	(+) 71	75	17	(-) 58
2005-06	40	-	(-) 40	50	5	(-) 45	-	5	(+) 5
<b>Total</b>	<b>260</b>	<b>73</b>	<b>(-) 187</b>	<b>1261</b>	<b>1070</b>	<b>(-) 191</b>	<b>113</b>	<b>27</b>	<b>(-) 86</b>

Source: Departmental figures

**Chart-2**



**Not covered habitations**

**Partially covered habitations**

**Pipe Water Supply Schemes**

There was also delay in completion of 86 PWSS (76 per cent). The year-wise position of incomplete schemes is shown in Table-2 below:

**Table-2**

Year	No. of Schemes	Date of according Administrative approval	Due date of completion	Period of delay as of March 2006
2002-03	01	March 2003	September 2004	18 months
2003-04	03	August 2003	January 2005	14 months
	03	September 2003	February 2005	13 months
	01	October 2003	March 2005	12 months
	10	November 2003	April 2005	11 months
	04	December 2003	May 2005	10 months
	06	January 2004	June 2005	9 months
	05	February 2004	July 2005	8 months
2004-05	01	June 2004	December 2005	3 months
	52	February 2005	August 2006	--
<b>Total</b>	<b>86</b>	<b>--</b>	<b>--</b>	<b>--</b>

Source: Departmental figures

The Superintending Engineer (SE), PHED, stated (April 2006) that the delay in execution of PWSS was due to shortage of funds. The reply is not tenable because there was no funds shortage. The shortage was due to diversion of funds by the State Government and also due to abnormal delay in execution of schemes owing to delay in land settlement and delay in getting power connection.

While the PHED had not submitted any proposal during 2000-01 for implementation of the schemes, the CE, PHE stated that 29 NC and 30 PC habitations had been achieved during 2000-01 although no fund was released during the year. The Department did not furnish reasons as to how the work could be executed without submitting proposal for implementation and without getting funds from the Finance Department. Physical achievement without release and utilisation of fund is unrealistic.

### **3.6.9.2 Hill areas**

The Karbi Anglong district Autonomous Council (KAAC) sanctioned Rs.83 lakh during 2003-05 for implementation of 148 spot sources. Of this, only 78 spot sources were completed (53 *per cent*) within the scheduled date at a total expenditure of Rs.32.38 lakh (39 *per cent*) upto March 2006. A total of 70 spot sources (47 *per cent*) remained to be completed till the date of audit (June 2006).

The KAAC executed 11 PWSS with sanctioned funds of Rs.3.29 crore during 2003-04. Although an expenditure of Rs.1.59 crore (48 *per cent*) was incurred, no scheme was completed till the date of audit (June 2006). There was no information regarding the coverage of habitations in Karbi Anglong district. The details are given in **Appendix-3.26**.

In Karbi Anglong district, the slow progress of work was attributed by the Executive Engineer (June 2006) to ethnic clashes and law and order problem.

### **3.6.10 Financial outlay and Expenditure**

As mentioned in Para 3.6.3, DDWS is the nodal department in the GOI for execution of the rural water supply schemes. State Government after deciding the allocation for drinking water supply in rural areas is required to intimate the same to the Department of Drinking Water Supply, MORD, GOI for release of funds under the PMGY- Rural Drinking Water. The funds under the scheme released as ACA, envisaged 10 *per cent* loan and 90 *per cent* grants-in-aid (in case of Special Category States) for providing safe drinking water in rural areas.

The position of funds released by the GOI to the State Government, State Government to the implementing agencies and expenditure incurred there against during the five years of scheme implementation (2000-01 to 2004-05) are indicated in Table-3 below:

**Table-3**

(Rs. in crore)

Year	*Release of funds by GOI under ACA	Allocation made by GOA for PMGY- rural drinking water	Release of funds by the Finance Deptt to PHED.	Funds released by the PHED	Total expenditure	Excess (+) Less (-) release
1	2	3	4	5	6	7
2000-01	94.27	33.00	-	3.28	3.28	(-) 29.72
2001-02	201.12	30.51	22.86	22.86	22.86	(-) 7.65
2002-03	200.00	30.00	27.13	27.13	27.13	(-) 2.87
2003-04	190.00	29.00	30.92	30.92	30.92	(+) 1.92
2004-05	190.00	23.00	29.46	29.46	29.46	(+) 6.46
<b>Tota</b>	<b>875.39</b>	<b>145.51</b>	<b>110.37</b>	<b>113.65</b>	<b>113.65</b>	<b>(-) 31.86</b>

\* Funds released for all the components of the PMGY. Funds for individual components had not been shown separately. The State Government can decide on the *inter se* allocation among various components.

Source: Government of India's sanction and Departmental figures

It is evident from the above table that the State Government short released Rs.31.86 crore against the allocation made by the P&D Department under rural drinking water. In 2000-01, an expenditure of Rs.3.28 crore was incurred by the Department although no funds were released by the Finance department. The department however, stated that although there was no budgetary support for PMGY during 2000-01, funds of Rs.3.28 crore were released and spent on the basis of allocation made by the P&D Department as non-ceiling<sup>75</sup> (salary) item. Expenditure of Rs.3.28 crore was obviously made by diversion from other heads of accounts operated by the Department. Expenditure without budget provision is violative of the Budget and Appropriation Manual of the State Government.

There are also instances of diversion of funds, blocking of funds, irregular and unfruitful expenditure, wasteful expenditure etc., as discussed in the succeeding paragraphs.

### Fund management

#### 3.6.11 *Diversion of funds*

According to the guidelines of PMGY, the State Government should avoid creation of new posts and other recurring costs, which would enhance the non-plan financial burden on the State. Besides, there was no provision in the sanctioned estimates of PMGY schemes, for payment of salary to Work Charged (WC) and Muster Roll (MR) staff. However, the PHED incurred a recurring expenditure of Rs.33.32 crore on payment of salary and wages to W.C and M.R staff during 2002-04 out of PMGY – Rural Drinking Water funds resulting in diversion of Rs.33.32 crore from the PMGY funds.

Out the funds of Rs.26.14 crore released in 2000-01 and 2001-02, Rs.21.28 crore was released to 35 general areas division and the remaining amount of Rs.4.86 crore was

<sup>75</sup> Non-ceiling item: Government of Assam has the system of issuing ceiling for expenditure under non-salary items. For expenditure under salaries no ceiling is required.

released to the Council and hill areas. Out of Rs.21.28 crore released to 35 general areas divisions, Rs.15.28 crore (2000-01:Rs.3.28 crore; 2001-02:Rs.12 crore) was diverted for payment of salaries to the staff and the remaining amount of Rs.6 crore for works under MNP etc., i.e., for works other than PMGY. Thus, PMGY fund of Rs.21.28 crore were diverted for other works/programme resulting in non-execution of specified schemes under PMGY – Rural Drinking Water.

The Executive Engineer, Diphu Rural Water Supply Division received total funds of Rs.1.66 crore from KAAC for execution of three Pipe Water Supply schemes during 2002-03 (Rs.45 lakh), 2003-04 (Rs.63.80 lakh) and 2004-05 (Rs.57.05 lakh). Scrutiny revealed that the entire funds of Rs.1.66 crore were diverted to works under State Plan.

PMGY funds of Rs.3.38 crore were diverted for execution of 44 schemes relating to other Programmes (ARWSP<sup>76</sup> 31 schemes: Rs.1.38 crore, SCCP<sup>77</sup> 10 schemes: Rs.44.97 lakh, TSP<sup>78</sup> one scheme: Rs.0.07 lakh and National Games two schemes: Rs.1.55 crore). Details are given in **Appendix-3.27**.

A test-check of records revealed that four PHE Divisions (Kaliabor, Bokakhat, Jorhat and Hojai) diverted material (PVC Casing Pipe, Rod etc.) worth Rs.10.45 lakh, received from Store & Workshop Division during January to December 2004 to ARWSP and Prime Ministers Announcement (PMA) Programme. Similarly, the EE, PHE Store and workshop division Guwahati diverted material (UPVC Pipe, GI Pipe, TMT Bar and MSBE pipe) worth Rs.54.08 lakh procured for PMGY scheme to ARWSP Programme under the order of ACE, PHE during 2003-06. The details are given in **Appendix-3.28**. Due to such diversion of funds to other programmes, implementations of PMGY schemes was adversely affected.

### **3.6.12 Funds drawn in advance**

Scrutiny of records in seven selected districts revealed that the Chief Engineer PHE released funds of Rs.3.37 crore under PMGY to four divisions (Guwahati Division-1: Rs.1.60 crore, Sibsagar Division: Rs.12 lakh, Nagaon Division: Rs.53 lakh, Karbi Anglong Division: Rs.1.12 crore) during June 2002 to March 2005. The amounts were drawn by the respective divisional officers during 2002-05 by self cheque and after incurring an expenditure of Rs.16 lakh by Nagaon division for specified PMGY schemes balance Rs.3.21 crore<sup>79</sup> was kept in PW Deposit (Rs.1.72 crore), Deposit-at-Call receipt in bank (Rs.0.37 crore) and current bank account (Rs.1.12 crore). Out of Rs.3.21 crore, periodical withdrawal from the deposit accounts amounting to Rs.2.93 crore were made during 2003-06 by the divisions for implementation of various schemes including

<sup>76</sup> ARWSP: Accelerated Rural Water Supply Programme

<sup>77</sup> SCCP: Scheduled Caste Component Programme

<sup>78</sup> TSP: Tribal Sub Plan

<sup>79</sup> Guwahati Division No.1	Rs.1.60 crore (PW Deposit)
Nagaon Division	Rs.0.12 crore (PW Deposit)
Sivasagar Division	Rs.0.37 crore (Call Deposit)
Karbi Anglong	
Hamren and Howraghat Division	<u>Rs.1.12 crore</u> (Bank Current Account)
	<b><u>Rs.3.21 crore</u></b>

expenditure on water supply schemes for National Games. At the close of audit (June 2006) Rs.28 lakh<sup>80</sup> (Rs.3.21 crore – Rs.2.93 crore) was still lying in deposit accounts without utilisation.

Drawal of fund in advance of requirement and retaining in various deposits without utilisation depicts lack of planning and irregular fund management by the scheme implementing authority.

### **3.6.13            *Unnecessary drawal from Contingency Fund***

Contingency Fund of a State is in the nature of an imprest placed at the disposal of the Governor of the State to enable him to make advances to meet unforeseen expenditure, pending authorisation by Legislature. The PHE Department received an advance of Rs.6 crore from the Contingency Fund under PMGY - Rural Drinking Water in February 2002 despite the fact that there were adequate funds available under the scheme. Further scrutiny revealed that the Department kept Rs.6 crore in the form of Deposit at Call Receipt (DCR) during 2001-02 (DCR No. 439050 dated 22 February 2002) and the DCR was encashed and utilised against specified schemes under PMGY during the period 2002-03.

Thus, drawal of money from the Contingency Fund in 2001-02 was uncalled for and violative of financial discipline.

## **Programme implementation**

### **3.6.14            *Execution of works***

#### **3.6.14.1        *Execution of works without technical sanction***

According to Para 314 of Assam Public Works Department (APWD) manual, no expenditure should be incurred before obtaining technical sanction to the schemes. Further, Rule 2 of Appendix 8 of Assam Financial Rules provides that no work should commence without a detailed plan and estimate.

Test-check of records in the seven selected districts revealed that technical sanctions were not accorded to any of the 113 schemes (sanctioned outlay Rs. 39.57 crore), out of these, 27 schemes were completed at a cost of Rs. 8.01 crore. The EEs, PHE stated (May-June 2006) that detailed estimates were duly submitted for technical sanction. Although Administrative Approval was accorded by the Secretary PHE Department and payment was released by the Additional CE, PHE, Assam technical sanction was however, not accorded by the Additional CE, PHE. Thus, works executed and expenditure incurred thereon was in violation of codal provisions and was thus irregular.

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<sup>80</sup> Guwahati Division No.1	Rs.10.78 lakh (PW Deposit)
Nagaon Division	Rs. 6.39 lakh (DCR)
Sivasagar Division	Rs. 4.60 lakh (PW Deposit)
Karbi Anglong Divison	<u>Rs. 5.81 lakh</u> (Bank Current Account)
	<b><u>Rs.27.58 lakh</u></b>



#### **3.6.14.2 Execution of works without obtaining feasibility report**

Executive Engineer PHE, Guwahati Division I started executing one scheme (Niz-Sundarighopa Pipe Water Supply Scheme) under PMGY scheme from August 2004 with the target for completion in December 2005 (administrative approval to the scheme was accorded by the Secretary PHE Department for Rs. 32.64 lakh in June 2004). Against the total financial progress of Rs.16.75 lakh (upto May 2006), the physical progress reported was 80 *per cent*. The delay in completion of work was attributed to failure of Deep Tube Wells (DTW) at three points, as proper water bearing strata was not available. Thus, the boring of the DTWs, which was, started w.e.f. October 2004 by Rig has to be abandoned after incurring an expenditure of Rs.8.38 lakh due to insufficient water discharge.

Scrutiny revealed that proper feasibility report was not obtained from Central Ground Water Board before installation of the DTWs, which led to infructuous expenditure of Rs.8.38 lakh.

#### **3.6.14.3 Execution of works without source development**

Administrative approval was accorded (February 2005) for Rs.1.15 crore for execution of four PWSS against Silchar PHE Division No.1 (one scheme) and Division No.II (three schemes) with a stipulation to complete the works by August 2006. Audit scrutiny revealed that the financial progress was 40 *per cent* (expenditure incurred Rs.46.21 lakh) against the physical progress ranging from seven to 91 *per cent* as of March 2006 (details in *Appendix-3.29*).

Scrutiny further revealed that expenditure on installation of DTW including source development was only 10 *per cent* against one scheme and nil in respect of the remaining three schemes although this item of work should have been executed first for successful completion of the scheme. Execution of other items (site development, laying of distribution network etc.) worth Rs.46 lakh without source development was fraught with the risk of delays in implementation and non-achievement of the scheme objectives.

#### **3.6.14.4 Schemes becoming defunct after execution**

Sanction for Rs.20 lakh was accorded (February 2002) for execution of 86 spot sources under the Nagaon PHE Division. The target date for completion of the spot sources was March 2003. However, the works were completed during March 2003-2005 at a total cost of Rs.9.96 lakh (paid: Rs.2.96 lakh; liability: Rs.7 lakh). Completion of the works at a cost of Rs.9.96 lakh against the estimated cost of Rs.20 lakh resulted in works being sub-standard which is also corroborated by the fact that seven spot sources (five Tara Pumps, one Mark III and one Singer Hand Pump) executed at a cost of Rs.1.48 lakh became defunct immediately after execution. In the absence of any monitoring/inspection report at any level in respect of the works, the authenticity of the functioning of the rest spot sources remains to be established.

Test-check of records revealed that the Guwahati PHE Division No. 1 started (7 April 2003) execution of one PWSS (Baka) under PMGY with a sanctioned amount of Rs.29.11 lakh. The installation of the deep tube well was completed (29 April 2003) at a total cost of Rs.7.54 lakh. However, after analysis of water it was found that the water of the DTW

contained fluoride five parts per million (PPM) in excess of the permissible limit of one PPM. Hence the deep tube well was abandoned due to excess fluoride content in water.

Thus, it is evident that proper investigation and testing of water were not done by the division before installation of DTW. Further, the division did not initiate any action for installation of fluoride mitigation plant to make this scheme viable resulting in infructuous expenditure of Rs.7.54 lakh.

### **3.6.14.5 Non-setting up of Source Finding Committee**

The Guidelines of the scheme stipulate that the States should adopt proper scientific source finding methods for location of hand pumps/tube wells and for this purpose the scientific source finding committee set up in the states should be revived. However, no such committee was set up in Assam. During test-check, it was stated by the divisional officers that source finding was done by the village level committees without any technical assistance to do such kind of job.

### **3.6.15 Maintenance**

The guidelines provide for sensitising and training the local communities/Panchayats for maintenance/operation of the schemes, after their completion. Test-check of records revealed that while the divisions arranged for handing over the spot sources to the local bodies, no arrangement was made for handing over the completed PWSS to the local bodies/Panchayats for maintenance as of March 2006. Proper maintenance of the PWSS was not on record in any of the test-checked divisions<sup>81</sup>. The Department stated (April 2006) that Panchayati Raj institutions were not fully prepared to take over the operation and maintenance of the schemes although training was imparted to them.

### **3.6.16 Monitoring and Evaluation**

The CE, PHE and the EEs, PHE Divisions stated (June 2006) that PMGY activities were monitored through regular inspection but inspection reports were not available on record. Similarly, minutes/reports of periodical review meetings conducted also were not available.

Scrutiny of the reports and returns of routine nature like monthly/quarterly/annual reports sent to MORD by the Chief Engineer PHE for the period from 2002-03 to 2005-06 disclosed inflated physical achievement. In 2002-03, against the actual coverage of 42 not covered (NC) and 645 partially covered (PC) habitations, the Department reported coverage of 46 and 663 PC habitations resulting in reporting of excess coverage of 4 NC and 18 PC respectively. Similarly in the report for the year 2005-06, against the actual coverage of 5 PC habitations, the CE reported achievement of 6 PC habitations resulting in exhibition of excess coverage of one PC habitation. These excess reporting were not reconciled. Thus, monitoring done through regular routine nature reports and returns were also deficient.

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<sup>81</sup> Guwahati PHE division I & II, Rangiya, Nagaon, Kaliabor, Bokakhat, Jorhat, Sibsagar, Hojai, Dhing, Silchar I & II, Karimganj, Diphu, Howraghat, Hamren, Nazira PHE divisions and PHE Stores and Workshop division.

The Director, Evaluation & Monitoring Division, Planning and Development Department conducted an evaluation study in May 2003. The main recommendations of the evaluation study were that the works should be completed in time and execution should commence on receipt of technical sanction. During 2002-03 only one PWS scheme was taken up which however, remained to be completed till date (June 2006). This irregularity was not pointed out in the evaluation study. No further evaluation of the programmes was carried out either by the Department or by any independent body. The budgetary and cash control measures were deficient. Control over expenditure was also not exercised according to financial norms. Thus, internal control mechanism of the Department was ineffective.

### **3.6.17 Conclusion**

The PMGY rural drinking water scheme launched in the State in April 2000 failed to achieve the objective of providing all habitations with potable drinking water and was beset with many in built manmade but avoidable deficiencies and shortcomings. The schemes were executed with disregard to the prescribed guidelines. Against the targeted coverage of 260 not covered habitations and 1,261 partially covered habitations by the end of March 2006, only 73 not covered habitations (28 *per cent*) and 1,070 partially covered habitations (85 *per cent*) were covered. Execution of pipe water supply schemes was only 24 *per cent* against the target. There were cases of diversion of PMGY funds for other purposes to the extent of 60.29 crore. The implementation of the pipe water supply schemes was done without technical sanction and in certain cases, without primary works like source development, feasibility reports etc. resulting in some of the schemes becoming defunct after execution. There were deficiencies in fund management to the extent that funds were drawn without even making budget provision, advance drawal was made without immediate requirement and was kept in the form of call deposits etc. Monitoring done in the form of routine reports and returns showed inflated achievements and failure to ensure complete fund utilisation, diversion of funds, advance withdrawals without utilisation and unnecessary draws from the Contingency Fund.

#### ***Recommendations***

- The PHE Department should formulate an action plan for optimum utilisation of Central funds for successful implementation of all the schemes in a time bound manner.
- Proper survey and investigation should be done before execution of schemes.
- The funds provided by the Centre should be utilised for the purpose for which these are granted. Diversion of funds should be avoided.
- Effective monitoring of on-going works and post installation should be ensured, procedure for proper custody and maintenance should be put in place.
- Involvement of Panchayati Raj Institutions/local bodies should be ensured in order to hand over the completed schemes to them for proper maintenance.

The foregoing paragraphs were reported to the Government in July 2006; their replies had not been received (October 2006).