

OVERVIEW

The Report contains 36 paragraphs (including four general paragraphs), six performance reviews and comments on the Finance and Appropriation Accounts. There is also a separate chapter on review of Internal Control System in the Agriculture Department. Copies of the draft paragraphs and draft performance reviews were sent to the Commissioner/Secretary to the State Government of the departments concerned by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. However, in respect of the performance reviews and 25 paragraphs (including four general paragraphs) included in the Report, no replies were received from the Commissioners/Secretaries concerned. A synopsis of the important findings contained in the Report is presented in the overview.

1. *Finances of the State Government*

The fiscal position of the State as reflected in terms of key parameters-revenue, fiscal and primary surpluses-indicates some improvement during 2005-06 over the previous year. But the overall fiscal liabilities of the State had increased from Rs.10,262 crore in 2000-01 to Rs.19,082 crore in 2005-06. While 39 *per cent* of the revenue receipts during 2005-06 have come from the State's own resources, central transfers contributed 61 *per cent* of the total revenue. The increase in revenue receipts in 2005-06 was mainly due to increase in Central transfers by Rs.1,200 crore over the previous year. Although the revenue expenditure of the State during 2005-06 has increased by 3 *per cent* the capital expenditure decreased by more than 50 *per cent* over the previous year. Capital expenditure-GSDP ratio constituted only 2.30 *per cent* of the total expenditure during 2005-06. This indicates that the revenue expenditure of the State is crowding out capital expenditure and thereby retarding asset creation opportunities and affecting the investment in Social and Economic Services.

As regards interest payments, in spite of obtaining relief in interest payment under Debt Consolidation and Relief Facility, interest payments in 2005-06 increased by 7.55 *per cent* from 2004-05 due to increase in borrowings.

The Commercial enterprises of the State Government have been a net receiver of funds but failed to generate any appreciable rate of return on these investments, while a large number of projects remained incomplete blocking large amounts of investments without returns.

(Paragraphs: 1.1 to 1.11)

2. *Allocative priorities and appropriation*

Against the total provision of Rs.21,451.09 crore during 2005-06, the actual expenditure aggregated to Rs.14,286.31 crore resulting in net savings of Rs.7,164.78 crore. The net savings of Rs.7,164.78 crore during 2005-06 was due to the net effect of overall savings of Rs.7,167.23 crore and excess of Rs.2.45 crore in 73 Grants and 14 Appropriations and 2 Grants and 2 Appropriations, respectively. Anticipated savings exceeding Rs.1 crore in each case of 66 grants remained un-surrendered at the end of 2005-06.

(Paragraphs: 2.2 to 2.3.8)

Performance review on schemes/departments

3. Agricultural Engineering Schemes

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.
- 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.
- There were no activities under the schemes of Land Reclamation, Micro Watershed Management and Agro Service Centres.
- 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)

4. Sarva Shiksha Abhiyan

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.
- 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.
- 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.
- 19,512 to 63,588 teachers were engaged in excess over the norm during 2001-06.
- Teacher grant @ 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)

5. *Project Tiger*

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.
- 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.
- 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.

- 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.
- 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)

6. Development of Fisheries in Assam

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*.
- 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*.
- 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.
- 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.
- 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)

7. *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.

- 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.
- 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.
- 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.
- 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.
- 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)

8. *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.

- 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*).

- 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.
- 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.
- 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.
- 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)

9. *Internal Control System in Agriculture Department*

Internal control mechanism in a Government Department is meant to ensure that its activities are carried out according to the prescribed rules and regulations and in an economical, efficient and effective manner. An internal control system and strict adherence to statutes codes and manuals minimise the risk of errors and irregularities and help to protect resources against loss due to waste, abuse and mismanagement. Audit review of the functioning of the internal control mechanism during 2001-02 to 2005-06 in the Agriculture Department, Government of Assam revealed deficient budgetary and financial control, poor cash management and poor operational and supervisory control in the Department.

- Unrealistic budget formulation and lack of budgetary control and management resulted in excess provisions, unnecessary supplementary grants, non-surrender of savings and expending of funds on services/ programmes without budget provisions.
- In contravention of financial rules the Department often drew funds without immediate necessity and kept the balances in hand leading to huge accumulation of undisbursed money amounting to Rs.41.16 crore as of March 2006.
- Without adhering to the provision of rules, the Directorate drew funds on Abstract Contingent bills successively during 2001-06 without submission of Detailed Countersigned Contingent bills. As on 31 March 2006 Detailed Contingent bills for Rs.23.42 crore were pending for submission.

- Daily writing and closing of cashbooks had not been done. In four out of the seven test-checked units, writing and closing of cashbooks were heavily in arrears.
- Lack of supervisory inspections on the field activities, coupled with absence of checks in the cashbook by the head of the office (DAO, Karbi Anglong) facilitated misappropriation of Rs. 10.50 lakh by a subordinate officer.
- Violating scheme guidelines, Technology Mission for Integrated Development of Horticulture (TMIDH) fund was kept in current account instead of interest bearing account resulting in an interest loss to the tune of Rs.60.90 lakh.

(Paragraph-5.1)

Audit Paragraphs

10. *Infructuous/wasteful expenditure and overpayment*

The Guwahati West Embankment and Drainage Division unauthorisedly executed work worth Rs.5.59 crore, of which expenditure of Rs.15.84 lakh proved wasteful.

(Paragraph-4.1.1)

11. *Avoidable/excess/unfruitful expenditure/undue favours to contractors*

The Director of Agriculture, Assam made excess payment of Rs.1.13 crore to the Assam Seeds Corporation Limited being sales tax on exempted items.

(Paragraph-4.2.1)

The Superintendent, Assam Medical College Hospital, Dibrugarh incurred excess expenditure of Rs.17.20 lakh between January and November 2004 by purchasing medicines at higher rates.

(Paragraph-4.2.3)

Non-payment of supplier's outstanding dues of Rs.18.58 lakh on time by the Executive Engineer, Guwahati Irrigation Division resulted in excess payment of Rs.1.73 crore as interest.

(Paragraph-4.2.4)

Because of poor planning in awarding work and implementation of the Gouripur Town Water Supply Scheme, the Managing Director, Assam Urban Water Supply and Sewerage Board incurred unproductive expenditure of Rs.3.77 crore.

(Paragraph-4.2.5)

Due to inaction of the Department in monitoring and supervising the implementation of Special Margin Money Scheme for Rehabilitation of Mis-guided Youths, the Government had to incur an avoidable expenditure of Rs.73.18 crore besides making excess payment of Rs.5.41 crore

(Paragraph-4.2.7)

Injudicious decision of the Chief Engineer, Public Works Department (PWD) (Roads), Assam in awarding the work of construction of Flyover at Ulubari Chariali, Guwahati to a tenderer other than lowest tenderer in violation of the codal provisions led to avoidable excess expenditure of Rs.80 lakh.

(Paragraph-4.2.8)

Failure of the Public Works Department to comply with the revised schedule of rates 2000-01 while entering into agreement with the contractors resulted in avoidable extra expenditure of Rs.43.22 lakh.

(Paragraph-4.2.9)

Injudicious decision of the Chief Engineer PWD (Roads) in accepting unrealistic rates of additional items in the construction of bridge work led to undue financial benefit of Rs. 1 crore to the contractor and avoidable extra expenditure of Rs.75.42 lakh.

(Paragraph-4.2.11)

The Executive Engineer, Dibrugarh Embankment and Drainage Division incurred an extra expenditure of Rs.40 lakh and an avoidable expenditure of Rs.18.90 lakh on carriage of boulders.

(Paragraph-4.2.12)

12. *Idle investment/Idle establishment/blocking up of funds*

Forest Department incurred an unproductive expenditure of Rs.1.73 crore towards pay and allowances during the last four years due to injudicious creation of the Logging Division, Guwahati.

(Paragraph-4.3.2)

Fruit Processing Unit constructed during 2003-04 by District Rural Development Agency, North Cachar Hills at a cost of Rs.16.21 lakh remained idle due to non-availability of water and power supply.

(Paragraph-4.3.5)

13. *Diversion/misutilisation of funds*

The Executive Engineer, PWD, City Division No. IV Guwahati incurred an expenditure of Rs.4.12 crore on special repairs to nine city roads by diversion of funds provided under Calamity Relief Fund.

(Paragraph-4.4.1)

The Bodoland Autonomous Council, Kokrajhar diverted Rs.45.22 lakh allotted for Water Supply and Sanitation besides incurring an additional liability of Rs.14.18 crore for payment of salaries of 4,522 Mother Teachers appointed without any sanctioned posts.

(Paragraph-4.4.3)

14. *Regulatory issues and other points*

The Superintendent, Town Milk Supply Scheme, Khanapara, in violation of Constitutional and Codal provision, irregularly incurred an expenditure of Rs.2.29 crore out of departmental receipts.

(Paragraph-4.5.1)

The Director of Secondary Education, Assam diverted Central funds of Rs.1.28 crore and injudiciously procured 409 steel almirahs worth Rs.19.54 lakh beyond the scope of grant.

(Paragraph-4.5.2)

Due to laxity in management in Assam Apex Weavers and Artisans Co-operative Federation Limited, value of yarn worth Rs.2.04 crore was not realised from the affiliated societies for one to eight years.

(Paragraph-4.5.3)

Due to non-execution of Water Bound Macadam, Grade-II in consonance with the Ministry of Surface Transport's specifications, execution of work of Barpeta-Doulasal road costing Rs.2.22 crore proved substandard.

(Paragraph-4.5.6)

Failure of the Director, Inland Water Transport to enforce contractual obligations in respect of three vessels under construction, led to loss of Rs.50.12 lakh.

(Paragraph-4.5.8)

The erstwhile Bodoland Autonomous Council, Kokrajhar incurred irregular and unauthorised expenditure of Rs.57.57 lakh being salaries paid to 21 employees appointed without any sanctioned post.

(Paragraph-4.5.9)

15. *Stores and stock*

Due to inaction of Food and Civil Supplies and Education Department in implementing Mid-day meal scheme, 2,600 quintals of rice was damaged resulting in a loss of Rs.15.24 lakh.

(Paragraph-4.6.1)

District Rural Development Agency, Cachar could not recover 4,667 pieces GCI sheets valued at Rs.15.85 lakh from the loanees and failed to account for 5,406 pieces of GCI sheets valued at Rs.18.02 lakh.

(Paragraph-4.6.2)